



Abba Medix Group

ABBA MEDIX GROUP INC.

Management's Discussion and Analysis

For the Three and Six Month Periods Ended January 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") of Abba Medix Group Inc. (the "Company") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto of the Company for the three and six month periods ended January 31, 2016 and 2015 (the "Financial Statements"). The Company files its consolidated financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The Financial Statements and MD&A of the Company in respect of the three and six month periods ended January 31, 2016 were reviewed and approved by the Board of Directors of the Company on March 29, 2016.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (British Columbia) and continued under the *Canada Business Corporations Act*. The Company is listed on the Canadian Stock Exchange (the "CSE") under the symbol "ABA". The address of the registered office is 1773 Bayly Street, Pickering, ON.

Business Overview

Abba Medix Corp. ("Abba Corp." and together with the Company, "Abba Group"), a wholly-owned subsidiary of the Company is an Ontario corporation established in 2013 to capitalize on the changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada repealed the *Marihuana Medical Access Regulations* ("MMAR") and enacted the *Marihuana for Medical Purposes Regulations* (the "MMPR") which established the new regulatory framework governing the production and distribution of medical marijuana for patients across Canada.

Abba Corp. filed an application with Health Canada in November of 2013 to obtain a license to cultivate and sell medical marijuana (the "License") and become a licensed producer (a "Licensed Producer") under the MMPR. Abba Corp. has secured a 45,000 square foot facility to support its production plans and has invested over \$1,700,000 in the first phase of the plan that includes 14,500 square feet of production space. Upon receipt of the License, Abba Corp. will continue to build out the facility as production demand increases and financing allows.

While there can be no guarantee as to the successful outcome of Abba Corp.'s application for the License, nor as to the timeframe within which such application will be processed by Health Canada, it is Abba Corp.'s goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

Business Developments during the Three and Six Month Periods Ended January 31, 2016

Since becoming a reporting issuer in March 2015, Abba Group has been very active in pursuing its plan to be one of the clear market leaders in the rapidly growing medical marijuana industry. It is Abba Group's vision to become a fully integrated medical cannabis producer, in all its allowable forms, selling direct to patients under the MMPR. Abba Corp. is still awaiting approval of its 14,500 square foot state-of-the-art production facility in Pickering, Ontario (the "Facility"). The Facility will be ready to commence operations upon the receipt of the License, and the Company is working closely with Health Canada on a regular basis

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to ensure that the Facility and the associated standard operating procedures are in compliance with the MMPR and ready for a pre-license inspection by Health Canada. Abba Corp.'s application is in the review stage of the licensing process, as is more particular described in *Risks and Uncertainties – Licensing Requirements under the MMPR*.

The Canadian medical marijuana marketplace continues to experience changes at a rapid pace. The decision of the Federal Court in *Allard et al v Her Majesty the Queen* (2016 FC 236) ("**Allard**") and the decision of the Supreme Court of Canada in *Her Majesty the Queen v Owen Edward Smith* (2015 SCC 34), both had significant impact on the operating assumptions of the industry. Management continues to monitor the industry for developments and consider opportunities that may be accretive to the Company and its shareholders.

On February 24, 2016, the Federal Court released its decision in the case of Allard. This case began as a result of the government's decision to repeal the MMAR and enact the MMPR. This change overhauled the way that the government provides access to medical marijuana for patients across the country. The plaintiffs in the Allard case argued that the MMPR violates their charter rights and the court, in a lengthy and detailed judgment, the judge agreed with the plaintiffs and gave the government six months to amend the MMPR. The current MMPR regulations remain in force as of the date hereof. The Government of Canada has advised as of March 24, 2016 that it will not be appealing the decision and is drafting legislative changes in response to the Allard decision and the concerns of the Federal Court that medical marijuana under the MMPR is not appropriately affordable and accessible to Canadians. The impact of the Allard decision is unknown.

The Supreme Court of Canada issued a decision, affirming that with respect to those persons entitled to possess dried marijuana, it was unconstitutional to restrict possession of non-dried forms of cannabis. In response, Health Canada issued various exemptions under section 56 of the *Controlled Drugs and Substances Act*, to expand the scope of the medical marijuana program beyond dried marijuana to include fresh marijuana as well as cannabis oil.

During the year ended July 31, 2015, the Company completed the construction of the first phase of the Facility comprising 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery and required vault and storage space. As a result, the Facility has the capacity to produce an expected production of 104kg of marijuana per month, subject to the terms and conditions of the License. The completion of the second and third phases of the Company's Facility has been postponed until the Company raises sufficient financing.

Going Concern

The Financial Statements have been prepared on the going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As of March 29, 2016, Abba Corp. has yet to receive its License from Health Canada. The Company has incurred substantial losses to date and has an accumulated deficit of \$9,906,820 as at January 31, 2016.

Abba Group's ability to continue as a going concern is dependent upon, but not limited to, obtaining the Licence, becoming a Licensed Producer, its ability to raise financing necessary to discharge its liabilities as they become due and its ability to generate positive cash flows from operations. To date, Abba Group has not generated revenue from operations. During the six months ended January 31, 2016, the Company incurred a net loss of \$776,124. As at January 31, 2016, the Company has current assets of \$271,504 and current liabilities of \$2,927,915 resulting in a working capital deficiency of \$2,656,411.

These conditions have resulted in material uncertainties that may cast significant doubt about Abba Group's ability to continue as a going concern in the foreseeable future. The Financial Statements do not give effect to adjustments that may be necessary, should Abba Group be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report Abba Group's assets and liabilities at liquidation values could be material to the Financial Statements.

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Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six month periods ended January 31, 2016 and 2015.

	As at and for the Three Month Period Ended January 31, 2016	As at and for the Three Month Period Ended January 31, 2015	As at and for the Six Month Period Ended January 31, 2016	As at and for the Six Month Period Ended January 31, 2015
	\$	\$	\$	\$
Loss for the period	(302,219)	(331,209)	(776,124)	(826,330)
Current assets	271,504	747,868	271,504	747,868
Non-current assets	1,814,639	1,542,212	1,814,639	1,542,212
Current liabilities	2,927,915	1,092,423	2,927,915	1,092,423
Non-current liabilities	13,646	9,387	13,646	9,387
Working capital (deficiency)	(2,656,411)	(344,555)	(2,656,411)	(344,555)
Deferred income tax liability	326	-	326	-
Share capital	8,296,114	2,164,376	8,296,114	2,164,376
Shareholders' equity (deficit)	(855,418)	1,188,270	(855,418)	1,188,270
Share subscriptions payable	-	105,000	-	105,000
Loss per share – basic and diluted	-	-	(0.01)	-

Quarterly Results

Fiscal Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	\$	\$	\$
Quarter ended January 31, 2016	-	(302,219)	-
Quarter ended October 31, 2015	-	(473,905)	(0.01)
<i>Year ended July 31, 2015</i>			
Quarter ended July 31, 2015	-	(1,607,955)	(0.03)
Quarter ended April 30, 2015	-	(6,441,133)	(0.11)
Quarter ended January 31, 2015	-	(331,209)	(0.01)
Quarter ended October 31, 2014	-	(495,123)	(0.02)
<i>Year ended July 31, 2014</i>			

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Fiscal Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	\$	\$	\$
Quarter ended July 31, 2014	-	(121,324)	(0.35)
Quarter ended April 30, 2014	-	(122,649)	(0.35)

Note: For comparative purposes, the total revenue, net income (loss) and net earnings per share in the previous two annual and quarterly tables are the historical results of Abba Corp. and have been adjusted to reflect the weighted average number of common shares throughout the fiscal year.

RESULTS OF OPERATIONS

Revenues

Abba Group did not have any revenue for the three and six month periods ended January 31, 2016 and 2015 as it is in the process of obtaining the Licence and completing construction of the Facility.

Expenses

Total expenses for the three and six month periods ended January 31, 2016 were \$302,219 and \$776,124 respectively. Included in these figures is non-cash share-based compensation expense related to the fair value of 450,000 stock options issued to directors during the year ended July 31, 2015 which amounted to \$50,977 for the three month period ended January 31, 2016 and \$101,954 for the six month period ended January 31, 2016. Total expenses of Abba Corp. for the three and six month periods ended January 31, 2015 were \$331,209 and \$826,330, as Abba Corp. was in the initial stages of constructing the Facility following the submission of its application for the License.

Abba Group incurred consulting fees expenses of \$3,360 during the three month period ended January 31, 2016 which include fees paid to the Company's former CFO. Consulting fees of Abba Corp. incurred during the three month period ended January 31, 2015 amounted to \$110,653, and were paid for services related to the preparation of the License application as well as fees paid to a strategic advisor in addition to the fees paid to the Company's CEO. Abba Group incurred consulting fees expenses of \$114,852 during the six month period ended January 31, 2016. Included in these costs are fees paid to the Company's CEO and former CFO as well as other fees paid to external consultants for services in connection with business development, product development and investor relations. Consulting fees of Abba Corp. incurred during the six month period ended January 31, 2015 amounted to \$200,431, and were paid for services related to the preparation of the License application as well as fees paid to a strategic advisor in addition to the fees paid to the Company's CEO.

Salaries and benefits expense for the three and six month periods ended January 31, 2016 were \$40,018 and \$124,097 respectively. The Company started the six month period with seven employees but had reduced the number of employees to two by January 31, 2016 in an effort to reduce operating costs. Abba Corp. incurred salaries and benefits expenses of \$84,515 and 113,374 during the three and six month periods ended January 31, 2015. Abba Corp. commenced the six month period ended January 31, 2015 with two employees and had added an additional three employees to its staff by January 31, 2015.

The Company incurred advertising and promotional expenses during the three and six month periods ended January 31, 2016 of \$14,466 and \$38,006 respectively. These costs primarily relate to fees paid to an advisor with respect to strategic brand development. Abba Corp. incurred advertising and promotional expenses of \$3,793 and \$19,942 during the comparative three and six month periods ended January 31, 2015. Expenses during these periods were related to the development and purchase of various promotional materials.

Professional fees of \$69,840 and \$171,571 were incurred during the three and six month periods ended January 31, 2016, respectively, and include general legal, accounting and securities advisory services. Abba

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Corp. incurred professional fees of \$22,546 and \$47,039 during the three and six month periods ended January 31, 2015 that related to general legal and accounting services. The increased level of expense year-over-year is a function of the higher costs associated with being a reporting entity.

In order to complete the construction of the first phase of the Facility, as well as to fund working capital requirements, the Company issued promissory notes with an aggregate face value of \$450,000 during the year ended July 31, 2015, upon which \$18,036 and \$30,594 of interest expense was incurred during the three and six month periods ended January 31, 2016. The Company also issued convertible promissory notes with an aggregate face value of \$300,000 during the year ended July 31, 2015. The Company incurred interest accretion expense of \$1,231 related to the deemed discount on the convertible promissory notes (see note 16 of the Financial Statements) during the six month period ended January 31, 2016. The Company also incurred interest expense of \$2,036 and \$4,098 on short-term advances from a related party during the three and six month periods ended January 31, 2016.

Occupancy expenses of \$61,758 and \$115,635 related to rent and utilities were incurred during the three and six month periods ended January 31, 2016. These amounts were consistent with occupancy expenses of \$61,415 and \$114,181 incurred during the three and six month periods ended January 31, 2015.

The remaining expenses incurred during the three and six month periods ended January 31, 2016 relate to various operating expenses that include, but are not limited to, insurance, listing and filing fees, travel and general office expenses, as well as the fair value of stock options granted to directors that continued to vest during the periods ended January 31, 2016. During the three and six month periods ended January 31, 2015, Abba Corp incurred transaction costs of \$21,220 and \$273,929 respectively related to the reverse take-over transaction completed during the fiscal year ended July 31, 2015. The Company did not incur any such transaction costs during the three and six month periods ended January 31, 2016.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six month periods ended January 31, 2016.

	Three Months Ended		Six Months Ended	
	January 31,	January 31,	January 31,	January 31,
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash flow used in operating activities	(83,487)	(299,829)	(229,778)	(648,793)
Cash flow used in investing activities	(2,712)	(458,977)	(7,231)	(829,903)
Cash flow generated by (used in) financing activities	(11,036)	1,043,529	318,906	1,554,050
Net increase (decrease) in cash	(97,235)	284,723	81,897	75,354

Operating Activities

Cash flows used in operating activities were \$83,847 and \$229,778 for the three and six month periods ended January 31, 2016, compared to cash flows used of \$299,829 and 648,793 for the three and six month periods ended January 31, 2015. The decrease in the amount of cash used in operating activities is primarily attributable to an increase in the amount of the Company's accounts payable and accrued liabilities as at January 31, 2016.

Investing Activities

Cash flows used in investing activities were \$2,712 and \$7,231 for the three and six month periods ended January 31, 2016, compared to cash flows used of \$458,977 and \$829,903 for the three and six month periods ended January 31, 2015. The decrease in the amount of cash used in investing activities is primarily attributable to the construction of the Company's Facility which had been the primary focus of Abba Corp's efforts throughout the periods ended January 31, 2015 while its application for the License was being processed by Health Canada. The Company has completed the first phase of the Facility and has delayed the construction of any subsequent phase until it is able to raise sufficient capital. As such, there were no significant expenditures on plant and equipment during the three and six month periods ended January 31, 2016.

Financing Activities

Cash flows used by financing activities were \$11,036 for three month period ended January 31, 2016, as the Company repaid some of its debt to a related party as well as paying interest on the outstanding convertible and promissory notes. Financing activities provided cash of \$318,906 for the six month period ended January 31, 2016 primarily as a result of the issuance of 3,000,000 common shares of the Company for proceeds of \$300,000. Cash flows provided by financing activities during the three and six month periods ended January 31, 2016 of \$1,043,529 and \$1,554,050 were related to the issuance of share capital as well as short-term borrowings.

Condensed Interim Consolidated Statements of Financial Position

The total current assets of the Company amounted to \$271,504 as at January 31, 2016, compared to \$310,291 as at July 31, 2015. The most significant change between the two dates relates to an increase in cash as a result of the receipt of subscriptions for common shares of the Company, the refund of HST paid in prior periods, and a reduction to prepaid expenses as services were received during the period ended January 31, 2016.

The Company's current liabilities as at January 31, 2016 amounted to \$2,927,915 compared to \$2,524,908 as at July 31, 2015. The most significant change in the current liabilities between the two periods is with respect to an increase in accounts payable and accrued liabilities related to operating expenses incurred during the three and six month periods ended January 31, 2016.

During the six months ended January 31, 2016, the Company received subscriptions of \$300,000 for 3,000,000 common shares of the Company. The Company continues to seek investors in order to raise additional capital in order to address its current working capital deficiency and to provide working capital for future operations and the completion of the second and third phases of its Facility. There is no certainty that the Company will be successful in raising financing, and as such there is uncertainty the Company will be able to continue as a going concern.

Issued and Outstanding Shareholders' Equity

Share Capital

The Company's shares are traded on the CSE under the symbol "ABA".

During the period ended October 31, 2015, the Company issued 3,000,000 common shares of the Company related to gross proceeds of \$300,000 pursuant to a non-brokered private placement.

As of March 29, 2016, the Company has 65,265,364 issued and outstanding voting participating common shares.

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Warrants

As of March 29, 2016, the Company had 5,487,723 warrants outstanding, which are exercisable at \$0.25 outstanding. During the period ended January 31, 2016, the expiry of the warrants was extended to March 13, 2018. All other terms and conditions of the Warrant remain unchanged.

Stock Options

As of March 29, 2016, the Company had 450,000 options outstanding, which had yet to vest. The options are exercisable at \$0.46 per share until June 5, 2020.

Related Party Transactions

- a) The Company leases plant and office space from 1083922 Ontario Inc., a company related to one of the Company's corporate shareholders pursuant to three (3) leases that expire on December 31, 2017 and January 31, 2019. During the six month period ended January 31, 2016, the Company was charged occupancy expenses of \$114,753 (2015 - \$104,433). As at January 31, 2016, prepaid expenses included \$56,302 (2015 - \$66,302), deferred lease inducement included \$13,320 (2015 - \$9,387) and accounts payable and accrued liabilities included \$98,045 (2015 - \$13,729) payable to this company.
- b) Consulting services in the amount of \$62,500 for the six month period ended January 31, 2016 (2015 - \$70,833) were charged by Ezzigroup Inc. a company controlled by Ahmad Rasouli, the Chief Executive Officer and director of the Company. As at January 31, 2016, accounts payable and accrued liabilities included \$88,479 (2015 - \$11,300) payable to this company.
- c) During the six month period ended January 31, 2016, a total of \$Nil (2015 - \$2,500) of advertising and promotional expenses and salaries of \$4,327 (2015 - \$8,269) were paid to Ali Rasouli, an individual related to the Chief Executive Officer and director of the Company.
- d) Professional services in the amount of \$16,075 for the six month period ended January 31, 2016 (2015 - \$Nil) were charged by Kronis, Rotsztain, Margles Cappel LLP, a law firm of which Paul Cancilla, a former director of the Company, is a partner. As at January 31, 2016, accounts payable and accrued liabilities included \$118,652 payable to this law firm.
- e) Professional services in the amount of \$43,500 for the six month period ended January 31, 2016 (2015 - \$Nil) were charged by Forbes Andersen LLP an accounting firm of which Paul Andersen, a director of the Company, and Michael Johnston, the Company's CFO, are partners. As at January 31, 2016, accounts payable and accrued liabilities included \$156,327 payable to this accounting firm.
- f) Professional services in the amount of \$13,860 for the six month period ended January 31, 2016 (2015 - \$Nil) were charged by Services Administratifs Richard Vallée Inc., a firm of which Richard Vallée, a director of the Company, and the Company's former CFO, is a partner. As at January 31, 2016, accounts payable and accrued liabilities included \$135,604 payable to this firm.
- g) During the six month period ended January 31, 2016, the Company expensed directors fees in the amount of \$6,750 to Ahmad Rasouli (\$1,000), Georges Durst (\$1,000), Dennis dos Santos (\$750), Michel Boucher (\$500), Nick Migliore (\$750), Paul Andersen (\$750), Paul Cancilla (\$1,000) and Richard Vallée (\$1,000), resulting in accounts payable and accrued liabilities in the amount of \$6,750 as at January 31, 2016 (2015 - Nil).
- h) During the year ended July 31, 2015, the Company granted 450,000 stock options to directors of the Company. The amount of stock-based compensation expense for the six month period ended October 31, 2015 related to these stock options was \$101,954.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Statement of Compliance

The Company's Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended July 31, 2015, and were approved by the Company's Board of Directors on March 29, 2016.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

The Financial Statements include the accounts of the Company and its wholly-owned subsidiary, Abba Corp.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Abba Corp. is controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with Abba Corp. and has the ability to affect those returns through its power over Abba Corp. by way of its ownership of all of the issued and outstanding common shares of Abba Corp.

The functional currency of the Company and Abba Corp. is the Canadian Dollar, which is the presentation currency of the consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Recent Accounting Pronouncements and Amendments Not Yet Effective

IAS 1 "Presentation of Financial Statements" was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IAS 1 immediately, but are not required to do so.

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which

represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

Critical Accounting Estimates, Judgements and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

- Going concern - the ability of the Company to continue as a going concern;
- Valuation of other receivable - the recoverability of other receivable;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Options and warrants - valuation of options and warrants included in shareholders' equity, including volatility;
- Financial Instruments - the fair value of financial instruments;
- Impairment – the assessment of events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable; and
- Contingencies – the inputs used in determining any potential contingencies.

Management has determined that judgments, estimates and assumptions reflected in the Financial Statements are reasonable.

FINANCIAL INSTRUMENTS

Fair Values

The carrying amounts for the Company's cash, other receivables, amounts due to / from a related company, short-term advances to / from a related party, accounts payable and accrued liabilities, amounts due to director, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

RISKS AND UNCERTAINTIES

Carefully consider the following risk factors in addition to the other information contained in this document. The risks presented below may not be all the risks that Abba Group may face. Additional risks and uncertainties may also impair its business operations.

It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A include additional factors that could have an effect on the business and financial performance of the business. The markets in which Abba Group currently compete are very competitive and change rapidly. New risks may emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any

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forward-looking statements. If any of these risks actually occur, the Company's business may be harmed and results of operations and financial condition may suffer.

Market risks

Abba Group's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on Abba Group and its securities.

Commodity price risks

Marijuana is a developing market, likely subject to volatile and declining prices year over year, as a result of increased competition. Because medical marijuana is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. Abba Group believes there is downward pressure on the average price for medical marijuana and has arranged its proposed business accordingly, however, there can be no assurance that price volatility will be favorable to Abba Corp. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate, the number of patients who gain physician approval to purchase medical marijuana. An adverse change in the marijuana prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on Abba Group and its securities.

Financing risks

Entering the *MMPR* regulated medical marijuana marketplace requires substantial outlay of capital. Abba Group currently generates no operating revenues; therefore, for the foreseeable future, it will be dependent raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that Abba Group will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on Abba Group and its securities.

Credit Risk

Abba Group is not exposed to any significant credit risk as at January 31, 2016. Abba Group's cash is on deposit with a highly rated financial institution in Canada. Abba Group's HST recoverable is due from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As January 31, 2016, the Company has current assets of \$271,504 and current liabilities of \$2,927,915. The Company has a working capital deficiency as at January 31, 2016 of \$2,656,411. Abba Group raises capital as needed to mitigate its liquidity risk.

Currency Risk

Abba Group is exposed to currency risk on the outstanding balance of US\$72,500 (2015 - US\$Nil) included in accounts payable and accrued liabilities that are denominated in United States Dollars. At January 31, 2016, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the three month period would have been \$10 208 (2015 - \$Nil) higher (lower).

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As January 31, 2016, all of Abba Group's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no interest rate risk associated with Abba Group's financial instruments.

Risks Related to the Operations of Abba Corp.

Dried Marijuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

Abba Corp. is Not a Licensed Producer under the MMPR

Abba Corp. has applied to Health Canada to become a Licensed Producer under the MMPR that would enable Abba Corp. to cultivate and sell medical marijuana to patients across Canada. Abba Corp. has not yet received a License and as such is not a Licensed Producer. Abba Corp.'s ability to cultivate, store and sell medical marijuana in Canada is dependent on obtaining the License from Health Canada and there can be no assurance that Abba Corp. will obtain the License. Abba Corp. is currently in the review stage of the licensing process.

Abba Corp.'s success to date includes:

1. Abba Corp. has advanced to the review stage of the licensing process;
2. Abba Corp. personnel have passed through the security clearance stage of the licensing process; and
3. Abba Corp. has completed the build out of its proposed Facility.

Even if Abba Corp. is successful in obtaining a License, such License will subject Abba Corp. to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of Abba Corp. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba Corp. would be required to submit an application for renewal to Health Canada containing information prescribed under the MMPR and renewal cannot be assured.

Licensing Requirements under the MMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the *Controlled Drugs and Substances Act* ("CDSA"), the MMPR, the *Narcotic Control Regulations*, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The MMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the MMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.

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Stage	Overview
Stage 2	<p>Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the MMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the MMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.</p>
Stage 3	<p>Security Clearance: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks.</p> <p>Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.</p>
Stage 4 <i>Abba Corp.'s current stage of the licensing process</i>	<p>Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.</p>
Stage 5	<p>Pre-License Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.</p>
Stage 6	<p>Licensing: Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the MMPR, a license will be issued.</p> <p>Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the MMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale.</p> <p>Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the MMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Division 4 of the MMPR will a license be amended to allow sale to the public.</p>

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the *Food and Drugs Act*, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Timeframes and Cost to Obtain a License under the MMPR

The timeframes and costs required for Abba Group's or any applicant for a License under the MMPR to apply for, and to receive, a License can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Abba Corp. is at the review stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any License can be granted.

Regulatory Risks

The proposed activities of Abba Corp. will be subject to regulation by governmental authorities, particularly Health Canada's Office of Controlled Substances. Abba Corp.'s business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Abba Corp. 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 governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of Abba Group.

Furthermore, although the operations of Abba Group are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail Abba Group's ability to produce or sell medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on Abba Group.

Governmental Regulations and Risks

In the event that Abba Group obtains the License for the production of medical marijuana as currently proposed its operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Abba Group's operations.

Government approvals and permits are currently, and may in the future, be required in connection with Abba Group's operations. To the extent such approvals are required and not obtained; Abba Group may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

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. Abba Group 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.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on Abba Group and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While Abba Corp. was incorporated and began carrying on business in 2013, it is yet to generate any revenue. Abba Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Abba Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

Abba Group has incurred losses in recent periods. Abba Group may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Abba Group expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If Abba Group's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Risks Inherent in an Agricultural Business

Abba Group's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

Abba Group's medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of Abba Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. Abba Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of Abba Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Abba Group's business, operating results or financial condition.

Insurance and Uninsured Risks

Abba Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Abba Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. Abba Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Abba Group is not generally available on acceptable terms. Abba Group might also become subject to liability for pollution or other hazards which may not be insured against or which Abba Group may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Abba Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, Abba Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on Abba Group's business, financial condition and prospects.

Difficulty to Forecast

Abba Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Abba Group.

Management of Growth

Abba Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Abba Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Abba Group to deal with this growth may have a material adverse effect on Abba Group's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for Abba Group to provide reliable financial reports and to help prevent fraud. Although Abba Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on Abba Group under Canadian securities law, Abba Group cannot be certain that such measures will ensure that Abba Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Abba Group's results of operations or cause it to fail to meet its reporting obligations. If Abba Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Abba Group's consolidated financial statements and materially adversely affect the trading price of Abba Group shares.

Litigation

Abba Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Abba Group becomes involved be determined against Abba Group such a decision could adversely affect Abba Group's ability to continue operating and the market price Abba Group shares and could use significant resources. Even if Abba Group is involved in litigation and wins, litigation can redirect significant company resources.

Risks Related to the Medical Marijuana Industry

Federal Court Case

On February 24, 2016, the Federal Court released its decision in the case of Allard. In Allard, license holders under the old regime created by the MMAR challenged the constitutionality of the MMPR. The court determined that the MMPR violated the *Charter* rights of the plaintiffs in Allard and as such ruled that the MMPR is of no force and effect. The judgment was suspended for six months to allow the Government to implement changes to the medical marijuana regime. The current MMPR regulations remain in force as of the date hereof. The Government has advised as of March 24, 2016 that it will not be appealing the decision and is drafting legislative changes in response to the Allard decision and the concerns of the Federal Court that medical marijuana under the MMPR is not appropriately affordable and accessible to Canadians. The impact of the Allard decision is unknown. The risks to the business of the Company represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR (or its successor regulations). This could materially and adversely affect the business, financial condition and results of operations of the Company.

Legislative or Regulatory Reform

Abba Group's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of Abba Groups, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and Abba Group anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. As of the date of this MD&A, the MMPR have already been amended further.

Unfavorable Publicity or Consumer Perception

Management of Abba Group believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of Abba Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana 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 favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Abba Group's proposed products and the business, results of operations, financial condition and cash flows of Abba Group. Abba Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Abba Group, the demand for Abba Group's proposed products, and the business, results of operations, financial condition and cash flows of Abba Group. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or Abba Group's proposed products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Competition

If Abba Group is successful in securing a License; Abba Group will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than Abba Group. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of Abba Group. In addition, the government has only issued 26 licenses to date, under the MMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Abba Group. Because of the early stage of the industry in which Abba Group operates, Abba Group expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and Abba Group expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Abba Group will require a continued high level of investment in research and development, marketing, sales and client support. Abba Group may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Abba Group.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the President and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting (“ICFR”) to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the six month period ended January 31, 2016 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company’s internal control over financial reporting during the six month period ended January 31, 2016 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Commitments and Contingencies

- (a) Abba Group has commitments under operating leases for its facilities (including the Facility). The minimum lease payments due are as follows:

Fiscal Year	Amount
2016	\$195,828
2017	\$200,627
2018	\$174,873
2019	\$78,041

FORWARD-LOOKING STATEMENTS

This MD&A contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws (collectively referred to as “forward-looking information”) which relate to future events or the Company’s future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate.

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Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical marijuana (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical marijuana, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: the Company will be awarded a license to produce medical marijuana under the MMPR; financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory and governmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical marijuana industry; debt and equity markets and other applicable economic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This MD&A was prepared on March 29, 2016. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Ahmad Rasouli

Chief Executive Officer

(signed) Michael Johnston, CPA, CA

Chief Financial Officer