

**RAVENQUEST BIOMED INC.**  
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June 29, 2018

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## MANAGEMENT DISCUSSION & ANALYSIS

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RavenQuest BioMed Inc. is a British Columbia corporation. The Company's principal place of business is #2300-1177 West Hastings Street, Vancouver BC, Canada. RavenQuest currently trades in Canada on the CSE under the symbol RQB, in the United States on the OTCQB under the symbol RVVQF and in Germany on the Frankfurt exchange under the symbol IIT.

On April 9, 2018, the Company announced that it has secured DTC Eligibility for its common shares listed on the OTC market in the United States.

*This discussion and analysis should be read in conjunction with our condensed interim consolidated financial statements and accompanying Management Discussion & Analysis for the six months ended April 30, 2018 as well as our audited consolidated financial statements and accompanying Management Discussion & Analysis for the year ended October 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the consolidated financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.*

## FORWARD LOOKING INFORMATION

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This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to RavenQuest BioMed Inc. ("RavenQuest") that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the insufficiency of current working capital, the estimated cost and availability of funding for the continued business operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## ACQUISITION OF 8649081 CANADA INC. ("BLOOMERA")

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In March 2018, the Company completed the acquisition of 8649081 Canada Inc. ("Bloomera"), a Markham, Ontario based licensed producer of cannabis under the Access to Cannabis for Medical Purposes Regulations.

Under the terms of the transaction, the Company has acquired all of the outstanding share capital of Bloomera in consideration for a cash payment of \$15,000,000, and the issuance of 10,400,000 common shares (valued at \$13,624,000) to the existing shareholders of Bloomera.

Bloomera currently holds a Health Canada License to Cultivate and will initially add approximately 2,000 kilograms of annual production of cannabis to RavenQuest's investment division. RavenQuest also owns Alberta Green Biotech, an Edmonton facility with expected annual production of approximately 7,000 kilograms which will be ready for cultivation in mid-summer 2018. Given RavenQuest's growing methodology

and application of yield-maximization research being developed in partnership with McGill University, RavenQuest expects to produce at least 11,000 kilograms of cannabis annually from these two facilities.

In May 2018, Bloomera completed the first of two harvests required by Health Canada for license to sell and dispense. Bloomera successfully passed all chemistry and microbiology testing on the first grow cycle, expects to complete the second and acquire sell/dispense license by July, 2018.

### **ACQUISITION OF ALBERTA GREEN BIOTECH (“AGB”)**

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During the period ended April 30, 2018, the Company acquired the remaining 0.11% of AGB for 9,152 common shares (valued at \$13,087) of the Company. The Company now owns 100% of AGB.

AGB is currently constructing a 35,500 square foot facility in Edmonton, targeting completion in 2018. Once completed, the facility is expected to produce 7,000 kg of cannabis annually.

Construction is on schedule for license to cultivate by July of 2018.

### **FORT MCMURRAY #468 MOU**

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On March 19, 2018, the Company signed a Memorandum of Understanding with Fort McMurray #468 First Nation (“FM 468”) to collaborate in the development, operation and financing of a purpose-built facility for the production of cannabis on lands controlled by FM 468.

The Company developed an indigenous-centered, end-to-end solution for cannabis production and sale on sovereign land. The Company will provide its expertise to deliver the technical know-how, staff resources, and financing opportunities as they relate to the development of the Production Facility, initially sized at 24,000 square feet. In consideration, the Company will receive a 30% ownership interest in such a facility.

The parties intend that the Production Facility will rapidly expand from its initial development to a maximum of 250,000 square feet. Under such an arrangement, the Company will be granted the rights to a perpetual stream of a portion of cannabis produced at the Production Facility. Any joint venture arrangement will include provisions for the continued development and expansion of the production facility.

On May 2, 2018, the Company added two new projects at the MOU stage, including a 250,000 square foot joint venture with Fort McMurray #468 First Nation and the acquisition of late stage applicant, Western AgriPharma Limited, with 125,000 square feet of future grow space. Full buildout of both facilities moves RavenQuest’s projected production from 11,000 kg annually to over 50,000 kg annually.

### **WESTERN AGRIPHARMA LIMITED MOU**

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On April 3, 2018, the Company reported the signing of a Memorandum of Understanding with Western AgriPharma Limited (“WAL”) pursuant to the acquisition of 100% of WAL’s outstanding shares. WAL is a late-stage applicant with Health Canada in the development of a 125,000 square foot facility, purpose-built for the production of cannabis in Port Mellon, on British Columbia’s Sunshine Coast.

Completion of any transaction with WAL is subject to a number of conditions, including, but not limited to, completion of due diligence, negotiation of definitive agreements in respect of such a transaction, and the receipt of any required regulatory approvals. A transaction cannot be completed until these conditions are satisfied, and there can be no assurance that such a transaction will be completed at all. Readers are cautioned that the memorandum of understanding entered into with WAL does not set forth the terms of a potential transaction nor have such terms been negotiated or finalized.

## CASH FLOWS

During the period ended April 30, 2018, the Company had the following cash flows.

- i) Cash outflows from operating activities of \$4,711,231 (2017 - \$27,795) consisting of operating expenses during the period.
- ii) Cash outflows from investing activities of \$19,143,181 (2017 - \$Nil) consisting primarily from the acquisition of plant and equipment and cash paid on acquisition of Bloomera.
- iii) Cash inflows from financing activities of \$25,732,949 (2017 - \$28,915) consisting primarily of proceeds from convertible debentures and proceeds from private placements.

## SUMMARY OF QUARTERLY RESULTS

Description	Three months ended Apr 30, 2018	Three months ended Jan 31, 2018	Three months ended Oct 31, 2017	Three months ended July 31, 2017	Three months ended Apr 30, 2017	Three months ended Jan 31, 2017	Three months ended Oct 31, 2016	Three months ended July 30, 2016
Revenues	\$ 614,360	\$ 611,395	\$ 112,351	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net and comprehensive loss for period	(3,436,044)	(1,020,542)	(2,858,375)	(384,644)	(35,976)	(22,086)	(18,631)	(21,923)
Per share	(0.04)	(0.01)	(0.09)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)

During the periods ended April 30, 2018, January 31, 2018, October 31, 2017 and July 31, 2017, the Company became more active as it acquired the business of CL2G, AGB, and Bloomera. As a result, the Company's expenses increased significantly from previous years. The Company also recorded revenue during the period ended April 30, 2018, January 31, 2018 and October 31, 2017, primarily consulting income.

## RESULTS OF OPERATIONS

*Six months ended April 30, 2018 and 2017*

For the period ended April 30, 2018, the Company's business operated primarily through two operating segments – consulting business, and cultivation and sale of medical cannabis. The Company reports activities not directly attributable to an operating segment under corporate. These operating segments are monitored by the Company's chief operating decision makers, and strategic decisions are made on the basis of segment operating results.

	Consulting	Medical cannabis	Corporate	Total
Revenue	\$ 1,225,755	\$ -	\$ -	\$ 1,225,755
Gross profit	\$ 828,754	\$ -	\$ -	\$ 828,754
Net loss	\$ 118,829	\$ (446,227)	\$ (4,129,188)	\$ (4,456,586)

We incurred a net and comprehensive loss of \$4,456,586 for the six months ended April 30, 2018, compared to a net and comprehensive loss of \$58,062 for the six months ended April 30, 2017. The \$1,225,755 in revenue (2017 - \$Nil) was as a result of the operations purchased as part of the acquisitions made in Q4 2017.

Some of the items comprising the loss for the six months ended April 30, 2018 were:

- Advertising and promotion of \$544,794 (2017 - \$Nil) increased primarily as a result of increased activities in the current period to raise awareness regarding the Company's activities subsequent to the acquisitions made in Q4 2017 and Q2 2018.
- Interest and accretion of \$465,472 (2017 - \$Nil) increased primarily due to interest accrued on the debentures during the current period.
- Gain on settlement of debt of \$59,472 (2017 - \$Nil) increased due to the settlement of accounts payable during the current period.
- Management and consulting fees of \$1,491,295 (2017 - \$32,000) increased primarily due to post acquisition management fees of \$120,000 paid to the CEO and \$60,000 paid to a director of the Company during the current period.
- Office expenses of \$156,386 (2017 - \$2,544) increased as a result of increased expenses required to run the Company subsequent to the acquisitions made in Q4 2017 and Q2 2018.
- Professional fees of \$352,491 (2017 - \$4,750) increased due to increased service requirements required to run the Company subsequent to the acquisitions made in Q4 2017 and Q2 2018.
- Rent of \$299,401 (2017 - \$4,200) increased due to rentals and leases assumed during the acquisitions made in Q4 2017.
- Share-based compensation of \$1,363,286 (2017 - \$Nil) increased as a result of stock options granted during the period.
- Travel of \$119,433 (2017 - \$1,397) increased primarily as a result of more trips taken during the current period relating to new operations.
- Wages of \$379,764 (2017 - \$Nil) increased due to new operations in the current period.

*Three months ended April 30, 2018 and 2017*

For the period ended April 30, 2018, the Company's business operated primarily through two operating segments – consulting business, and cultivation and sale of medical cannabis. The Company reports activities not directly attributable to an operating segment under corporate. These operating segments are monitored by the Company's chief operating decision makers, and strategic decisions are made on the basis of segment operating results.

	Consulting	Medical cannabis	Corporate	Total
Revenue	\$ 614,360	\$ -	\$ -	\$ 614,360
Gross profit	\$ 529,170	\$ -	\$ -	\$ 529,170
Net loss	\$ 139,543	\$ (289,951)	\$ (3,285,636)	\$ (3,436,044)

We incurred a net and comprehensive loss of \$3,436,044 for the three months ended April 30, 2018, compared to a net and comprehensive loss of \$35,976 for the three months ended April 30, 2017. The \$614,360 in revenue (2017 - \$Nil) was as a result of the operations purchased as part of the acquisitions made in Q4 2017.

Some of the items comprising the loss for the three months ended April 30, 2018 were:

- Advertising and promotion of \$532,147 (2017 - \$Nil) increased primarily as a result of increased activities in the current period to raise awareness regarding the Company's activities subsequent to the acquisitions made in Q4 2017 and Q2 2018.
- Interest and accretion of \$459,413 (2017 - \$Nil) increased primarily due to interest accrued on the debentures issued during the current period.
- Management and consulting fees of \$1,384,920 (2017 - \$20,000) increased primarily due to post acquisition management fees of \$60,000 paid to the CEO and \$30,000 paid to a director of the Company during the current period.
- Office expenses of \$109,186 (2017 - \$1,329) increased as a result of increased expenses required to run the Company subsequent to the acquisitions made in Q4 2017 and Q2 2018.
- Professional fees of \$254,780 (2017 - \$2,300) increased due to increased service requirements required to run the Company subsequent to the acquisitions made in Q4 2017 and Q2 2018.
- Rent of \$164,361 (2017 - \$3,000) increased due to rentals and leases assumed during the acquisitions made in Q4 2017.
- Share-based compensation of \$661,021 (2017 - \$Nil) increased as a result of stock options granted during the period.
- Travel of \$68,204 (2017 - \$1,397) increased primarily as a result of more trips taken during the current period relating to new operations.
- Wages of \$227,804 (2017 - \$Nil) increased due to new operations in the current period.

## **LIQUIDITY AND CAPITAL RESOURCES**

As of April 30, 2018, the Company had a cash position of \$5,258,393, compared to \$3,379,856 as at October 31, 2017, representing a decrease of approximately \$1,878,537. As of April 30, 2018, the Company had a working capital of \$4,876,471 compared to a working capital deficiency of \$2,536,539 as at October 31, 2017.

During the period from November 1, 2017 to June 29, 2018, the Company:

- i) completed the first tranche of a brokered private placement of units and convertible debenture units of the Company, with Haywood Securities Inc. acting as lead agent. In connection with completion of the brokered placement, the Company issued 3,581,300 units at a price of \$1.25 per unit, and 15,000 debenture units at a price of \$1,000 per debenture unit, for aggregate gross proceeds to the Company of \$19,476,625. The Company also completed a concurrent non-brokered private placement of 4,052,000 units, for additional gross proceeds to the Company of \$5,065,000. The aggregate gross proceeds to the Company was \$24,541,625.

Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$1.50 per a period of 24 months, subject to acceleration in the event that the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.75 for a period of ten consecutive trading days.

Each debenture unit consists of an unsecured convertible debenture of the Company in the principal amount of \$1,000 and 690 warrants. The debentures are convertible at the option of the holder into common shares at a price of \$1.45 per share, bear an interest rate of ten percent per annum and mature 24 months after the date of issue.

In connection with the brokered placement, the Company paid a commission of \$1,558,130, of which \$932,953 was issued in 746,362 units at a deemed price per unit of \$1.25 and \$625,117 was paid in cash, and issued to the agent 1,178,090 compensation options (valued at \$1,115,700). Each compensation option entitles the holder to acquire a common share of the Company at a price per common share of \$1.25 for a period of 24 months from the closing of the offering. As additional compensation, the Company paid to the agent a corporate finance fee equal to \$80,000 in the form of 64,000 units (valued at \$80,000) and issued to the agent 64,000 corporate finance compensation options (valued at \$60,600), having the same terms and attributes as the compensation options.

- ii) completed an additional tranche of its brokered private placement of units and convertible debenture units of the Company, with Haywood Securities Inc. acting as lead agent. In connection with completion of this tranche of the brokered placement, the Company issued 1,440,000 units at a price of \$1.25 per unit for gross proceeds of \$1,800,000.

Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$1.50 per share for a period of 24 months, subject to acceleration in the event that the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.75 for a period of ten consecutive trading days.

In connection with this tranche of the brokered placement, the Company paid a commission of \$144,000, which was satisfied through the issuance of 115,200 units and 115,200 compensation options (valued at \$113,100). Each compensation option entitles the holder to acquire a common share of the Company at a price per common share of \$1.25 for a period of 24 months from the date of issuance.

- iii) completed an additional tranche of its non-brokered private placement of units of the Company. In connection with the completion of this tranche of the non-brokered placement, the Company issued an additional 84,000 units at a price of \$1.25 per unit for gross proceeds of \$105,000.

Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$1.50 per share for a period of 24 months, subject to acceleration in the event that the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.75 for a period of ten consecutive trading days.

In connection with this tranche of the non-brokered placement, the Company paid a commission of \$84,000, which was satisfied through the issuance of 6,720 units and 6,720 compensation options (valued at \$6,500). Each compensation option entitles the holder to acquire a common share of the Company at a price per common share of \$1.25 for a period of 24 months from the date of issuance.

## GOING CONCERN

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The condensed interim consolidated financial statements for the period ended April 30, 2018, on [www.sedar.com](http://www.sedar.com), have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. As of April 30, 2018, the Company had not yet achieved profitable operations and had accumulated a deficit of \$10,038,301 (October 31, 2017 – \$5,584,609) and had a working capital of \$4,876,471 (October 31, 2017 – \$2,536,539). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company’s ability to continue as a going concern. If the Company should be unable to continue as a going concern, realization of its assets and settlement of its liabilities in other than the normal course of the business may be at amounts significantly different from those in the consolidated financial statements. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business when they come due.

## TRANSACTIONS WITH RELATED PARTIES

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During the periods ended April 30, 2018 and 2017, we entered into the following transactions with related parties:

Key management personnel compensation comprised of the following:

	Six Months Ended April 30,	
	2018	2017
Management fees to the CEO	\$ 120,000	\$ -
Management fees to a company with a common director	60,000	32,000
Professional fees to the CFO	37,541	-
Professional fees to the corporate secretary’s company	18,000	-
Rent fees to the corporate secretary’s company	22,200	-
	<u>\$ 257,741</u>	<u>\$ 32,000</u>

During the period ended April 30, 2018, the Company paid interest of \$11,902 to key management and other related companies relating to the loans payable.

As at April 30, 2018, accounts payable include \$402 (October 31, 2017 - \$14,400) owing to two companies with common officers.

Share-based compensation includes stock options granted to directors and officers recorded at a fair value of \$897,637 (2017 - \$Nil).

## DIRECTORS AND OFFICERS

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Our Board of Directors is as follows:

**Anton J. Drescher**  
**Hendrik van Alphen**  
**Jorge Bonet**  
**Chris Alvin Bechtel**  
**George Robinson**

Our officers are:

<b>George Robinson</b>	President, Chief Executive
<b>David Cross</b>	Chief Financial Officer
<b>Marla Ritchie</b>	Corporate Secretary

## SHARE CAPITAL

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Our authorized share capital consists of an unlimited number of common shares without par value. As of June 29, 2018, the total number of issued and outstanding common shares is 93,542,219 common shares.

At June 29, 2018, there were 13,005,256 shares held in escrow.

As at June 29, 2018, the following stock options were outstanding:

Number	Exercise Price	Expiry Date
2,430,000	\$ 1.25	October 25, 2022
2,430,000		

As at June 29, 2018, the following share purchase warrants were outstanding:

Number	Exercise Price	Expiry Date
1,306,090	\$ 1.25	February 28, 2020
18,576,995	\$ 1.50	February 28, 2020
115,200	\$ 1.25	March 12, 2020
1,555,200	\$ 1.50	March 12, 2020
6,720	\$ 1.25	March 28, 2020
90,720	\$ 1.50	March 28, 2020
57,206	\$ 3.49	September 4, 2020
21,708,131		

## CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING POLICY PRONOUNCEMENTS

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Please refer to the April 30, 2018 condensed interim consolidated financial statements on [www.sedar.com](http://www.sedar.com).

## FINANCIAL INSTRUMENTS

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### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Our cash and reclamation bond are exposed to credit risk, the maximum exposure being their carrying amounts on the statements of financial position. We reduce our credit risk on cash and reclamation bond by placing these instruments with institutions of high credit worthiness. As at April 30, 2018, we are not exposed to any significant credit risk.

### Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rate. We do not believe we are exposed to significant currency risk as funds are held in Canadian currency and there are no significant foreign exchange currency transactions.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to the risk that the value of financial instruments will change due to movement in market interest rates. We do not hold interest-bearing debt with long-term maturities and therefore do not believe that interest rate risk is significant. We do not use derivative instruments to reduce our interest rate risk as our management believes that the likely financial impact of interest rate changes does not justify using derivatives.

### Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. As at April 30, 2018, we had a working capital of \$4,876,471 (October 31, 2017 - \$2,536,539). We address our liquidity risk through equity financing obtained through the sale of common shares and loans from shareholders.

### Fair Value of Financial Instruments

Our financial instruments consist of cash, other receivables, reclamation bond, accounts payable and accrued liabilities, and shareholder loans. The fair values of these financial instruments approximates their carrying values.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at April 30, 2018 and 2017, we did not have any financial instruments carried at fair value on the statements of financial position.

### **OFF-BALANCE SHEET ARRANGEMENTS**

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We have no off-balance sheet arrangements.

### **ADDITIONAL INFORMATION**

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Additional information relating to our company is available on SEDAR at [www.sedar.com](http://www.sedar.com).