RAVENQUEST BIOMED INC.
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June 28, 2019

MANAGEMENT DISCUSSION & ANALYSIS

RavenQuest BioMed Inc. is a British Columbia corporation. The Company's principal place of business is #780-580 Hornby 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 1IT.

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, 2019 as well as our audited consolidated financial statements and accompanying Management Discussion & Analysis ("MD&A") for the year ended October 31, 2018, 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

This MD&A contains certain "forward-looking statements" within the meaning of Canadian securities legislation, including but not limited to statements relating to:

- assumptions and expectations described in the Company's critical accounting policies and estimates;
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements;
- the Company's expectations regarding legislation, regulations and licensing related to the cultivation, production and sale of cannabis by the Company's wholly-owned subsidiaries;
- the expected number of users of recreational cannabis or the size of the legal recreational cannabis market in Canada and internationally;
- the potential time frame for the implementation of legislation to legalize regulated medical or recreational cannabis, or hemp internationally and the potential form implementation of the legislation will take, including the method of delivery and framework adopted or to be adopted by various international jurisdictions;
- the Company's expectations with respect to the Company's future financial and operating performance;
- the Company's expectations with respect to future performance, results and terms of strategic initiatives, strategic agreements and supply agreements;
- product sales expectations;
- development of affiliated brands, product diversification and future corporate development;
- anticipated results of research and development;

- inventory and production capacity expectations including discussions of plans or potential for expansion of capacity at existing or new facilities;
- expectations with respect to future expenditures and capital activities;
- statements about expected use of proceeds from fund raising activities; and
- the Company's ability to achieve profitability without further equity or debt financing.

The words "plans", "expects", "is expected", "budget", "scheduled", "estimates" "forecasts", "intends", "anticipates", or "believes" or variation (including negative variations) of such words and phrases, or statements that certain actions, events, or results "may", "could", "would", "might", or "will" be taken, occur or to achieve are all forward-looking statements. Forward-looking statements are based on the reasonable assumptions, estimates, internal and external analysis and opinions of management made considering its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. This MD&A should be read in conjunction with the risk factors described in the "Risk and Uncertainties" section of this MD&A and as described in the Company's annual information form for the year ended October 31, 2018. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

CANADIAN PRODUCTION

Both of our two ultra-modern grow facilities are built and producing cannabis. The Company boasts a full license to sell cannabis and two completed and licensed cannabis facilities located in Markham, Ontario and Edmonton, Alberta. With an eye on prudence, Edmonton production began cautiously to ensure the success of our Orbital Garden technology. As we near completion of the first harvest, we are now comfortable with our processes and are in the midst of rapidly ramping production. The shorter 8-week grow cycle of the Orbital Gardens (compared to 12-14 week cycles for flat table growing) further adds to annual yield. We expect the Edmonton facility to reach full capacity by this summer (2019), placing the Company's Canadian production run-rate at about 11,000 kg per annum.

Markham production is ramping up nicely with the addition of Dr. Simerjeet Kaur, PhD (McGill) demonstrating her value as a plant science leader. RavenQuest plans to convert the Markham facility to Orbital Gardens in mid-2019. From a production standpoint, we see 2019 as an inflection year for our Company as we accelerate from nominal production in 2018 to an expected run-rate of approximately 11,000 kg per year by mid-summer 2019.

CANADIAN SALES AND DISTRIBUTION

The Company has a business-to-business supply agreement in place for up to 8,000 kg in 2019. In addition, the Company has signed an MOU (Memorandum of Understanding) with the British Columbia Liquor Distribution Branch ("BCLDB") to pursue the wholesale distribution of cannabis (see below). We are currently engaged with several other provinces with a view toward diversifying our geographic footprint with the potential for supply agreements with additional provinces in the near future.

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH MOU

On July 11, 2018, the Company announced that its wholly owned subsidiary, Bloomera, has signed a memorandum of understanding (the "MOU") with the British Columbia Liquor Distribution Branch ("BCLDB") to pursue the wholesale distribution of cannabis produced by Bloomera. It is expected that the agreement to be reached with BCLDB will cover the first 12 months of the legalized adult use cannabis market in Canada and see Bloomera sell all of its production over that period to the BCLDB. The MOU provides that Bloomera will supply an assortment of cultivars and end products to the BCLDB.

The BCLDB is responsible for regulating private retail cannabis licensing and the distribution of cannabis to retail stores in British Columbia's legal adult use recreational cannabis marketplace. The MOU does not represent a binding purchase agreement, and any distribution of cannabis products to the BCLDB is subject to the negotiation of such an agreement on the terms specified by the BCLDB. The Company will provide additional information regarding the BCLDB supply and distribution process as it becomes available.

FORT MCMURRAY #468 MOU

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 25,000 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.

WESTERN AGRIPHARMA LIMITED MOU

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.

In March 2019, the Company announced a Letter of Intent to acquire WAL.

ALEXANDER FIRST NATION

On August 15, 2018, the Company entered into a services agreement with Alexander First Nation to develop a Health Canada cannabis license application. Alexander First Nation is located adjacent to the Edmonton Metropolitan Region and plans to build a cannabis facility on its sovereign land.

PROVISION FOR PREPAID EXPENSE

As at April 30, 2019, the Company had prepaid expenses totalling $613,073 (October 31, 2018 - $889,845) which comprised of consulting, insurance, advertising and promotion, and deposits.

During the year ended October 31, 2018, the Company entered into agreements, for several months to one year periods, with several parties for advertising, marketing, investor relations, M&A financial advisory and other consulting services with contract values totalling $5,000,000, which was initially recorded in prepaids and deposits. The fees under these agreements were paid in March 2018 and July 2018 concurrent with the Company's non-brokered financing and no amounts were recognized as expense for the year ended October 31, 2018. There is uncertainty regarding the ability and intent of the service providers to continue fulfilling their obligations. The Company is working with the consultants to ensure that they fulfil their obligations, however, due to uncertainty, the Company has recorded a provision for $4,800,000. During the period ended April 30, 2019, the Company recovered $200,000 for consulting services not performed, which was included in receivables as at October 31, 2018.

COMPANY OVERVIEW

On October 15, 2018, the Company introduced two distinct flagship brands, both of which were available to the consuming public under Canada's legalized adult recreational framework. Throughout our brand development, the Company has remained engaged with Victims of Advertising (VOA), gaining in-depth understanding of our target markets and creating brands that appeal to our consumer segments. VOA brings a wealth of experience in creating and launching brands with a clear actionable strategy and creative vision. Leading companies in the technology, biotech, tourism and, notably, cannabis industries collaborate with VOA.

The Company's cannabis offerings will lead our clients through the entire wholistic cannabis experience. Each experience begins with an informed selection of a suitable cultivar (strain). The journey then extends through the enjoyment of inspired packaging and finally delivers a high quality, predictable and repeatable experience that can only come from the science-based grow methodologies for which the Company has become so well-known.

On December 4, 2018, the Company announced that it is concluding its first cannabis sales transaction, beginning a new era for the Company as it joins an exclusive club of companies that generate revenue from the legal sale of cannabis in Canada.

On December 18, 2018, the Company entered into a supply agreement with Wayland Group ("Wayland"). As part of the supply agreement, Wayland will purchase up to 8,000 kg of dried flower cannabis from the Company in 2019. The total quantity will be shipped periodically throughout 2019 as product becomes available.

As part of the supply agreement, Wayland made a one-time payment of $2,000,000 to the Company in anticipation of the first major shipment of cannabis flower in March 2019. Pricing for the transaction is comparable with prevailing wholesale cannabis prices.

On December 21, 2018, the Company announced that it has been retained by Canadian Licensed Producer, Bonify Holdings Corporation ("Bonify"). The Company will provide comprehensive management services including operational direction and oversight to Bonify's 320,000 square foot cannabis production facility located in Winnipeg, Manitoba.

The Company has been retained for the purposes of maintaining compliance with Health Canada regulations and improving and streamlining production operations.

On January 1, 2019, the Company entered into a short term promissory note for the amount of $1,600,000 with an arm's length creditor. Terms include interest payable at 6% per annum, compounded monthly and payable upon maturity. The Company made a $200,000 partial repayment of the principal.

On January 3, 2019, the Company announced that it entered into an agreement to acquire a 51% interest in Abbotsford, British Columbia based 1 Life Cannabis Corporation ("1 Life").

1 Life has deep roots in the craft cannabis community and focuses on premium, small batch artisan cannabis cultivation. 1 Life will use the Company's 24,000 square foot facility design which will become part of a license extension from the Company's Health Canada license. 1 Life has submitted plans to Health Canada which will include a large centralized extraction and processing facility as well as multiple small grow rooms ideal for unique, artisan growers to come together under one roof.

Under the terms of the transaction, the Company will acquire a controlling interest (51%) in 1 Life for $1. This interest can be redeemed by 1 Life at any time after it receives a license to produce under the Cannabis Act, and in consideration RavenQuest will be granted an ongoing royalty of 15% of the gross revenue from production at 1 Life. Completion of the transaction with 1 Life is subject to completion of due diligence, the negotiation of definitive documentation and the receipt of any required regulatory approvals.

On February 6, 2019, the Company announced that the Company will continue to provide management & consulting services to Bonify under a one-year contract extension. The one-year extension will begin when the initial three month contract expires at the end of March 2019, taking the entire term of the services agreement through March 2020.

On February 15, 2019, the Company announced that it entered into a Letter of Intent to be the exclusive distributor of seeds from award winning, Amsterdam-based, cannabis seed producer Dutch Passion.

Having won 50+ Cannabis Cups awarded for high-THC and high-CBD varieties of cannabis which are particularly easy to grow, Dutch Passion invented feminized cannabis seeds in the 1990's and helped pioneer the success of high-THC Autoflower cannabis in more recent years. Dutch Passion is one of the world's oldest cannabis seedbanks and one of the few remaining original seed companies, offering a variety of original classic cannabis varieties as well as some of the very best new varieties, available in Regular, Feminized as well as Autoflower seeds. Dutch Passion was founded in the 1970's and formally established as a seedbank in 1987.

The Company believes that its arrangement with Dutch Passion will address two distinct market segments in Canada for home-growers and micro-cultivators: Premium market "Dutch Passion" and value-market "SeedStockers", which will also be sold under the Company's private label.

Dutch Passion seeds will give Canadian home-growers and (micro) Licensed Producers access to a wide selection from over 60 premium seeds including Cannabis Cup award winning "Orange Bud®", "Power Plant®", "Glueberry O.G.®", "Mazar®", "CBD Skunk Haze®" and "Euforia®".

On April 5, 2019, the Company announced that it secured a Health Canada License to Cultivate at the Company's flagship Edmonton facility. The license allows the Company to begin cannabis production inside the revolutionary Orbital Garden 2.0 grow technology at its ultra-modern Edmonton production facility. The Edmonton facility increases the Company's production capacity by 275%, adding 7,000 kg of annual capacity and bringing the Company's total production capacity to approximately 11,000 kg per year.

On April 10, 2019, the Company provided an update following receipt of its cultivation license at its Edmonton facility and the capacity expansion that comes with it.

Licensing of the Edmonton facility represents an inflection point for the Company, increasing its licensed annual cannabis production capacity to 11,000 kg—a 275% increase.

In addition to an increase in cannabis revenue for 2019, the Company also anticipates a record year for its Services Division, with several new clients signing contracts including, notably, a one year agreement with Bonify valued at $1.5 million.

Once legalized, the Company intends to deliver on its broader growth strategy to provide value-added products across a wide spectrum of delivery options including vaporization, edibles and beverages.

On April 15, 2019, the Company announced that it has completed its first shipment of bulk cannabis to Wayland Group. The shipment was made as part of a larger agreement between the Company and Wayland group, whereby the Company will supply up to 8,000 kg of bulk cannabis to Wayland Group. The agreement spans the entirety of calendar 2019.

On May 3, 2019, the Company announced that it has secured a Health Canada sales license at the Company's Markham facility, also known as "Bloomera Inc.". The license allows the Company to commence sales of both medical and recreational cannabis nationwide. Importantly, the license allows the Company to route production from both its Markham and Edmonton facilities through Markham, effectively allowing all the Company production to be sold through the Markham sales license.

On May 22, 2019, the Company signed a Heads of Agreement (the "HoA") with Norway's Cannabis Biocare A/S ("Cannabis Biocare") to enter into a joint venture ("JV") to construct cannabis production facilities using the Company's Orbital Garden grow technology in certain geographic regions. It is anticipated that production facilities will be constructed within twenty-four months, with the capacity to produce up to 35,000 kilograms of cannabis annually. The Company will own a fifty-percent equity interest in the JV.

According to the HoA, the Company will grant the JV use of its Orbital Garden grow technology, intellectual property and developed microbes.

Cannabis Biocare will provide full funding for facility build-outs and cannabis technologies including orbital gardens and startup expenses for all facilities within the regions.

Cannabis Biocare is founded by Mr. Gerhard Ludvigsen, Mr. Yossef A. Hamdon and Mr. Mohamed Choucair. Mr. Ludvigsen is the founder and current director of HEMLA, a Norwegian group with multiple decades of experience from energy related operations in Central Europe, the Middle East and Africa. Mr. Ludvigsen brings substantial experience in the gas sector.

The JV will be created with the sole purpose of conducting an orderly multinational expansion through all regions where HEMLA has boots on the ground. Initial production will focus upon the Balkans/Europe with subsequent expansion into East Africa, West Africa and the Middle East.

CASH FLOWS

During the period ended April 30, 2019, the Company had the following cash flows.

i) Cash inflows from operating activities of $653,042 (2018 – outflows used in operating activities of $4,711,231) consisting of operating expenses and unearned revenue during the period.

ii) Cash outflows used in investing activities of $3,180,593 (2018 – $19,143,181) consisting primarily of cash paid for the acquisition of plant and equipment.

iii) Cash inflows from financing activities of $3,468,514 (2018 – $25,732,949) consisting primarily of proceeds from private placement and loan received during the period.

SUMMARY OF QUARTERLY RESULTS

Description	**Three months ended Apr 31, 2019**	**Three months ended Jan 31, 2019**	**Three months ended Oct 31, 2018**	**Three months ended July 30, 2018**	**Three months ended Apr 31, 2018**	**Three months ended Jan 31, 2018**	**Three months ended Oct 31, 2017**	**Three months ended July 30, 2017**
Revenues	*$ 653,240*	*$ 300,030*	*$ (140,868)*	*$ 171,853*	*$ 614,360*	*$ 611,395*	*$ 112,351*	*$ -*
Net and comprehensive loss for period	*(3,204,917)*	*(3,194,394)*	*(22,826,318)*	*(3,184,959)*	*(3,436,044)*	*(1,020,542)*	*(2,858,375)*	*(384,644)*
Per share	*(0.03)*	*(0.03)*	*(0.21)*	*(0.03)*	*(0.04)*	*(0.01)*	*(0.09)*	*(0.01)*

During the periods ended April 30, 2019, January 31, 2019, October 31, 2018, July 31, 2018, 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, and the assets of 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, 2019, January 31, 2019, July 31, 2018, April 30, 2018, January 31, 2018 and October 31, 2017, primarily consulting income.

RESULTS OF OPERATIONS

Six months ended April 30, 2019 and 2018

For the six months ended April 30, 2019, 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	$ 634,775	$ 318,495	$ -	$ 953,270
Gross profit	$ 693,386	$ (59,371)	$ -	$ 634,015
Net loss before income tax	$ (407,773)	$ (2,198,287)	$ (3,793,251)	$ (6,399,311)

We incurred a net and comprehensive loss of $6,399,311 for the period ended April 30, 2019 (2018 - $4,456,586). The $953,270 in revenue (2018 - $611,395) was as a result of the operations purchased as part of the acquisition made in Q4 2017 and Q2 2018.

During the six months ended April 30, 2019, the Company sold 5,765 plants (2018 - Nil) resulting in revenue of $172,950 (2018 - $Nil).

Cost of Sales

Plants that are in pre-harvest are considered biological assets and are capitalized on the balance sheet at fair market value less cost to sell at their point of harvest. Fair market value estimates are based on the Company's selling list prices for specific cannabis plant strains. Costs to sell include post-harvest, trimming, fulfilment, testing and shipping costs. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, materials, utilities, facilities costs, and quality and testing costs. As they continue to grow through the pre-harvest stages, a corresponding non-cash unrealized gain is recognized in income, reflecting the changes in fair value of the biological assets. At harvest, the biological assets are transferred to inventory at their fair value, which becomes the deemed cost for inventory. Inventory is later expensed to cost of sales when sold.

The cost of sales of ($58,611) (2018 - $397,001) during the period ended April 30, 2019 was comprised of inventory production costs expensed of $76,149 offset by reversals of previously recorded cost of $134,760.

During the period ended April 30, 2019, the Company recorded cost of sales including realized portion of change on inventory sold of $140,305 (2018 - $Nil).

During the period ended April 30, 2019, the Company recorded unrealized loss on changes in the fair value of biological assets of $237,561 (2018 - $Nil).

Some of the items comprising the loss for the six months ended April 30, 2019 were:

- Advertising and promotion of $197,863 (2018 - $544,794) decreased primarily as a result of decreased activities in the current period to raise awareness regarding the Company's activities.

- Depreciation and amortization of $1,251,872 (2018 - $5,205) increased primarily as a result of an increase in additions to plant and equipment and intangible assets subsequent to the acquisition made in Q4 2017 and Q2 2018.

- Filing fees of $23,128 (2018 - $33,721) decreased due to decreased share activities during the current period.

- Interest and accretion of $1,545,369 (2018 - $465,472) increased primarily due to interest accrued on the convertible debentures and loans payable during the current period.

- Management and consulting fees of $372,800 (2018 - $1,491,295) decreased primarily due to a decrease in consulting fees during the current period.

- Office expenses of $556,979 (2018 - $164,910) increased as a result of increased expenses required to run the Company acquisitions made in Q4 2017 and Q2 2018.

- Rent of $457,867 (2018 - $299,401) increased due to rentals and leases assumed during the acquisitions made in Q4 2017 and Q2 2018.

- Share-based compensation of $1,080,089 (2018 - $1,363,286) decreased as a result of stock options granted during the period.

- Travel of $141,532 (2018 - $119,433) increased primarily as a result of more trips taken during the current period relating to new operations.

- Transfer agent fees of $12,123 (2018 - $17,304) decreased due to decreased share activities during the current period.

- Wages of $932,584 (2018 - $379,764) increased due to new operations in the current period.

Three months ended April 30, 2019 and 2018

For the period ended April 30, 2019, 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	$	436,745	$	216,495	$	-	$	653,240
Gross profit	$	413,064	$	(544,251)	$	-	$	(131,187)
Net loss before income tax	$	(159,150)	$	(2,026,975)	$	(1,611,033)	$	(3,797,158)

We incurred a net and comprehensive loss of $3,797,158 for the period ended April 30, 2019 (2018 - $3,436,044). The $653,240 in revenue (2018 - $614,360) was as a result of the operations purchased as part of the acquisition made in Q4 2017 and Q2 2018.

During the period ended April 30, 2019, the Company sold 2,365 plants (2018 - Nil) resulting in revenue of $70,950 (2018 - $Nil).

Cost of Sales

The cost of sales of $23,681 (2018 - $85,190) during the period ended April 30, 2019 was comprised of inventory production costs.

During the period ended April 30, 2019, the Company recorded cost of sales including realized portion of change on inventory sold of $140,305 (2018 - $Nil).

During the period ended April 30, 2019, the Company recorded unrealized loss on changes in the fair value of biological assets of $620,441 (2018 - $Nil).

Some of the items comprising the loss for the three months ended April 30, 2019 were:

- Advertising and promotion of $80,579 (2018 - $532,147) decreased primarily as a result of decreased activities in the current period to raise awareness regarding the Company's activities.

- Depreciation and amortization of $480,940 (2018 - $3,958) increased primarily as a result of an increase in additions to plant and equipment and intangible assets subsequent to the acquisition made in Q4 2017 and Q2 2018.

- Filing fees of $17,782 (2018 - $31,028) decreased due to decreased share activities during the current period.

- Interest and accretion of $768,612 (2018 - $459,413) increased primarily due to interest accrued on the convertible debentures and loans payable during the current period.

- Management and consulting fees of $187,800 (2018 - $1,384,920) decreased primarily due to a decrease in consulting fees during the current period.

- Office expenses of $327,762 (2018 - $114,807) increased as a result of increased expenses required to run the Company subsequent to the acquisitions made in Q4 2017 and Q2 2018.

- Rent of $195,633 (2018 - $164,361) increased due to rentals and leases assumed during the acquisitions made in Q4 2017 and Q2 2018.

- Research and development $80,000 (2018 - $40,000) increased due to the timing of expenses recorded by the Company in the current period.

- Share-based compensation of $183,940 (2018 - $661,021) decreased as a result of stock options granted during the period.

- Travel of $72,209 (2018 - $68,204) increased primarily as a result of more trips taken during the current period relating to new operations.

- Transfer agent fees of $3,113 (2018 - $15,176) decreased due to decreased share activities during the current period.

- Wages of $443,548 (2018 - $227,804) increased due to new operations in the current period.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2019, the Company had a cash position of $1,303,773, compared to $362,810 as at October 31, 2018, representing an increase of $940,963. As of April 30, 2019, the Company had a working capital deficiency of $3,072,462 compared to a working capital of $280,728 as at October 31, 2018.

Inventory at April 30, 2019 increased to $138,160 (October 31, 2018 - $Nil) and biological assets increased to $168,296 (October 31, 2018 - $78,244).

During the period from November 1, 2018 to June 28, 2019, the Company:

i) issued 1,014,000 shares pursuant to the exercise of options for proceeds of $659,100.

ii) completed a non-brokered private placement of units. In connection with completion of the non-brokered private placement, the Company issued 3,523,832 units at a price of $0.60 per unit for aggregate gross proceeds of $2,114,299.

   Each unit consists of one common share of the Company, and one half of one share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of $0.08 per share for a period of 24 months. The Company also paid a finder's fee to qualified finders in respect to the financing.

   The Company also paid finders' fees of $52,014 and issued 82,730 finder's warrants (valued at $32,700). Each warrant entitles the holder to acquire a common share of the Company at a price per common share of $0.80 for a period of 24 months from the date of issuance.

iii) completed a non-brokered private placement of units. In connection with completion of the non-brokered private placement, the Company issued 166,000 units at a price of $0.60 per unit for aggregate gross proceeds of $99,600.

Each unit consists of one common share of the Company, and one half of one share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of $0.08 per share for a period of 24 months.

The Company also issued 3,960 finder's warrants (valued at $1,500). Each warrant entitles the holder to acquire a common share of the Company at a price per common share of $0.80 for a period of 24 months from the date of issuance

iv) completed a non-brokered private placement of 4,140,000 units at a price of $0.50 per unit for gross proceeds of $2,070,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.60 per share for a period of two years. In connection with completion of the financing, the Company has paid finders' fees of $144,900 and issued 289,800 agent warrants.

GOING CONCERN

The condensed interim consolidated financial statements for the period ended April 30, 2019, on 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, 2019, the Company had not yet achieved profitable operations and had accumulated a deficit of $42,451,784 (October 31, 2018 – $36,052,473) and had a working capital deficiency of $3,072,462 (October 31, 2018 – working capital of $280,728). 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

During the periods ended April 30, 2019 and 2018, we entered into the following transactions with related parties:

Key management personnel compensation comprised of the following:

	Six Months Ended April 30, 2019	Six Months Ended April 30, 2018
Management fees to the CEO, included in wages	$ 120,000	$ 120,000
Management fees to a company with a common director	60,000	60,000
Professional fees to the CFO	48,526	37,541
Professional fees to the corporate secretary's company	18,000	18,000
Rent fees to the corporate secretary's company	3,900	22,200
	$ 250,426	$ 257,741

During the period ended April 30, 2019, the Company incurred interest of $Nil (2018 - $6,139) to key management and other related companies on the loans payable.

As at April 30, 2019, accounts payable and accrued liabilities include $43,908 (October 31, 2018 - $22,368) owing to three companies with common officers and a director. These amounts are unsecured, non-interest bearing, and has no specific terms of repayment.

Share-based compensation includes stock options granted to directors and officers recorded at a fair value of $250,462 (2018 - $462,397).

DIRECTORS AND OFFICERS

Our Board of Directors is as follows:

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

Our officers are:

George Robinson	President, Chief Executive Officer
David Cross	Chief Financial Officer
Marla Ritchie	Corporate Secretary

SHARE CAPITAL

Our authorized share capital consists of an unlimited number of common shares without par value. As of June 28, 2019, the total number of issued and outstanding common shares is 121,698,552 common shares.

At June 28, 2019, there were 7,803,153 shares held in escrow.

As at June 28, 2019, the following stock options were outstanding:

Expiry Date	Exercise Price ($)	Number of options
October 2, 2020	$1.25	1,980,000
November 14, 2020	$0.65	486,000
October 25, 2022	$0.90	2,430,000
May 2, 2024	$0.70	1,199,586
		6,095,586

As at June 28, 2019, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of warrants
February 28, 2020	$1.50	17,766,633
February 28, 2020	$1.50	810,362
February 28, 2020	$1.25	1,306,090
March 12, 2020	$1.50	1,440,000
March 12, 2020	$1.50	115,200
March 12, 2020	$1.25	115,200
March 28, 2020	$1.50	84,000
March 28, 2020	$1.50	6,720
March 28, 2020	$1.25	6,720
September 4, 2020	$3.49	57,206
March 15, 2021	$0.80	1,761,918
March 15, 2021	$0.80	82,730
March 26, 2021	$0.80	83,000
March 26, 2021	$0.80	3,960
June 28, 2021	$0.60	4,429,800
July 11, 2021	$0.90	10,988,270
July 11, 2021	$0.90	962,870
July 13, 2021	$0.90	392,857
July 13, 2021	$0.90	35,000
		40,448,536

CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING POLICY PRONOUNCEMENTS

Please refer to the April 30, 2019 condensed interim consolidated financial statements on www.sedar.com.

FINANCIAL INSTRUMENTS

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 October 31, 2018, the Company is exposed to credit risk with respect to trade receivables from consulting revenue and has provided an allowance in the amount of $350,856. As at April 30, 2019, the Company is 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, 2019, we had a working capital deficiency of $3,072,462 (October 31, 2018 - working capital of $280,728). We address our liquidity risk through equity financing obtained through the sale of common shares and loans from shareholders.

Other Risks

- The laws and regulations governing cannabis are still developing, including in ways that the Company may not foresee;
- The Company and its subsidiaries have limited operating history, and accordingly, we are subject to many of the risks of early stage enterprises;
- The Company will be primarily reliant on a small number of facilities;
- This Company is highly dependent on our senior management;
- The Company is reliant on several key inputs, and we are vulnerable to increases in price of those inputs;
- The Company is dependent on its suppliers and on access to, and its ability to retain, skilled labour;
- The Company's cannabis growing operations are subject to risks inherent in an agricultural business;
- The Company is reliant on third parties to transport its products to its customers;
- Premiums for the Company's insurance coverage may not continue to be commercially justifiable, and the Company's insurance coverage may have limitations and other exclusions and may not be enough to cover potential liabilities;
- The Company is required to comply with safety, health and environmental regulations;
- The Company may be subject to product liability claims;
- The Company's products may be subject to recalls;
- The cannabis industry may receive unfavorable publicity or become subject to negative consumer perceptions;
- The Company may not be able to attract or retain customers;
- The Company may not be able to successfully manage its growth;
- The Company has a history of losses;

- The development and operation of the Company's business may require additional financing, which the Company may not be able to secure;
- The Company must rely largely on its own market research and market demand which may not materialize;
- Conflicts of interest may arise between the Company and its directors and officers;
- The Company competes for market share with several competitors and expect even more competitors to enter the market since the Cannabis Act came into effect, and many of the Company's current and future competitors may have longer operating histories, more financial resources and lower costs;
- Third parties with whom the Company does business may perceive themselves as being exposed to reputational risk by virtue of their relationship with the Company and may ultimately elect not to do business with the Company;
- The Company is subject to restrictions from the CSE and BCSC which may constrain the Company's ability to expand its business internationally;
- The Company's due diligence may not have revealed all material issues relating to acquisitions;
- Future sales or issuances of equity securities could decrease the value of the Company's common shares, dilute investors' voting power and reduce the Company's earnings per share;
- The Company's common share price has experienced volatility and may be subject to fluctuation in the future based on market conditions;
- The Company may not pay dividends in the future;
- There is no assurance of a sufficient liquid trading market for the Company's common shares in the future;
- As a public company, the Company has substantial obligations.

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, 2019 and 2018, we did not have any financial instruments carried at fair value on the statements of financial position.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to our company is available on SEDAR at www.sedar.com.