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WeedMD Inc.

(formerly Aumento Capital V Corporation)

Form 51 – 102 F1

Management's Discussion & Analysis

Third Quarter Ended September 30, 2017

Effective Date – November 29, 2017

WeedMD Inc.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

Notice to Reader

The following Management Discussion & Analysis ("MD&A") of WeedMD Inc.'s (the "Company" or "WeedMD") financial condition and results of operations, prepared for the three and nine month period ended September 30, 2017, should be read in conjunction with the Company's condensed interim consolidated financial statements and accompanying notes for the three and nine month period ended September 30, 2017 and the Consolidated Financial Statements and accompanying Notes for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards and are incorporated by reference herein and form an integral part of this MD&A. All dollar amounts are in Canadian Dollars unless stated otherwise. These documents can be found under the Company's profile on the SEDAR website at www.sedar.com.

Our MD&A is intended to enable readers to gain an understanding of WeedMD's current results and financial position. To do so, we provide information and analysis comparing the results of operations and financial position for the current period to those of the preceding comparable period. We also provide analysis and commentary that we believe is required to assess the Company's future prospects. Accordingly, certain sections of this report contain forward-looking statements that are based on current plans and expectations. These forward-looking statements are affected by risks and uncertainties that are discussed in this document and that could have a material impact on future prospects. Readers are cautioned that actual results could vary.

Cautions Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements, which reflect management's expectations regarding the Company's results of operations, performance, growth, and business prospects and opportunities.

Statements about the Company's future plans and intentions, results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including: general economic and market segment conditions, competitor activity, product capability and acceptance, regulatory matters, rising energy costs and technology changes. More detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in the "Quantitative and Qualitative Disclosures of Market Risk" section of this MD&A.

Summary Description of WeedMD

WeedMD Inc. ("WeedMD"), formerly Aumento Capital V Corporation ("Aumento"), is a publicly listed company on the TSX Venture Exchange that trades under the ticker symbol "WMD". The registered and head office of the Company is located at 250 Elm Street, Aylmer, Ontario.

The consolidated interim financial statements of WeedMD Inc. as at September 30, 2017 are comprised of WeedMD Inc. and its wholly-owned subsidiaries: WeedMD Rx Inc., WeedMD Rx Ltd. and WMD Ventures Inc. (collectively, the "Company").

WeedMD Rx Inc. was incorporated on March 26, 2013 under the Canada Business Corporations Act as 8472106 Canada Inc. On January 7, 2014, the Company filed its articles of amendment, changed its name to WeedMD Rx Inc. and commenced operations. On April 22, 2016, WeedMD was licensed to produce medical cannabis under the federal Access to Cannabis for Medical Purposes Regulations ("ACMPR"). As per Health Canada's customary practice at that time, the initial license had a one-year term and was for production only. Subsequent to securing this license, the Company commenced operations and successfully ramped up production, with its first plants being harvested in October of 2016. As a next step, WeedMD satisfied Health Canada that its growing processes resulted in finished product that met the strict quality control standards and the Good Production Practices ("GPP") set out in the ACMPR. On April 28, 2017, the Company's license was renewed for a three-year term and amended to add the activity of sale of dried cannabis and the sale of live cannabis plants.

WeedMD currently operates a 25,620 sq. ft. former Imperial Tobacco facility in Aylmer, Ontario, which it has retrofitted into a secure medical cannabis production facility with an annual production capacity in excess of 1,500 kg. The Company operates in one sector: the production and sale of medical cannabis. All of its assets and operations are located in Canada.

On April 13, 2017, the Company completed a transaction by way of a three-cornered amalgamation (the "Amalgamation") among WeedMD Rx Inc., WeedMD Inc., and a wholly-owned subsidiary of the Company (the "Transaction"). The Transaction resulted in the acquisition by the Company of all the issued and outstanding securities in the capital of WeedMD Rx Inc., which became a wholly-owned subsidiary of the Company. As part of the Transaction, the Company changed its name from "Aumento Capital V Corporation" to "WeedMD Inc." Pursuant to the Transaction, the shareholders of WeedMD were issued 1.25 common shares in the Company for each common share of WeedMD registered in the names of such shareholders. Additionally, holders of WeedMD's options and warrants outstanding at the time of closing the Transaction also received equivalent instruments of the Company exercisable for or convertible into the Company's common shares.

On April 28, WeedMD was issued a renewal to its ACMPR license, valid until April 24, 2020. At the same time, the Company received an amendment to its license allowing for the sale and distribution of dried cannabis and live cannabis plants. Under the amended license, the amount of cannabis that WeedMD is permitted to produce and store is limited only by the capacity of the vault that it has built at its facility. This capacity is based upon the security level of the vault, as per Health Canada standards. As the Company has a highly secure level 10 vault, this limit is \$150 million.

On June 16, 2017 WeedMD received a further amendment to its license allowing for the production of cannabis oil. Subsequent to this event, the Company has been successfully produced, packaged and tested several batches of oil. On October 5, 2017, Health Canada performed an inspection related to WeedMD's application for the license amendment to allow for the sale of cannabis oil. WeedMD anticipates the receipt of this license amendment in the near-term.

WeedMD's team includes industry and health professionals with significant experience and expertise in seniors' care, long-term care and assisted living. The Company has developed a program which will provide access to medical cannabis within senior's homes through stakeholder education and training, prescription, delivery, tracking and research. Critically, this program has been created to fit within the existing standard operating procedures, policies and protocols of long-term care, which, like medical cannabis, is a highly-regulated industry.

WeedMD has also hired leading growers, quality assurance and R&D professionals to manage production and control plant physiology, phyto-sanitary issues and active ingredient concentrations.

Operational Highlights

Greenhouse Expansion

On November 22, 2017, WeedMD entered into a definitive lease and purchase option agreement with Perfect Pick Farms Ltd. ("Perfect Pick"), a large-scale modern greenhouse cultivator located in Strathroy, Ontario. Perfect Pick's 98-acre property includes 610,000 sq. ft. or 14 acres of state-of-the-art greenhouse facilities that are ready for rapid retrofit for cannabis cultivation. WeedMD will initially lease 217,800 sq. ft. or 5 acres of greenhouse, with an option to expand into the balance of 392,040 sq. ft. or 9 acres of greenhouse space at its discretion. The agreement also includes an option to purchase the property, greenhouse facilities and infrastructure.

This transformational expansion, among the most capital efficient in the industry, will increase WeedMD's annual production from 1,200 kg to more than 21,000 kg in the initial 217,800 sq. ft. leased space. The retrofit is fully funded with the Company's current treasury and once fully retrofitted, the 14-acre facility will increase WeedMD's annual production capacity to more than 50,000 kg.

Highlights of WeedMD's Large-Scale Greenhouse Expansion:

- Strategic partnership with established Ontario greenhouse management and cultivation team, bringing 40 years of cultivation expertise and experience to WeedMD and an ability to rapidly scale production. Perfect Pick is a family-run business that will provide a large portion of the skilled labor required to operate the facility
- Facility is located in Strathroy, 30 km west of London, Ontario, and 60 km from WeedMD's existing licensed facility in Aylmer, Ontario. Health Canada has provided approvals to proceed with the expansion, which will become a second-site license for WeedMD
- Initial leased space of 217,800 sq. ft. of existing greenhouse space, capable of producing more than 21,000 kg of cannabis per year. WeedMD has already begun retrofitting the facility, with first harvest expected in June 2018
- Retrofit costs of less than \$70 per sq. ft. is amongst lowest in the industry, given the favourable condition of the existing greenhouse facilities and supporting infrastructure. Retrofitting is budgeted at a much lower cost when compared to newly constructed greenhouses
- Fully funded for retrofit of initial 217,800 sq. ft., following WeedMD's \$15 million convertible debenture financing which closed on November 2nd
- WeedMD has the option to expand into the entire 14 acres or 610,000 sq. ft. of existing greenhouse at its discretion, which will represent more than 50,000 kg of annual production
- WeedMD has the option to acquire 100% interest in Perfect Pick's property, consisting of up to 98 acres of land, infrastructure and cultivation equipment. The combination of a lease with an option to purchase is a compelling and capital efficient expansion strategy

Transaction Details:

- Lease: WeedMD has entered into a two-year lease agreement with Perfect Pick to lease an initial 217,800 sq. ft. of greenhouse space for \$60,000 net per month, with the option to increase the leased space to cover the balance of an additional 392,040 sq. ft. of greenhouse. WeedMD has the option to extend the term of the lease for an additional 10 years
- Down payment on Purchase Option: WeedMD has issued 3,000,000 shares from treasury at a price of \$1.56 per share, with the shares subject to four-month regulatory hold in addition to a 36-month lock-up and leak-out agreement with monthly releases. The Company has also issued 3,000,000 share purchase warrants, with each warrant exercisable into a common share of WeedMD at an exercise price \$1.56 per share for a period of five years
- Purchase Option: WeedMD has the option to acquire a 100% interest in the property for the balance of \$22.6 million in cash payments, comprised of (i) \$15.6 million upon exercise of the option, and (ii) \$7 million upon the satisfaction of certain performance-related milestones. This option has a five-year term and the Company has already commenced discussions with various lenders, who are interested in providing debt financing secured against the property on commercially reasonable terms once the purchase option is exercised

Van der Pop Partnership

On November 16, 2017 WeedMD and Van der Pop ("VdP"), one of North America's leading female-focused cannabis brands, together with parent TS BrandCo Holdings Inc. ("Tokyo Smoke"), signed a definitive agreement whereby WeedMD will distribute two strains of cannabis under the VdP brand in Canada. VdP-branded strains will be available through WeedMD's website by the end of 2017.

In connection with the branding agreement, the Company has agreed to issue to Tokyo Smoke 76,923 common shares of the Company, of which 25% have been issued and 25% will be issued on each of February 15, 2018, May 15, 2018 and August 15, 2018. In addition, the Company has agreed to issue to Tokyo Smoke 50,000 warrants with an exercise price of \$1.49 per common share of the Company exercisable for two years, of which 25,000 warrants will vest and be exercisable upon the cumulative shipments of 150 kilograms of flower (or the equivalent amount of oil), and the other 25,000 warrants will vest and be exercisable upon the cumulative shipments of 300 kilograms of flower (or equivalent amount of oil).

Seniors Care Program Development

WeedMD has developed a comprehensive and proprietary program that provides education, administration and the standard operating procedures required to properly service the medical cannabis needs of the elderly. The program has been validated through the Company's first agreements with long-term care facilities (see note below). Currently, the seniors care division at WeedMD is ramping up to further facilitate the expansion and adoption of our program.

With a demographic that is growing at four times the rate of the broader population, the Company views the long-term care, assisted living and seniors' market as an attractive medical market. Seniors carry a large pharmaceutical burden and a sizeable portion of the population is living in, or seeking, assisted living facilities. WeedMD forecasts that patients in this segment can generate upwards of three times the lifetime value (LTV) of a typical patient under the ACMPR, generated by higher, more consistent consumption and a more operationally efficient patient acquisition and distribution model.

Long-term Care Supply Contracts

On September 22, 2017, WeedMD announced that it had signed first series of agreements to supply medicinal cannabis products on an exclusive basis with three long-term care ("LTC") and retirement home providers. These include peopleCare Communities, Arbour Heights, and the Belmont Long Term Care Facility, which together total nine homes with more than 1,000 beds across Ontario. This represents the initial roll-out of the Company's seniors care program.

The Company will continue to focus on securing additional supply contracts in the long-term care, assisted living and seniors' markets offering its proprietary integrated care program along with its cannabis products.

Production Progress

During the quarter, the Company continued to successfully calibrate its operations, resulting in steadily increased production with decreased associated costs to produce each gram.

Strain Development

WeedMD owns an extensive library of genetic strains of cannabis. These are currently represented in seed form, in profiling and development stage as well as in commercial cultivation. New strains continue to be developed with the intention of making them commercially available throughout the remainder of 2017.

Sales of Dried Cannabis and Live Cannabis Plants to Patients

On May 31, 2017 WeedMD officially started registering patients and commenced sales of dried cannabis. Currently, the Company has eleven different dried cannabis products available for sale, encompassing a wide spectrum of cannabinoid and terpenoid profiles. Prices range from \$6.00 to \$12.00 per gram. WeedMD offers compassionate pricing as well as a senior's discount. In June, 2017 WeedMD began selling live cannabis plants to patients who are registered with Health Canada under the ACMPR to grow their own plants. The Company has developed a proprietary system for safe and secure shipment, and is now making successful deliveries to patients who are able to grow their own plants for medical purposes.

Sales to Licensed Producers

WeedMD has selected several strains of cannabis which it offers for sale to other licensed producers. These sales are made under a "Genetic Supply Agreement" that allows the recipient of these strains to produce dried product from them for sale, but not to sell the genetics themselves. The agreements also provide for a mutual insurance policy

whereby both parties have agreed to make the particular strain available to each other should this become necessary. WeedMD also sold a limited amount of bulk dried product in the quarter to other Licensed Producers.

Corporate Highlights

Financing

Subsequent to the quarter-end, on November 2, 2017, the company completed a private placement of 15,000 convertible unsecured debentures (the "Convertible Debentures") at a price of \$1,000 per Convertible Debenture, for gross proceeds of \$15,000,000 (the "Offering"). The financing was facilitated by a syndicate of underwriters led by Eight Capital and including Haywood Securities Inc. and Mackie Research Capital Corporation (together with Eight Capital, the "Underwriters").

The Convertible Debentures bear interest at a rate of 8.0% per annum from the date of issue, payable semi-annually in arrears on June 30 and December 31 of each year. The Convertible Debentures have a maturity date of 24 months from the closing of the Offering (the "Maturity Date").

The Convertible Debentures are convertible at the option of the holder into common shares of the Company ("Shares") at any time prior to the Maturity Date at a conversion price of \$1.20 per Share (the "Conversion Price"). At any time after March 3, 2018, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should: (1) the daily volume weighted average trading price of the Shares be greater than \$2.00, for any 10 consecutive trading days, and (2) the volume traded during each weighted average price day is not less than 50,000 common shares. As consideration for its services, the Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering. The Company also issued to the Underwriters 375,000 compensation warrants. Each compensation warrant is exercisable into one common share at the Conversion Price for a period of 24 months following the closing of the Offering.

Warrant Exercise

Subsequent to the quarter end, the Company issued 8,057,575 common shares from the exercise of warrants at an exercise price of \$0.80 per share for net proceeds of \$6,446,060.

Liquidity Event

On April 13, 2017, the Company completed a transaction by way of a three-cornered amalgamation (the "Amalgamation") among WeedMD Rx Inc., WeedMD Inc. (formerly Aumento Capital V Corporation), and a wholly-owned subsidiary of the Company (the "Transaction"). The Transaction resulted in the acquisition by the Company of all the issued and outstanding securities in the capital of WeedMD Rx Inc., which became a wholly-owned subsidiary of the Company.

Pursuant to the Transaction, the shareholders of WeedMD Rx Inc. were issued 1.25 common shares in the Company for each common share of WeedMD Rx Inc. Additionally, holders of WeedMD Rx Inc.'s options and warrants outstanding at the time of closing the Transaction also received equivalent instruments of the Company exercisable for or convertible into the Company's common shares.

As part of the Transaction, the Company changed its name from "Aumento Capital V Corporation" to "WeedMD Inc." and commenced trading its common shares on the TSX Venture Exchange under the ticker symbol "WMD".

Industry Trends

The Canadian Medical Cannabis Market

In 2001, Canada implemented the Medical Marijuana Access Regulations ("MMAR"), a government-run program that provided for access to medical cannabis. In an effort to replace the government supply and home-grown medical cannabis of the MMAR with highly secure and regulated commercial operations, Health Canada replaced this regulatory framework with the Marijuana for Medical Purposes Regulations ("MMPR") in June of 2013. The MMPR allowed for the production and sale of dried cannabis flowers by commercial cultivators known as Licensed Producers ("LP"). A court injunction in early 2013 preserved the MMAR for those who had been granted access prior to the injunction.

On July 8, 2015 Health Canada permitted LPs to apply for a supplemental license to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis. In response to a federal court decision made on February 24, 2016 which related to the court injunction described above, on August 24, 2016, the Government of Canada introduced the Access to Cannabis for Medical Purposes Regulations (“ACMPR”) to replace the MMPR.

The ACMPR is in most respects similar to the MMPR, but, as in the MMAR, allows for patients to grow their own cannabis at home. Under the ACMPR, patients obtain a medical document from their healthcare provider and provide it to the LP with which they wish to register. Once registration is complete, the patient can then order medical cannabis, which is then shipped directly from the LP to the patient.

Health Canada provides quarterly reports on the industry. In the most recent release, they reported that over 201,000 patients had enrolled into the ACMPR program by June 30, 2017. This shows significant growth from March 31, 2016, at which time there were just over 53,000 patients registered in the program. By 2024, Health Canada estimates that there will be 450,000 patients using medical cannabis, with the associated market worth an estimated \$1.3 billion.

Legalization of Adult-Use Cannabis

CIBC World Markets has estimated that the potential value of a legalized cannabis market in Canada ranges from \$5 billion to \$10 billion per year. For reference, Statistics Canada valued the Canadian beer market in 2014 at \$8.7 billion.

On April 13, 2017, the Canadian federal government introduced Bill C-45, known as the Cannabis Act, which is legislation providing for the legalization of adult-use, or recreational cannabis. The government has indicated that it is targeting a date of July 1, 2018 for the implementation of the Cannabis Act. Currently, Bill C-45 is approaching a third reading in the House of Commons. The second reading occurred in late May and was followed by the Standing Committee on Health studying the Bill and hearing from witnesses during the week of September 11-15, 2017. The Bill now sits in the Report stage, advancing towards a third and final reading in the House before progressing to the Senate. The most notable amendment proposed by the Standing Committee on Health was for the inclusion of edibles and cannabis concentrate products in the adult-use market, to occur within twelve months of legalization. Most importantly, the LPs which currently supply the medical cannabis market will also be responsible for supplying cannabis to the recreational market.

On November 21, 2017, the government announced proposed regulations for the legalization of cannabis, the first such public disclosure thus far. The government is seeking feedback from the public on the proposed regulations and has set a deadline of January 20, 2018 to provide comments. Of note, the proposed regulations include:

- Allowing outdoor cultivation
- Enabling a wide range of licenses to support market diversity
- Reducing the regulations around industrial hemp
- Relaxing some security requirements
- Stringent standards for packaging and labeling
- Allowing for the production and sale of new product forms such as pre-rolled cannabis, vaporization cartridges, concentrates and edibles

Under the proposed federal legislation, the provinces will be responsible for the distribution of cannabis. Each of the provinces and territories are currently preparing for the distribution and sale of cannabis. Given the tight time frames for the development of proper provincial distribution systems, the federal government has committed to a mail order system directly from the LPs for recreational cannabis in provinces that are not ready for physical retailing by the time the adult-use market begins.

So far, a number of provinces have put forward their own legislation or intentions for legislating the distribution and sale of cannabis. Ontario, New Brunswick, Quebec, and the Northwest Territories announced their provincial liquor control groups will manage the distribution and sale (physical and online) of adult-use cannabis, while Alberta, Manitoba, and Newfoundland & Labrador would allow private retail with their respective provincial liquor control groups overseeing distribution. British Columbia and Nova Scotia are expected to announce legislation by the end of 2017 and Prince Edward Island is expected to announce its legislation by Spring 2018.

Overall Performance

In the third quarter of 2017, WeedMD continued with the registration of patients and the sale of its products. In the period ended September 30, 2017, WeedMD recorded revenues of \$356,479 as compared to \$235,659 in the prior period.

In the period ended September 30, 2017, the Company recorded a loss before other income and expenses of \$566,565 as compared to a loss of \$3,145,019 in the prior quarter. Included in the loss before other income and expenses are certain non-recurring expenditures as follows:

Adjusted Operating Loss

	Q3 2017	Q2 2017	Q1 2017
Loss before other income and expenses	\$ (566,565)	\$ (3,145,019)	\$ (385,379)
<i>Add Back:</i>			
Non-recurring expenses related to reverse takeover	-	244,000	-
Share-based compensation – share and option issuances	48,794	1,947,509	-
<i>Less:</i>			
Gain on change in fair value of biological assets	(408,651)	(326,536)	(684,990)
Adjusted Operating Loss	\$ (926,422)	\$ (1,280,046)	\$ (1,070,369)

Adjusted operating loss decreased to \$926,422 from \$1,280,046 in the prior period due to increase in headcount, decreased expenses associated with being a public Company and marketing costs associated with the commencement of sales.

Total net loss and comprehensive loss for the three months ended September 30, 2017 was \$557,807 as compared to \$4,759,844 for the second quarter of 2017. The comprehensive loss in prior quarter includes non-recurring expenses as discussed above of (prior quarter: \$1,864,973 plus a non-cash \$1,234,852 listing expense incurred due to completion of the Qualifying Transaction and non-cash accretion and interest expenses of \$391,338 related to the conversion of the convertible debentures, while no such expenses incurred in the current quarter.

Adjusted operating loss is not a recognized measurement under IFRS and this data may not be comparable to data presented by other companies.

General Financial Condition

As at September 30, 2017 WeedMD had working capital of \$5,879,612 compared to a working capital of \$1,330,566 as at December 31, 2016. The Company had cash on hand as at September 30, 2017 of \$2,746,106 (December 31, 2016: \$6,754,976) and relies on operating cash flow from sales of medical cannabis products and future equity and/or debt financings to fund its operations.

Results of Operations

Nine Month Period Ended September 30,	2017	2016
	\$	\$
Revenue	592,138	-
Loss Before Other Income and Expenses	4,096,964	1,238,869
Net Comprehensive Loss	6,510,126	1,230,715
Cash Used from Operations	3,995,235	1,296,913
Loss per Share (Basic and Diluted)	(0.13)	(0.04)

As At	September 30,	December 31,
	2017	2016
	\$	\$
Total Assets	8,605,112	10,052,971
Total Liabilities	690,883	6,970,144
Working Capital	5,879,612	1,330,566

Revenues

WeedMD commenced sales of its medical cannabis products in May 2017 and recorded revenues of \$356,479 in the three month period ended September 30, 2017 (2016: \$Nil). Revenues consisted of the sale of dried medical cannabis and live cannabis plants. Total dried product sold for the period was 54,807 grams (2016: \$Nil) at an average selling price of \$4.36 per gram. The average price during the quarter was influenced by a one-time wholesale transaction at a pre-agreed upon price.

Cost of Sales

Included in the cost of sales are the net change in fair value of biological assets and production costs. Biological assets consist of cannabis plants at various pre-harvest or pre-distribution stages of growth. These plants are recorded at fair value less costs to sell at the point of harvest or sale. For cannabis plants that are harvested, at harvest, the biological assets are transferred to inventory at their fair value, which becomes their deemed cost for inventory. Inventory is later expensed to cost of sales when sold and offset against the unrealized gain on biological assets. Production costs are expensed through cost of sales. Net cost of sales for the three months ended September 30, 2017 was \$168,223 (2016: \$Nil), and includes a recovery related to the unrealized gain on changes in the fair value of biological assets of \$408,651 (2016: \$Nil).

Cost of sales will vary from quarter to quarter based upon the number of pre-harvest plants, the particular strains in development and the stage of growth of the plants.

Amortization

WeedMD started depreciating most of its property, plant and equipment on July 1, 2016 except for furniture and fixtures, which were depreciated starting on January 1, 2014.

Total amortization expense incurred for the three month period ended September 30, 2017 was \$93,301 (2016: \$85,618), of which \$5,181 was recorded in the Company's depreciation expense, \$72,627 was allocated to production cost and \$15,493 was capitalized into finished goods.

Total amortization expense incurred for the nine month period ended September 30, 2017 was \$303,920 (2016: \$91,535), of which \$16,746 was recorded in the Company's depreciation expense (2016: \$91,535), \$235,571 was allocated to production cost and \$51,603 was capitalized into finished goods.

Rent and occupancy costs

Rent and occupancy expenses was incurred for the lease of its 25,620 sq. ft. premises in Aylmer, and office rent.

In the three month period ended September 30, 2017 WeedMD incurred \$243,900 in rent and occupancy costs (2016: \$94,885), of which \$42,662 was recorded as rent and occupancy expenses; \$185,566 in production costs and \$15,672 in finished goods.

In the nine month period ended September 30, 2017 WeedMD incurred \$833,202 in rent and occupancy costs (2016: \$240,499), of which \$129,139 was recorded as rent and occupancy expenses; \$638,577 in production costs and \$65,486 in finished goods.

Wages and salaries

In the three months ended September 30, 2017 WeedMD incurred wages and salaries expenses of \$482,580 (2016: \$77,936), of which \$229,205 was recorded as expense, \$171,005 recorded in production cost and \$82,370 in finished goods.

In the nine months ended September 30, 2017 WeedMD incurred wages and salaries expenses of \$1,280,053 (2016: \$355,865), of which \$639,072 was recorded as expense, \$441,250 recorded in production cost and \$199,731 in finished goods.

The Company has employed industry experts and skilled personnel from the medical cannabis sector. The increase in wages and salaries expense is due to an increase in headcount required to successfully scale up production and sales. At the end of the period ended September 30, 2017, the Company employed 37 people and with the growth in sales, the Company expects a moderate and proportionate growth in headcount.

Office and Administration

Included in Office and Administration are expenses related to marketing, mail and postage, association memberships, software maintenance, telephone, internet, website and insurance costs. For the three month period ended September 30, 2017 the Company recorded Office and Administration expense of \$190,651 (2016: \$83,971). In the nine month period ended September 30, 2017, the Company incurred Office and Administration expense of \$716,690 (2016: \$360,801). Also included in Office and Administration for the nine month period ending September 30, 2017 are one-time expenditures related to the Transaction of \$228,000.

Share-Based Compensation

The Company records share-based payments with a corresponding increase to the contributed surplus account. Share-based compensation is comprised of the fair value of 3,497,332 stock options issued upon the completion of the Transaction on April 13, 2017, with a fair value of \$898,760. In addition, as per previously disclosed contracts between the Company and certain key management personnel, 1,125,000 compensation shares were issued upon receipt of the license to sell from Health Canada. A further 116,667 shares were issued to a consultant in the period. These share issuances had a fair value of \$1,048,750. On September 29, 2017, further 512,500 stock options issued for services to third party consultants, out which 112,500 stock options vested immediately upon issuance and had fair value of \$48,793. A total share-based compensation expense of \$1,996,303 (2016: \$150,000) was recorded.

Net Loss for the Period

The Company reported a net loss and comprehensive loss of \$557,807 for the three months ended September 30, 2017 (2016: \$318,663)

Liquidity and Capital Resources

As at September 30, 2017, WeedMD had cash of \$2,476,106 (December 31, 2016: \$6,754,976). Total current assets amounted to \$6,570,495 (December 31, 2016: \$8,300,710) with current liabilities of \$690,883 (December 31, 2016: \$6,970,144) resulting in working capital of \$5,879,612 (December 31, 2016: \$1,330,566).

WeedMD plans to access further working capital through equity and/or debt financings, if required, to finance its growth plans.

Off-Balance Sheet Arrangements

WeedMD has not entered into any off-balance sheet finance arrangements.

Contractual Obligations

WeedMD leases its 25,620 sq. ft. premises in Aylmer, Ontario for a term of 5 years starting May 1, 2014 for a base rent of \$16,013 per month plus applicable taxes. WeedMD has an option to extend the lease for an additional 3 terms of 5 years each. In addition, WeedMD has an option to purchase the property for \$1,500,000 anytime during the term of the lease.

2017	\$	48,038
2018	\$	192,150
2019	\$	192,150
2020	\$	64,020

Transactions with Related Parties

WeedMD's key management includes the CEO, CFO, CSO and Directors. Transactions with related parties include:

Salaries and management service fees;

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Loans payable without bearing interest and due at demand; and
Loans receivable with interest rate as the prime rate per annum +1.5% and due at demand.

The amounts due to related parties are recorded at the amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing (except promissory notes), unsecured and with no fixed repayment terms.

The balances outstanding are as follows:

	September 30, 2017	December 31, 2016
Accounts payable and accrued liabilities	-	58,772
Loans receivable	-	6,016
Interest receivable	-	39,200

For the three and nine month periods ended September 30, 2017 and 2016, total remuneration/service fees paid and interest income earned to/from the key management is as follows:

	9 months September 30, 2017	9 months September 30, 2016	3 months September 30, 2017	3 months September 30, 2016
Interest income	222	3,917	-	(343)
Share-based compensation	978,750	-	-	-
Salaries	271,861	207,692	98,578	42,132
Management Fees	150,000	110,000	40,000	30,000

Upon receipt of the license to sell medical cannabis, and as per previously disclosed contracts between the Company and certain key management personnel, 1,125,000 compensation shares were issued in nine months ended September 30, 2017 (2016: Nil).

Property and Equipment

	Leasehold improvements	Security equipment	Equipment	Furniture and fixtures	Fence and signage	Total
<u>Cost</u>						
Balance, January 1, 2016	\$ 1,149,235	\$ 320,358	\$ 104,039	\$ 76,782	\$ 6,981	\$ 1,657,395
Additions	157,137	21,292	134,416	660	-	313,505
Balance, December 31, 2016	1,306,372	341,650	238,455	77,442	6,981	1,970,900
Additions	145,415	174,470	252,501	9,465	4,426	586,277
Balance, September 30, 2016	\$ 1,451,787	\$ 516,120	\$ 490,956	\$ 86,907	\$ 11,407	\$ 2,557,177
<u>Accumulated amortization</u>						
Balance, January 1, 2016	\$ -	\$ -	\$ -	\$ (17,613)	\$ -	\$ (17,613)
Amortization	(130,637)	(34,229)	(23,847)	(11,965)	(349)	(201,027)
Balance, December 31, 2016	(130,637)	(34,229)	(23,847)	(29,578)	(349)	(218,640)
Amortization	(210,336)	(49,378)	(36,526)	(7,183)	(497)	(303,920)
Balance, September 30, 2017	\$ (340,973)	\$ (83,607)	\$ (60,373)	\$ (36,761)	\$ (846)	\$ (522,560)
<i>Net book value, December 31, 2016</i>	\$ 1,175,735	\$ 307,421	\$ 214,608	\$ 47,864	\$ 6,632	\$ 1,752,261
<i>Net book value, September 30, 2017</i>	\$ 1,110,814	\$ 432,513	\$ 430,583	\$ 50,146	\$ 10,561	\$ 2,034,617

Starting July 1, 2016, the Company commenced the cultivation of its product and commenced recording amortization of its assets.

Total amortization for the nine months ended September 30, 2017 was \$303,920, of which \$51,603 (nine months 2016 - \$nil) has been capitalized in inventory, \$235,571 (nine months 2016 - \$nil) is included within production costs, and \$16,746 (nine months 2016 - \$91,535 is included in amortization expense.

Total amortization for the year ended December 31, 2016 was \$201,027, of which \$35,997 (2015 - \$nil) has been capitalized in inventory, \$152,851 (2015 - \$nil) is included within production costs, and \$12,179 (2015 \$12,094) is included in amortization expense.

Summary of Quarterly Results

	Q4-16	Q1-17	Q2-17	Q3-17
Revenue	\$ -	\$ -	\$ 235,659	\$ 356,479
Loss before other income and expenses	(57,581)	(49,401)	(3,145,019)	(566,565)
Net comprehensive loss	(57,581)	(49,401)	(4,759,844)	(557,807)
Loss per Share	\$ (0.06)	\$ (0.05)	\$ (0.08)	\$ (0.01)

	Q4-15	Q1-16	Q2-16	Q3-16
Revenue	\$ -	\$ -	\$ -	\$ -
Loss before other income and expenses	(22,509)	(6,081)	(24,168)	(10,572)
Net comprehensive loss	(22,509)	(6,081)	(24,168)	(10,572)
Loss per Share	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.01)

The quarters beginning Q4-15 through Q1-17 represent the results of Aumento.

Risk Factors

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 the Company currently competes 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 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. The risks presented below may not be all the risks that the Company may face.

Reliance on License

The Company's ability to grow, store and sell medical cannabis in Canada is dependent on the Company's License from Health Canada. The License is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of the Company.

Regulatory Risks

The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company 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 the Company.

Change in Laws, Regulations and Guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment.

While to the knowledge of management, the Company is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations.

The ACMPR is a new regime established in August 2016. As such, revisions to the regime could be implemented which could have an impact on the Company's operations. There is also some uncertainty regarding the likely interpretation of certain regulatory provisions by the regulator. Changes in legislation or regulator interpretation could negatively impact the operations of the Company. Similarly, a change in government could result in meaningful changes to the regulatory regime under which the Company operates, which could negatively impact its operations.

Limited Operating History

WeedMD, was incorporated and began operations in 2013. The Company has yet to generate significant revenue from the sale of products. The Company 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 the Company 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.

Reliance on a Single Facility

To date, the Company's activities and resources have been primarily focused on its facility in Aylmer, Ontario and the Company will continue to be focused on this facility for the foreseeable future. Adverse changes or developments affecting the Aylmer facility, including but not limited to a breach of security, could have a material and adverse effect on the Company's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Company's ability to continue operating under or to renew its License.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its executive management. 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 the Company's business, operating results or financial condition.

Factors which may Prevent Realization of Growth Targets

The Company is currently in the development stage. The Company's growth strategy contemplates outfitting the Aylmer, Ontario facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- plant design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that the Company may not have product or sufficient product available to meet the anticipated demand or to meet future demand when it arises.

The Company has a history of Net Losses, may incur Significant Net Losses in the future and may not achieve or maintain Profitability

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

Additional Financing

The building and operation of the Company's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Company will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms, which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

The number of licenses granted by Health Canada could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of medical cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company 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 the Company.

Risks Inherent in an Agricultural Business

The Company's business involves the growing of medical cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although WeedMD grows its products indoors under climate controlled conditions, carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

WeedMD's medical cannabis growing operations consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Transportation Disruptions

Due to the perishable nature of the Company's products, the Company will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of courier service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Unfavourable Publicity or Consumer Perception

The Company believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company'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 the Company, the demand for WeedMD's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Company's products specifically, or associating the consumption of medical cannabis 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.

Product Liability

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

Product Recalls

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

may lead to increased scrutiny of WeedMD's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Company.

Difficulty to Forecast

The Company 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 cannabis 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 the Company.

Operating Risk and Insurance Coverage

The Company has insurance to protect its assets, operations and employees. While the Company believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company 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 the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

The Company 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 the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the

Company's Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

The Market Price of the Company's Common Shares may be Subject to Wide Price Fluctuations

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's common shares.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Limited Market for Securities

There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Company.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Volatile Market Price for the Common Shares

The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding common shares;
- sales or perceived sales of additional common shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets may experience significant price and volume fluctuations that can affect the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the common shares may be materially adversely affected.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the company's consolidated 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 consolidated 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 most significant judgments include those related to the ability of the Company to continue as a going concern, the determination of when property, plant and equipment are available for use as well as their useful lives, recoverability of taxes receivable, determination of functional currency, impairment of its financial and non-financial assets, and the determination of control and significant influence related to subsidiaries and investments. The most significant estimates and assumptions include those related to the requirement for and magnitude of an allowance for impairment of loans receivable, the inputs used in accounting for share-based payment transactions, and the fair value of financial instruments. Management has determined that judgments, estimates and assumptions reflected in these consolidated financial statements are reasonable.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

(b) IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace IAS 39. IFRS 9 covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the IASB also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as a carryover of requirements from IAS 39. In 2013, the IASB also incorporated new accounting requirements for hedging and introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timely basis. The effective date of this pronouncement has been set to be effective for annual periods beginning on or after January 1, 2018. The Company intends to adopt the amendments to IFRS 9 in its financial statements for the annual period beginning January 1, 2018.

(c) IFRS 16 Leases

IFRS 16, Leases ("IFRS 16") was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will reflect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases.

The Standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

The Company has completed its initial evaluation of the effect of adopting the above standards and amendments and expects the impact that they may have on its consolidated financial statements to be immaterial.

Disclosure of Outstanding Share Data

As of November 29, 2017, the following is outstanding:

Common Shares:	72,835,538
Warrants:	10,645,911
Stock Options:	4,009,832

Subsequent Events

Financing

On November 2, 2017 the Company closed a private placement of 15,000 convertible unsecured debentures (the “Convertible Debentures”) at a price per Convertible Debenture of \$1,000 for gross proceeds of \$15,000,000 (the “Offering”) with a syndicate of underwriters led by Eight Capital and including Haywood Securities Inc. and Mackie Research Capital Corporation (together with Eight Capital, the “Underwriters”).

The Convertible Debentures bear interest at a rate of 8.0% per annum from the date of issue, payable semi-annually in arrears on June 30 and December 31 of each year. The Convertible Debentures have a maturity date of 24 months from the closing of the Offering (the “Maturity Date”).

The Convertible Debentures are convertible at the option of the holder into common shares of the Company (“Shares”) at any time prior to the Maturity Date at a conversion price of \$1.20 per Share (the “Conversion Price”). At any time after March 3, 2018, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should the (1) daily volume weighted average trading price of the Shares be greater than \$2.00, for any 10 consecutive trading days, and (2) the volume traded during each weighted average price day is not less than 50,000 common shares. As consideration for its services, the Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering.

The Company also issued to the Underwriters 375,000 compensation warrants. Each compensation warrant is exercisable into one common share at the Conversion Price for a period of 24 months following the closing of the Offering.

Production Expansion

On November 22, 2017 the “Company entered into a definitive lease and purchase option agreement with Perfect Pick Farms Ltd. (“Perfect Pick”), a large-scale modern greenhouse cultivator located in Strathroy, Ontario. Perfect Pick owns 98-acre property includes 610,000 sq. ft. or 14 acres of state-of-the-art greenhouse facilities that are ready for rapid retrofit for cannabis cultivation.

Transaction Details:

- Lease: WeedMD has entered into a two-year lease agreement with Perfect Pick to lease an initial 217,800 sq. ft. of greenhouse space for \$60,000 net per month, with the option to increase the leased space to cover the balance of an additional 392,040 sq. ft. of greenhouse. WeedMD has the option to extend the term of the lease for an additional 10 years
- Down payment on Purchase Option: WeedMD has issued 3 million shares from treasury at a price of \$1.56 per share, with the shares subject to four-month regulatory hold in addition to a 36-month lock-up and leak-out agreement with monthly releases. The Company has also issued 3 million share purchase warrants, with each warrant exercisable into a common share of WeedMD at an exercise price \$1.56 per share for a period of five years
- Purchase Option: WeedMD has the option to acquire a 100% interest in the property for the balance of \$22.6 million in cash payments, comprised of (i) \$15.6 million upon exercise of the option, and (ii) \$7 million upon the satisfaction of certain performance-related milestones. This option has a five-year term and the Company has already commenced discussions with various lenders, who are interested in providing debt financing secured against the property on commercially reasonable terms once the purchase option is exercised

Warrant Exercise

Subsequent to the quarter end, the Company issued 8,057,575 common shares from the exercise of warrants at an exercise price of \$0.80 per share for net proceeds of \$6,446,060.

Van der Pop Partnership

On November 16, 2017 WeedMD and Van der Pop (“VdP”), one of North America’s leading female-focused cannabis brands, together with parent TS BrandCo Holdings Inc. (“Tokyo Smoke”), signed a definitive agreement whereby WeedMD will distribute two strains of cannabis under the VdP brand in Canada. VdP-branded strains will be available through WeedMD’s website by the end of 2017.

In connection with the branding agreement, the Company has agreed to issue to Tokyo Smoke 76,923 common shares of the Company, of which 25% have been issued and 25% will be issued on each of February 15, 2018, May 15, 2018 and August 15, 2018. In addition, the Company has agreed to issue to Tokyo Smoke 50,000 warrants with an exercise price of \$1.49 per common share of the Company exercisable for two years, of which 25,000 warrants will vest and be exercisable upon the cumulative shipments of 150 kilograms of flower (or the equivalent amount of oil), and the other 25,000 warrants will vest and be exercisable upon the cumulative shipments of 300 kilograms of flower (or equivalent amount of oil).

Long-term Care Contracts

On September 22, 2017, WeedMD announced that it had signed first series of agreements to supply medicinal cannabis products on an exclusive basis with three long-term care (“LTC”) and retirement home providers. These include peopleCare Communities, Arbour Heights, and the Belmont Long Term Care Facility, which together total nine homes with more than 1,000 beds across Ontario.

Approval

The directors of WeedMD have approved the disclosures contained in this MD&A.