

FINCANNA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JULY 31, 2018

Date and Note to Reader

The following management's discussion and analysis ("MD&A") prepared effective September 28, 2018 should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes for the three months ended July 31, 2018 and the annual audited consolidated financial statements of FinCanna Capital Corp. ("FinCanna" or the "Company") for the year ended April 30, 2018, and accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Overview

FinCanna Capital Corp. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on November 28, 2016, under the name 1098119 B.C. Ltd., and changed its name to Coachella Cannabis Corp. on the same date, and further to FinCanna Capital Corp. on May 12, 2017. The Company's head office address is at Suite 550 – 800 West Pender Street, Vancouver, BC V6C 2V6 and its registered and records office address is 595 Burrard St, Suite 2600, Vancouver, British Columbia, Canada, V7X 1L3. The Company's principal business activity has been seeking of investment opportunities in the medical cannabis sector in the United States.

The Company and Astar Minerals Ltd., ("Astar") entered into an Arrangement Agreement on July 11, 2017, pursuant to which Astar acquired all of the issued and outstanding common shares of the Company in exchange for common shares of Astar, on a one to one basis. In addition, each outstanding option and/or warrant to acquire the Company's common shares became exercisable for one common share of Astar (the "Transaction"). The Transaction was carried out by way of a plan of arrangement (the "Agreement"), pursuant to which the Company became a wholly-owned subsidiary of Astar (Note 4 of the condensed interim consolidated financial statements for the three months ended July 31, 2018). As a result of the Transaction, Astar, as the "Resulting Issuer," continued on with the business of the Company under the name "FinCanna Capital Corp."

As contemplated by the Agreement, Astar's common shares were delisted from the TSX Venture Exchange ("TSX-V"). On December 22, 2017, the Company completed the Transaction and the common shares of the Resulting Issuer were listed on the Canadian Securities Exchange ("CSE") and began trading on December 29, 2017 under the symbol "CALI".

On March 19, 2018, FinCanna announced it received its listing on the OTCQB under the symbol "FNNZF"

Nature of Business

The Company's mission is to combine extensive investment expertise and industry experience, in funding best-in-class businesses in the U.S licensed medical cannabis industry with a focus on California.

The Company's vision is to be the capital partner of choice for high growth, best-in-class businesses focused on the licensed US medical cannabis industry.

Licensed Medical Cannabis

According to analysts at Ameri Research, the global market for licensed medical cannabis is growing at a compound annual rate of more than 21% and is on track to exceed \$63.5 billion by 2024. The Company is focused on this sector and is confident that its investors and portfolio companies will benefit from this focus.

FinCanna is focusing initially on California since it is the fifth largest economy in the world and the largest medical cannabis market in North America. At Arcview Group, analysts estimate the California's legal cannabis industry will grow at a 21% CAGR to \$6.5 billion by 2020 and generate upwards of \$1 billion in tax revenue.

Royalty Model

FinCanna's primary objective is to form part of a "whole capital" solution for businesses in the licensed medical cannabis sector by providing capital investment for a percentage of the future revenues. It seeks to invest in best-in-class businesses by aligning the business and financial interests of existing owners and operators with those of the Company.

FinCanna's capital solution seeks to deliver efficient long-term capital under a royalty arrangement to facilitate the growth or other specific objectives of its investees. It also endeavors to provide funds in a timely way to insure the business opportunity is optimized.

FinCanna's royalty financing offering is an alternative or complement to debt and equity financing. It provides the advantage of allowing investees to maintain financial flexibility and control of their business as opposed to entering into arrangements that may include restrictive debt structures or giving up an ownership stake.

Cultivation Technologies Inc.

Cultivation Technologies Inc. ("CTI") is comprised of a team of experts from Fortune 150 agriculture, medical cannabis, law, engineering and technology. CTI has demonstrated the ability to navigate permitting in California, the largest medical cannabis market in North America. CTI is constructing a medical marijuana manufacturing and testing facility. CTI has been granted a multitude of local permits that allow for the construction of the project and permit CTI to conduct on-site cannabis operations, subject to regulatory requirements. Subsequent to amendments to the laws of the State of California with respect to cultivating marijuana that took effect on January 1, 2018, CTI has applied for and received a Temporary State License which will remain in effect until such time as a Permanent State License can be obtained. The Permanent State License will then be subject to renewal on an annual basis. Presently, this industry is illegal under United States federal law. CTI has and intends to adhere strictly to the state statutes in its operation.

Under the Funding Agreement between FinCanna and CTI:

- FinCanna has funded approximately USD \$6 million to CTI as a secured loan earning interest at 20% per annum, payable monthly;
- FinCanna has the option to convert this secured loan into a percentage (up to 5% for the full USD \$6 million conversion) of CTI revenues in perpetuity on projects which FinCanna does not elect to fund;
- FinCanna has agreed to fund USD \$8,083,000 to CTI once it has obtained project financing for its planned, fully-entitled, large-scale indoor medical cannabis facility to be developed in phases at its site in Coachella, Southern California, In return, the Company is entitled to a Royalty of 14% of CTI's revenues from this Coachella Project;
- FinCanna is entitled to receive 50% of the profits of CTI which are derived from the Interim Extraction Facility operating at CTI's Coachella site;
- FinCanna has the right to finance CTI's next two licensed cannabis facility projects on the same terms as the Coachella Project.

Green Compliance

Green Compliance, headquartered in Fort Lauderdale, Florida, offers a state-of-the-art enterprise compliance and point-of-sale software solution (“ezGreen”) for licensed medical cannabis dispensaries and cultivators. Green Compliance helps its customers comply with both the Health Insurance Portability and Accountability Act (“HIPAA”) and State Laws by ensuring patients’ confidential data is being handled properly, helping to protect from possible security breaches and financial and criminal liability resulting from potential violations.

Green Compliance developed the software with Automated Healthcare Solutions (“AHCS”) and has an exclusive licensing and support agreement with them. AHCS is a leading point of care tracking and dispensing software solution in the U.S. dedicated to the workers compensation vertical in the pharmaceutical industry, and a proven HIPAA compliant solution. AHCS supports thousands of active physicians that dispense medication onsite and has tracked, monitored, reported, and protected patient information for the past 16 years across thousands of physician practices, while maintaining HIPAA compliance and following Health and Human Services protocols in the United States. Green Compliance has commenced sales in the United States, and its target market is every licensed operating dispensary and cultivator in the states which have passed laws legalizing medical cannabis - currently 29 states and Washington, D.C.

FinCanna entered into a royalty agreement with Green Compliance. Under the royalty agreement, FinCanna will fund USD \$3 million in tranches. In return, FinCanna will receive a perpetual royalty equal to 10% of consolidated gross revenues of Green Compliance, subject to certain buy-back options.

Refined Resin Technologies Inc.

Refined Resin Technologies Inc., based in Oakland, California, is a cannabinoid research and refinement facility focused on the medical cannabis industry to provide B2B and B2C products and services to licensed medical dispensaries, infused product manufacturers and numerous others in the cannabis supply chain.

Refined Resin has leased a facility in Oakland, California in which they are retrofitting a large, state-of-the-art medical cannabis extraction laboratory, which is expected to be operating by early 2019. Refined Resin plans to be a premier producer of bulk quantities of tetrahydrocannabinol (“THC”) distillate and various concentrates produced via hydrocarbon-based solvent extraction. Refined Resin also plans to provide white labeling services to licensed brand and infused product manufacturers who do not have direct access to compliant production facilities. Brands and manufacturers who work in conjunction with Refined Resin will also be able to utilize in house distribution and marketing services as a part of operational collaborations.

Refined Resin principles have extensive experience in extraction, manufacturing and business operations.

FinCanna entered into a royalty agreement with Refined Resin. Under the Royalty Agreement FinCanna will fund USD \$3.5 million cash in tranches and USD \$1.295 million in common shares of FinCanna. In return, FinCanna will receive a tiered corporate royalty, ranging from 16% to 7.0% of Refined Resin’s annual revenues, based upon agreed upon benchmarks, with the combined royalty rate to FinCanna totaling 11.75% on the first USD \$160 million of annual revenues payable in perpetuity subject to certain buy-back options.

Highlights & Recent Developments

CORPORATE

During the three months ended July 31, 2018, the Company announced the appointment of Mr. John Campbell to its Advisory Board. Mr. Campbell has over 35 years of experience in the investment industry, and currently serves as Chairman and CFO of TriView Capital, one of Canada’s largest Exempt Market Dealers as well as on the Board

FinCanna Capital Corp.
Management Discussion and Analysis
For the Three Months Ended July 31, 2018

of a number of private and public companies, and holds the professional designations of CPA, MBA and CFA. (See news release dated July 19, 2018 for more details).

On August 29, 2018, the Company issued a total of 450,000 incentive stock options to a new director and a new advisor with an exercise price of \$0.30 per share and a term of five years.

On August 30, 2018, the Company announced the appointment of Mr. Robert Kamm to its Board of Directors. Mr. Kamm has over 25 years of experience operating and advising businesses from large Fortune 500 corporations to venture capital backed companies and has served on Boards of Directors of both public and private companies during this time period. (See news release dated August 30, 2018 for more details).

On September 19, 2018, the Company announced the appointment of Ms. Rosy Mondin to its Board of Advisors. Ms. Mondin is a leading advocate for the legalization of adult use cannabis in Canada and is the first woman to hold the role of CEO in a publicly traded company in the cannabis sector. Specializing in corporate law, Ms. Mondin served as strategic advisor for several companies involved in the processing, distribution, and safe use of medical cannabis. She co-founded Soma Labs Scientific in 2014, which amalgamated to form Quadron Cannatech Corporation in 2016. Ms. Mondin is CEO and Director of the company, which focuses on extraction and processing solutions. (See news release dated September 19, 2018 for more details).

On September 21, 2018, the Company issued a total of 150,000 incentive stock options to a new advisor with an exercise price of \$0.30 per share and a term of five years.

On September 26, 2018, FinCanna issued 400,000 shares for finders' fees in connection with one of its royalty investments.

FINANCINGS

As at April 30, 2018, the Company had \$23,041,484 in share capital representing 75,482,777 common shares outstanding.

During the three months ended July 31, 2018, the Company closed private placements whereby it issued 21,166,957 Units at a price of \$0.30 per unit for gross proceeds of \$6,350,087. From this amount, \$30,000 has been recorded in Subscription receivable, which was received subsequent to the three months ended July 31, 2018. Each Unit consists of one common share and one common share purchase warrant. Each full warrant will be exercisable to acquire one common share of the Company at an exercise price of \$0.45, until July 2020. \$272,078 of the proceeds from the private placement were allocated to reserves, representing the residual value of the warrants attached to the units.

In connection with this offering, on June 29, 2018, the Company issued 1,500,000 common shares at \$0.30 per share, for a total fair value of \$450,000, to certain officers of the Company subject to a limited recourse shareholder loan. See Note 9 of the Company's financial statements for the three months ended July 31, 2018 for more details.

In connection with the July 2018 private placement, the Company incurred the following share issue costs:

- issued 1,307,267 finders' warrants with each warrant exercisable for into one common share at an exercise price of \$0.45 until June 29, 2020.
- issued 119,340 finders' warrants with each warrant exercisable for into one common share at an exercise price of \$0.45 until July 5, 2020.

In connection with the financings completed during the period ended July 31, 2018, the Company incurred cash share issue costs including finders' fees, legal, and other fees of \$452,983 in aggregate, and non-cash share issue costs relating to the fair value of finders' warrants issued of \$184,809.

During the three months ended July 31, 2018, 140,000 warrants were exercised for gross proceeds of \$42,000.

ROYALTY AND INVESTMENT PORTFOLIO DEVELOPMENTS

Cultivation Technologies Inc.

In September 2017, FinCanna's first investee, Cultivation Technologies Inc. ("CTI"), began operations in Coachella, California with one of the state's first permitted solvent extraction facilities for medical cannabis. The lab was established as an interim facility in accordance with CTI's conditional land use permit in Coachella, to remain in operation during the construction of the full 6-acre medical cannabis campus planned for the site.

In October 2017, FinCanna agreed to amend the agreement with CTI. In exchange for FinCanna agreeing to extend certain dates, subject to certain limitations, the amended agreement with CTI provided FinCanna with a 50% share of the profit from CTI's interim medical cannabis extraction facility. The share in profits will provide FinCanna with a source of monthly revenue before construction of CTI's Coachella Campus.

In January 2018, CTI reacquired the rights to 100% of the production capacity of its interim extraction facility. The new operating structure is expected to result in significant economic opportunities to CTI, as it now has the ability to add an additional extraction machine and fractional distillation and winterization equipment.

In January 2018, FinCanna amended its funding agreement with CTI to provide for certain changes to the terms of FinCanna's investment that, among other things, entitles FinCanna to an increased royalty of 14% of revenue (previously 10%) to be earned upon completion of funding of USD \$8,083,000, an increase in the annual interest rate on the loan from 10% to 20% and a new conversion feature was added to the loan, which allows FinCanna the option to convert the loan into a percentage (up to 5%) of CTI revenues in perpetuity on projects which FinCanna does not elect to fund.

In January 2018, CTI secured an additional five megawatts of power from the local utility company, Imperial Irrigation District ("IID"). This increased CTI's total available power to seven megawatts, the largest power commitment in the Coachella Cannabis Zone from IID, and provides CTI with the requisite power for construction and operation of the planned Coachella Campus.

On June 4, 2018, CTI announced that its Coachella™ Premium brand of cannabis concentrates and vape cartridges is expanding its retail presence, securing distribution in ten dispensaries across California. Coachella™ Premium, which procures craft cannabis from artisan, licensed cultivators to produce some of the highest quality concentrates in California is now being sold at ten California locations, including premier dispensaries, Connected Cannabis (multiple locations), Lighthouse (Coachella), 420 Central (Santa Ana), and From the Earth (Santa Ana).

All Coachella™ Premium products, unlike a majority of concentrates in the marketplace, undergo full panel testing and a scoring process, where only select batches are approved for distribution under the Coachella™ Premium brand label. Coachella Manufacturing is one of the first companies to operate a legal solvent extraction facility for cannabis in California. The company produces THC concentrates through Butane Hash Oil ("BHO") extraction to create custom formulations at its state-of-the-art, licensed lab which includes the latest in cold storage, extraction and distillation technologies. The company is working to maximize commercialization of its products from the facility, which can process an estimated 6,000 pounds of biomass per month translating to approximately 3.7 million grams of raw cannabis oil per year.

On June 7, 2018, FinCanna announced that CTI has achieved USD \$1 million in cumulative revenue since it commenced operations in late January 2018. The Company is entitled to receive 50% of the profits from this extraction facility.

FinCanna Capital Corp.
Management Discussion and Analysis
For the Three Months Ended July 31, 2018

CTI, through its subsidiaries, Coachella Manufacturing and Coachella Distributors, has helped pioneer cannabis “Extraction-as-a-Service” or “Contract Manufacturing” which it provides to brands, cultivators, manufacturers and distributors who require licensed BHO processing for their biomass or contract manufacturing services for various products. With divisions that fulfill the various levels of procurement of cannabis products, including distribution to retail dispensaries, CTI has been at the forefront of this developing industry – including meeting the complex standards required to be fully-licensed within the state. Coachella Manufacturing is one of the first companies to operate a legal solvent extraction facility for cannabis in California. In support of safe manufacturing practices, CTI has been actively engaged in sponsoring state legislation AB2679, which sets the standards and institutional best practices for cannabis extraction using solvents.

On July 12, 2018, the Company reported that CTI has executed an agreement with Phoenix Tears LLC, to be the exclusive manufacturer and distributor of official Phoenix Tears THC based products in California. Since its inception in 2010, Phoenix Tears—through its cannabis research and formulations—has supported more than 200,000 individuals through its brand and products which now resonate globally. The Phoenix Tears-branded portfolio of THC based products will initially include a full spectrum of oil dispensers, vaporizer cartridges and vaporizer kits, as well as topicals. All products will feature formulations developed by Janet Rosendahl- Sweeney, a co-founder of the Phoenix Tears organization, and will be manufactured exclusively by CTI’s state-licensed subsidiary Coachella Manufacturing. These products will be sold and distributed primarily through CTI subsidiary Coachella Distributors and potentially other strategic distributors to ensure state-wide coverage.

Green Compliance Inc.

In February 2018, FinCanna entered into a royalty agreement with Green Compliance, Inc. (“Green Compliance”) to fund USD \$3 million in tranches, in return for a perpetual royalty equal to 10% of consolidated gross revenues of Green Compliance, subject to certain buy-back options.

In February 2018, the Company advanced \$950,100 (USD \$750,000) completing the Initial Advance Payment to Green Compliance.

In June 2018, the Company announced that Green Compliance, which offers a state-of-the-art enterprise compliance and point-of-sale (POS) software solution for licensed medical cannabis dispensaries and cultivators, has launched its advanced “ezGreen Compliance 2.0” software solution. Additionally, Green Compliance has executed a strategic partnership agreement with a major technology solution provider in the cannabis industry to offer the Green Compliance solution to its customer base of 1,000+ dispensaries across the United States.

The ezGreen Compliance 2.0 release is an add-on to the company's existing POS application with new features related to dispensary and retail workflows, custom reporting for retail data sets, and key cannabis platform integrations including the heavy load of ever changing laws and compliance regulations. As a further point of differentiation, ezGreen has achieved certification status with Marijuana Enforcement Tracking Reporting Compliance (“METRC”), and as part of its ezGreen Compliance 2.0 release, is developing deep integration with their seed to sale tracking program. The METRC tracking system was specifically designed for government agencies in charge of legalized marijuana enforcement. The ezGreen Compliance 2.0 release also features:

- Enhanced Dispensary Station Workflow Capabilities;
- Product Automation for State Taxation and Reporting;
- Product Formulary Management Tools for Custom Retail Portal Needs.

Specifically developed to address the needs of the cannabis Industry, ezGreen Compliance is a HIPAA certified POS solution developed and supported by Automated HealthCare Solutions (AHCS). AHCS is a leading point of care tracking and dispensing software solution developed over the past 16 years which currently supports 3,500+ active physician operated clinics and dispensaries, all while maintaining HIPAA compliance following essential Health and Human Services standards in the United States.

FinCanna Capital Corp.
Management Discussion and Analysis
For the Three Months Ended July 31, 2018

Subsequent to the three months ended July 31, 2018, the Company advanced \$1,300,600 (USD \$1,000,000) to Green Compliance completing its “Milestone Payment 1” pursuant to the Royalty Agreement.

Refined Resin Technologies Inc.

In February 2018, the Company signed a binding term sheet with Refined Resins Technologies Inc. (“Refined Resin”), formerly known as Gram Co Holdings LLC, pursuant to which FinCanna would fund USD \$3 million in tranches. In return, FinCanna will receive a tiered corporate royalty, adjusted based on revenues levels, ranging from 14% to 7.5% of Refined Resin’s revenues.

On July 10, 2018, the Company executed an Expanded Royalty Agreement with Refined Resin. FinCanna will fund USD \$3 million in tranches to complete the original Royalty Agreement transaction that was previously announced under a binding term sheet in February 2018. In return, FinCanna will receive a tiered corporate royalty, ranging from 14% to 5.0% of Refined Resin’s annual revenues, based upon agreed upon benchmarks. Concurrently, FinCanna has also agreed to acquire an Additional Royalty for the purchase price of USD \$1.795 million, the payment will be comprised of USD \$500,000 in cash and the remainder paid in common shares of FinCanna. The Additional Royalty provides FinCanna the right to receive a further royalty payment of 2% of Refined Resin’s revenues. Refined Resin has the option to repurchase the Additional Royalty subject to certain terms. With the inclusion of the 2% additional royalty consideration, the tiered royalty payments to FinCanna now range from 16% to 7.0% based on agreed upon benchmarks, with the combined royalty rate to FinCanna totaling 11.75% on the first USD \$160 million of annual revenues payable in perpetuity subject to certain buy-back options. The additional payment will allow Refined Resin to increase production volumes to take advantage of strong market demand that in turn will benefit the Company through accelerating speed to market and advancing the royalty payment schedule.

During the three months ended July 31, 2018, the Company advanced \$1,633,845 (USD \$1,250,000) to Refined Resin, completing the Initial Advance Payment.

Subsequent to the three months ended July 31, 2018, the Company advanced \$1,304,000 (USD \$1,000,000) to Refined Resin completing its “Milestone Payment 1” pursuant to the Royalty Agreement.

On September 26, 2018, FinCanna announced that Refined Resin has received its first purchase order for THC distillate in the amount of US\$840,000. This purchase order was received from a high volume, top California cannabis brand that manufactures a diversified product line, which is distributed across the state. The purchase order of US\$840,000 is specified as a minimum annual amount with the expectation that monthly volumes and associated payments could escalate based on consistent delivery and performance. Refined Resin continues to meet with suppliers, contractors and potential customers in support of its commercial launch expected in early 2019. The company anticipates that this will be the first of a series of purchase orders it will acquire based on advanced discussions in progress with a number of interested parties.

Results of Operations

Three months ended July 31, 2018 compared to three months ended July 31, 2017.

	Note	Three Months Ended July 31, 2018	Three Months Ended July 31, 2017
Revenues			
Interest income from loan	1	\$ 385,953	\$ -
Interest income on cash deposits		18,636	-
		404,589	-
Expenses			
Consulting fees	2	153,880	69,285
Foreign exchange	3	(109,235)	294,665
Management and director fees		112,500	134,167
Marketing and investor relations	4	474,598	75,321
Office, insurance and miscellaneous		81,195	16,359
Professional fees	5	88,911	126,287
Share-based payments	6	213,000	706,916
Transfer agent and filing fees		6,397	-
Travel and accommodation		33,244	34,195
		(1,054,490)	(1,457,195)
Other income (expenses)			
Finance income	7	-	(330,550)
		-	(330,550)
Loss and comprehensive loss for the period		\$ (649,901)	\$ (1,787,745)

The decrease in net loss is primarily attributable to the Company generating interest income from its loans as well as a foreign exchange gain and reduced share-based payments during the three months ended July 31, 2018 (see Highlights and Recent Developments above).

1. Revenues were earned from accruing interest income from the outstanding Loan to CTI (“Loan”).
2. Consulting fees represent external contractors providing accounting, compliance, business development, finance, computer and marketing services.
3. Foreign exchange gain was incurred as a result of the change in value of the Loan as it is in US currency.
4. The substantial increase in marketing and investor relations expenses were largely related to the Company’s ongoing marketing efforts to continue to expand market awareness.
5. Professional fees include accounting and legal expenses. The decrease in professional fees for the period was largely due to significant expenditures in the prior year period relating to the listing process.
6. Share-based payments represent stock options granted and the vesting of shares issued in connection with the limited recourse loans.
7. Finance income represents the reversal of a previously recognized discount on recording the Loan at present value.

First Quarter Review

Refer to “Selected Annual Information” below and “Results of Operations” above.

Summary of Quarterly Results

As the Company was incorporated on November 28, 2016, the Company did not report quarterly financial information for any interim period to April 30, 2017. As such, the quarterly financial information below is presented from July 31, 2017, onwards.

	Three months ended July 31, 2018	Three months ended Apr 30, 2018	Three months ended Jan 31, 2018	Three months ended Oct 31, 2017	Three months ended July 31, 2017
Revenues	\$ 404,589	\$ 358,948	\$ 479,200	\$ Nil	\$ Nil
Loss for the period	\$ (649,901)	\$ (301,438)	\$ (9,999,047)	\$ (607,309)	\$ (1,787,745)
Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.22)	\$ (0.02)	\$ (0.08)
Weighted average outstanding shares	83,101,474	58,882,275	46,235,885	30,328,297	23,260,810

Selected Annual Information

The following table contains selected financial information for the Company for the year ended April 30, 2018 as compared to year ended April 30, 2017. The information set forth should be read in conjunction with the audited annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), and the related notes thereon.

	Year ended April 30, 2018	From incorporation on November 28, 2016 to April 30, 2017
Revenues	\$ 838,148	\$ Nil
Loss and comprehensive loss	\$ (12,695,539)	\$ (525,324)
Basic and diluted loss per common share	\$ (0.31)	\$ (0.05)
Total assets	\$ 13,132,730	\$ 1,403,843

Liquidity and Capital Resources

Cash used in operating activities for the period ended July 31, 2018, was \$1,270,480 (2017 - \$629,543), primarily driven by components of net loss discussed above. The Company also used \$1,683,845 (2017 - \$2,020,950), in investing activities in relation to acquisition of royalty investments. Furthermore, the Company’s financing activities provided cash of \$5,920,204 (2017 - \$4,374,708), relating to the issuances of common shares net of share issue costs.

The Company’s main sources of liquidity in the near term are proceeds from equity financings. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

FinCanna’s ability to adequately track and legally transfer funds received from the sale of cannabis and cannabis related products may be significantly limited, see “*Overall Performance – Involvement in the U.S. Marijuana Industry.*”

The Company had cash of \$5,681,909 as at July 31, 2018 (April 30, 2018 – \$2,716,030) and working capital of \$6,480,091 (April 30, 2018 – \$2,911,104).

The Company has enough capital to meet its working capital requirements for the next 12 months. However, the Company may require additional debt or equity financing to complete its funding rights in connection with its royalty agreements.

The Company currently does not have any capital commitments.

Contractual Commitments

The Company has the following contractual commitments:

1. Funding Loan with CTI, dated April 20, 2017 and amended on January 12, 2018.
2. Royalty agreement with Green Compliance Inc, dated February 6, 2018.
3. Royalty agreement with Refined Resins Technologies Inc, dated July 9, 2018.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

Related party transactions mainly include management and consulting fees, share-based compensation and director and committee fees. The related parties are represented by the key management personnel, which include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that the key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Related parties also include companies, controlled by officers and/or directors.

Remuneration attributed to key management personnel during the period ended July 31, 2018, can be summarized as follows:

	July 31, 2018	July 31, 2017
Management fees	\$ 112,500	\$ 134,167
Consulting fees	-	25,000
Consulting fees – common shares issued	-	21,000
Share-based payments – stock options	-	385,955
Share-based payments – limited recourse loans ⁽¹⁾	213,000	114,000
	<u>\$ 325,500</u>	<u>\$ 680,122</u>

⁽¹⁾ The Company issued 1,900,000 common shares at \$0.30 per share for a total fair value of \$570,000, to certain officers of the Company pursuant to limited recourse shareholder loans. The common shares vested 20% immediately (July 2017), with the remainder vesting evenly on January 5, 2018, July 5, 2018, January 5, 2019, and July 5, 2019. On November 23, 2017, the VP Corporate Development left the Company and the 400,000 common shares issued to him (of which 80,000 had vested) under the limited recourse shareholder loan were returned to treasury and cancelled. The shareholder loan relating to those shares was also extinguished. The Company further issued 1,500,000 common shares at \$0.30 per share for a total fair value of \$450,000, to certain officers of the Company pursuant to limited recourse shareholder loans (Note 8 of the Company's condensed interim consolidated financial statements for the three months ended July 31, 2018). The common shares vested 40% immediately (June 2018), with the remainder vesting evenly on December 29, 2018, June 29, 2019, December 29, 2019. \$213,000 represents the total amount of share-based payments vested during the three months ended July 31, 2018.

Due to/from related parties

As at July 31, 2018, \$14,401 (2017 – \$Nil), was owing to the Company by the CEO. This amount represents a net of the amount payable (\$15,599) to the CEO, which is included in accounts payable and accrued liabilities and the amount due (\$30,000) from the CEO, which is included in subscription receivable. Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing. The Company collected subscriptions receivable subsequent to the three months ended July 31, 2018.

Proposed transactions

As of the date of this report, there are no proposed transactions.

Accounting Matters

The accounting policies applied in preparing the condensed interim consolidated financial statements for the three months ended July 31, 2018, are the same as those applied in the Company's consolidated financial statements as at and for the year ended April 30, 2018, except the changes described below.

The Company has adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers from May 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements.

New and Revised Standards and Interpretations

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in November 2009 and replaced IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. However, most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired:

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Management determines the classification of its financial assets at initial recognition.

The adoption of IFRS 9 has had no significant impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

The adoption of this standard has had no significant impact on the Company's financial statements.

New standards and interpretations not yet adopted

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

The Company does not expect a significant impact on its consolidated financial statements upon adoption of this standard.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Financial Instruments

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a Level 1 fair value measurement. The recorded values of subscriptions receivable, GST receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturities which is the amount presented on the statements of financial position. The carrying value of the loan also approximates its fair value as the loan bears a market rate of interests.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, subscriptions receivable, GST receivable, and loan. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to GST receivable which is due from the Government of Canada, is minimal. The Company collected subscriptions receivable subsequent to July 31, 2018. The Company's credit risk with respect to the loan, is equal to its carrying value. Repayments of the loan is dependent on CTI reaching targeted revenue generating activities, and the ability of the Company to receive funds from such activities in the United States which is currently limited due to Federal Banking restrictions in the United States.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2018, the Company had a working capital balance of \$6,480,091 and requires additional debt or equity financing to meet its obligations in connection with the loan.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and price risk.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant. The interest rate earned on the loan is fixed, as such the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, Investment in Profit Sharing Arrangement, and loan, and accounts payable and accrued liabilities, denominated in United States dollars. A 10% fluctuation between the Canadian dollar against the United States dollar would impact profit or loss by approximately \$865,000.

c) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Risk Factors

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline, and prospective investors may lose part or all of their investment.

Regulatory Risks

While marijuana is legal in many US state jurisdictions, it continues to be a controlled substance under the United States Federal Controlled Substances Act.

The companies in which the FinCanna has and will continue to invest are directly or indirectly engaged in the medical cannabis industry in Canada and the United States where, although local state law permits such activities, cannabis is federally illegal.

The Company's ability to recruit and retain management, skilled labour and suppliers is crucial to the Company's success.

Limited Operating History and 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.

The Company was incorporated on November 28, 2016 and has not commenced commercial operations. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Banking and Financial Transactions

The federal illegality of marijuana in the U.S. means that financial transactions involving proceeds generated by marijuana-related conduct can form the basis for prosecution under the money laundering statutes, the unlicensed money transmitter statute and the Bank Secrecy Act.

Third parties with which the Company does business, including banks and other financial intermediaries, may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities.

The Company's ability to repatriate returns generated from investments in the U.S. may be limited by anti-money laundering laws.

Risks Inherent in FinCanna's Business

Although the Company's business plan contemplates further investment in additional entities operating within the cannabis sector, the Company currently relies on the performance of a single investee.

Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing and there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

FinCanna Capital Corp.
Management Discussion and Analysis
For the Three Months Ended July 31, 2018

The Company has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability.

The Canadian Depository for Securities Limited ("CDS") may be considering a policy change with respect to issuers with U.S. cannabis assets. A policy change, if implemented, could affect the Company's current operations and/or disqualify its ability to settle its securities with CDS.

Additional Financing

Companies in which the Company has or will invest may require additional sources of financing other than from the Company. Financing for companies in the cannabis sector is more difficult than other sectors, particularly in the United States, due to the fact that cannabis is still classified as a Schedule I drug and illegal at a federal level. The changing regulatory environment at a state level further complicates financing for companies in this sector and as such there is no guarantee that investee companies will be able to obtain adequate financing to carry out their business objectives.

Change in Laws, Regulations and Guidelines

The current and proposed operations of the companies in which the Company have or will invest are subject to a variety of laws, regulations and guidelines that are broad in scope and subject to evolving interpretations, which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan.

Violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plan and result in a Material Adverse Effect on certain aspects of its planned operations.

Unfavorable Publicity or Consumer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the 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 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 favorable to the medical cannabis market or any particular product, or consistent with earlier publicity.

Currency Fluctuations

The Company's revenues and expenses are expected to be primarily denominated in US dollars, and therefore may be exposed to significant currency exchange fluctuations.

Research and Market Development

Although the Company, itself and through its investments, is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. Any loss of the services of such individuals could have a Material Adverse Effect on the Company's business, operating results or financial condition.

Operation Permits and Authorizations

The companies in which the Company has or will invest in may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses.

Liability, Enforcement, Complaints etc.

The Company, its subsidiaries, or other interests may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against these subsidiaries.

Resale of Shares

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.

There can be no assurance that the publicly-traded price of the Company's shares will be high enough to create a positive return for investors.

Price Volatility of Publicly Traded Securities

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.

Dividends

The Company has not paid dividends in the past, and the Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Intellectual Property

The success of the Company will depend, in part, on the ability of the companies in which the Company invests in to maintain and enhance trade secret protection over various existing and potential proprietary techniques and processes.

Insurance Coverage

The Company will require insurance coverage for a number of risks and there can be no assurance that the amount of coverage will be available or sufficient to cover claims to which the Company may become subject.

FinCanna Capital Corp.
Management Discussion and Analysis
For the Three Months Ended July 31, 2018

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business.

Operational Risks

The Company and the companies in which it invests may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements.

Potential Conflicts

Certain 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.

Outstanding Share Data

The following table sets forth the Company's outstanding share data:

	Number of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares	98,689,734		
Stock options	2,500,000	\$ 0.30	6-Jul-22
	3,350,000	\$ 0.50	27-Dec-22
	450,000	\$ 0.30	29-Aug-23
	150,000	\$ 0.30	21-Sep-23
Warrants	420,000	\$0.50	22-Dec-18
	394,800	\$0.75	21-Nov-19
	7,149,433	\$0.75	22-Dec-19
	10,237,652	\$0.30	23-Dec-19
	2,857,833	\$0.30	4-Jan-20
	485,333	\$0.20	4-Jan-20
	1,112,632	\$0.30	12-Jan-20
	314,070	\$0.30	26-May-20
	52,000	\$0.30	29-May-20
	131,479	\$0.30	13-Jun-20
	2,089,153	\$1.05	5-Apr-20
	462,522	\$1.05	10-Apr-20
	21,703,802	\$0.45	29-Jun-20
2,389,762	\$0.45	5-Jul-20	
Fully diluted at September 28, 2018	154,940,205		

APPROVAL

The Board of Directors of FinCanna has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

ADDITIONAL INFORMATION

Additional information related to FinCanna Capital Corp. is on SEDAR at www.sedar.com and the Company's website <https://fincannacapital.com/>.