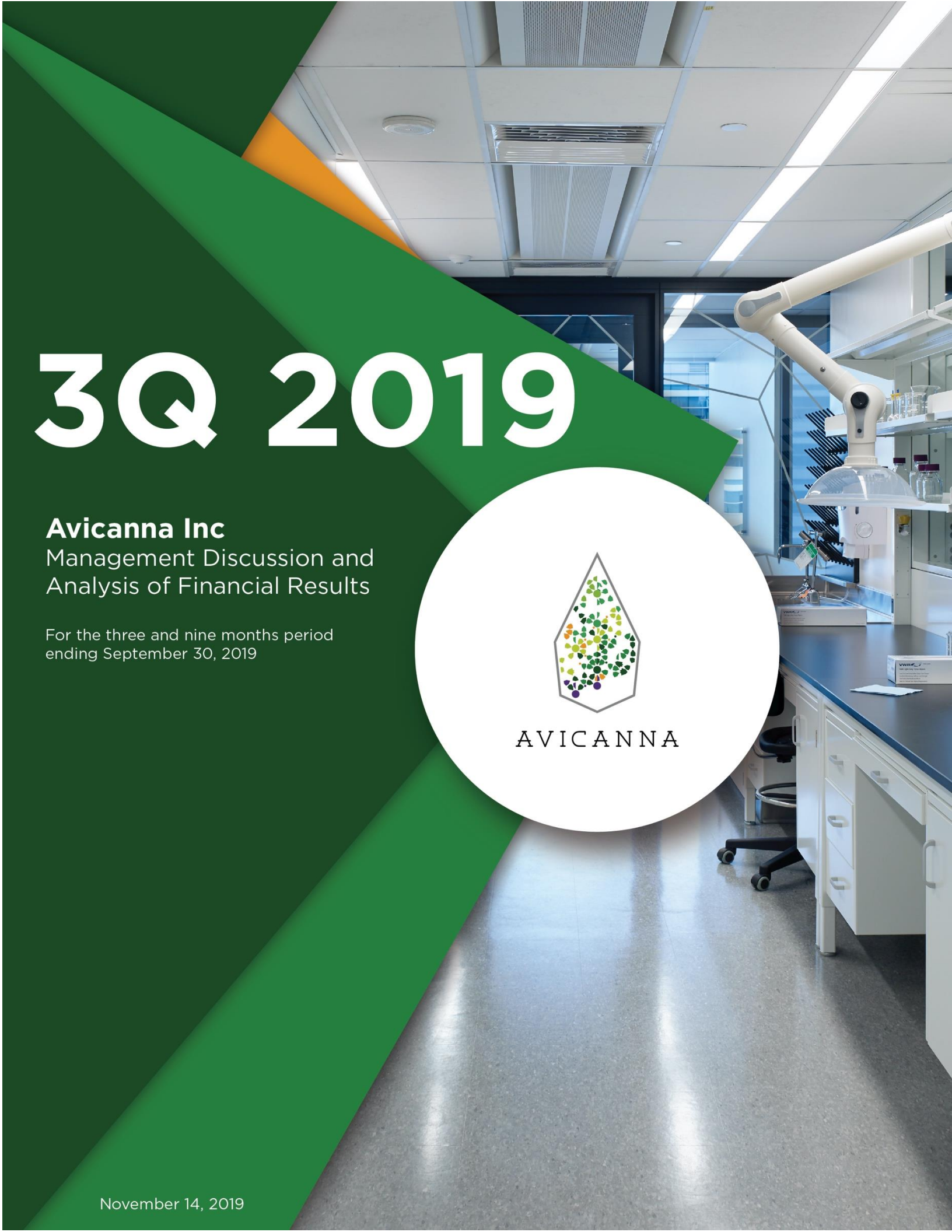


3Q 2019

Avicanna Inc
Management Discussion and Analysis of Financial Results

For the three and nine months period ending September 30, 2019

AVICANNA

November 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY

This management's discussion and analysis ("MD&A") of Avicanna Inc. ("Avicanna" or the "Company") contains "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "objective", "predict", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "will", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve 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 the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to:

- changes in general economic, market and business conditions and product demand;
- changing interest rates, income taxes and exchange rates;
- changes in the competitive environment in the markets in which the Company operates;
- changes in laws, regulations and decisions by regulators that affect the Company or the markets in which it operates;
- opportunities that may be presented to and pursued by the Company;
- the Company's ability to meet its working capital needs at the current level in the short term;
- expectations with respect to raising capital; and
- changes in prices of required commodities.

This MD&A was prepared by management as of November 14, 2019 and is supplemental to and should be read in conjunction with the Company's consolidated financial statements for the nine months ended September 30, 2019 and September 30, 2018 and the accompanying notes thereto (collectively, "Financial Statements"). The information contained in this MD&A is presented as of the date of the Financial Statements and is current to that date unless otherwise stated. The results reported herein have been derived from consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All amounts are expressed in Canadian dollars unless otherwise noted.

This MD&A is intended to assist the reader in better understanding operations and key financial results as of the date of this report. The Financial Statements and this MD&A have been reviewed and approved by the Company's Board of Directors on November 14, 2019.

The Company does not, directly or indirectly, have any business operations in jurisdictions where cannabis is not federally legal, such as the United States.

OUR BUSINESS

Our History

Avicanna's initial business concept arose from a problem inherent in the medical cannabis regulatory framework in Canada in which patients would, initially and for some time after, only be permitted access to cannabis for medical purposes in an inhalable format – dried cannabis flower. In May 2015, the founders of Avicanna recognized that healthcare professionals, the gatekeepers of the new commercial medical cannabis system, were hesitant to give access to a product that has traditionally been known to be consumed in a manner that may have adverse effects on the lungs. Furthermore, it was recognized that for a product to be considered a therapy, and to be recommended by healthcare professionals, it would be important to provide data collected and analyzed from well-run clinical studies to all relevant stakeholders – patients, healthcare professionals, payors, and regulators, operating within a strict regulatory framework for product testing, quality, production, marketing and sales.

These two challenges form the basis of Avicanna's foundational concept – the development of novel cannabinoid therapeutic products backed by clinical research data. This positioning in the medical cannabis industry in Canada allowed the Company to attract key skilled personnel who have assisted in developing its mandate, including scientists, clinicians, strategic business advisors, and biopharmaceutical industry senior managers. This positioning also helped Avicanna attract interest from respected academic and clinical research institutions looking to partner on clinical and research development initiatives.

Since inception, Avicanna has formed partnerships with top academic and clinical research institutions, consistent with the Company's initial vision and strategy. Avicanna's dedication to research in conjunction with its partnerships has allowed the Company to commence clinical trials, develop and launch a complete line of derma-cosmetic products, and commence initial testing of its phyto-therapeutic products with a planned commercial launch in 2020. In addition, the Company had the opportunity to acquire a majority position in two cultivation assets in Colombia. As at September 30, 2019, the Company had access to 410,000 square feet of cultivation. This allows the Company to vertically integrate and control its raw material supply.

The Company's common shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the ticker symbol "AVCN", on the OTCQX in the United States under the ticker symbol "AVCNF", and on the Frankfurt Stock Exchange in Germany under the ticker symbol "0NN".

Quarterly Highlights

- In July 2019, the Company successfully completed its application and listing on the Toronto Stock Exchange, trading under the symbol "AVCN".

- In August 2019, Avicanna successfully completed its first exportation of cannabinoids from Colombia to Canada for scientific purposes. Health Canada issued three authorizations to Avicanna's majority owned subsidiary Santa Marta Golden Hemp S.A.S. ("SMGH") to allow for the import of purified cannabidiol ("CBD") isolate and cannabis resin into Canada for scientific purposes.

- In August 2019, the Company received a cannabis research licence from Health Canada, which allows the Company's research and development team to work with cannabinoid-based formulations and advanced pharmaceutical drug development at the Company's research and development headquarters located at the MaRS Discovery District in Toronto.

- In September 2019, the Company entered into a commercial lease agreement for land in a Colombian free trade zone near Santa Marta, Colombia. The Company plans to use the space to build an industrial scale extraction facility. The facility is estimated to be 11,000 square feet, and upon completion is expected to have the ability to extract approximately 100,000 kilograms of post-extraction material annually. The Company expects this facility to be completed and operational by 2021. This lease agreement also is also expected to provide substantial tax advantages for the Company moving forward.

- In September 2019, the Company successfully manufactured its first commercial batch of its Pura Earth™ product line at Altea Farmaceutica S.A. A total of approximately 28,000 products were manufactured, which were subsequently sold in October 2019.

- In August 2019, the Company expanded the scope and duration of its research and collaboration agreement with Dr. Christine Allen's research group and the University of Toronto, further solidifying Avicanna's position as a leader in the biopharmaceutical cannabis industry. Utilizing a license to conduct cannabis research at their facility at the University of Toronto, Dr. Christine Allen's research group has commenced initial studies around pharmaceutical development of cannabinoids.

- In August 2019, the Company entered into an agreement with Sigma Analytical Services Inc. ("Sigma Analytics"), to establish a joint venture for the testing of cannabis and cannabis-based products in Colombia. The joint venture is expected to establish the first Good Manufacturing Practices ("GMP") and Good Laboratory Practice ("GLP") analytical testing facility in Colombia for such products.

- In September 2019, the Company entered into an exclusive agreement with the University of Guelph for proprietary cannabinoid-based products and formulations to treat psychiatric disorders. This new agreement is expected to provide a unique opportunity for Avicanna to commence research on brain function and health. The University of Guelph obtained a license to conduct cannabinoid-based research at their research facilities for this purpose.

- During the quarter, the Company, through its Avesta genetics program, entered into a research agreement with the University of Guelph and Dr. Max Jones to produce and optimize commercial genetics.

- By September 2019, the Company added an additional 120,000 square feet of cultivation space in its majority owned subsidiaries, SMGH and Sativa Nativa S.A.S ("Sativa Nativa"). With this additional cultivation capacity the Company will have approximately 96 kilograms of CBD isolate available for sale and distribution by the end of 2019.

- In September 2019, fourteen additional genetics were registered by SMGH. This further expands the Company's quantity of genetics that it can utilize to cultivate, extract and use for commercial and research and development purposes to nineteen total genetics.

Research and Development Activities

The Company's research and development activities include the analysis, development, and optimization of cannabinoid formulations and delivery mechanisms for various applications including consumer cosmetics and pharmaceutical products. Product development is further complimented with pre-clinical analysis and clinical development prior to commercialization across consumer, cosmetics and pharmaceutical products. The Company is currently working on pharmaceutical applications of its products for several indications, including pain, neurology and dermatology. Through its research and development efforts, the Company has developed formulations for various phyto-therapeutic and derma-cosmetic products and completed the formulations and characterization of its Pura Earth™ and Rho Phyto™ products. Pursuant to various research and development agreements, Avicanna is currently testing additional products so that they can be marketed with research data to support their applications. Research and development activities also include plant biology projects related to breeding and genetic optimization conducted in Colombia and extraction and isolation experiments including isolation of rare and unidentified cannabinoids.

Below is a summary to date of the expenditures related to research and development activities inclusive of fees related to partnerships, consulting, supplies and capital expenditures.

	For the 9 months ending September 30, 2019	For the 9 months ending September 30, 2018
Fees related to partnerships	287,788	167,322
Research and development expenditures	535,511	173,608
Total Expenditures	823,299	340,930

Fees relating to Avicanna's partnerships include commitments to the Hospital for Sick Children ("SickKids"), the University of Toronto Faculty of Pharmacy ("U of T Pharmacy"), Centro de Atencion e Investigacion Medica CAIMED S.A.S. ("CAIMED"), Universidad de Antioquia ("U de A"), the University of the West Indies ("UWI"), the University of Toronto Faculty of Dentistry ("U of T Dentistry"), and the University of Guelph ("U of Guelph"). Additional research and development expenditures include laboratory supplies, materials and equipment, and consulting fees. The increase from the same period in 2018 is the result of increased partnerships, namely with CAIMED, UWI, U of Guelph, and U of T Dentistry.

The following table breaks down Avicanna's research partnerships, and outlines the current status, the total budget under the applicable agreement and costs remaining over the term of the agreement.

Partner	Current Activities	Total Budget	Costs Expended as at September 30, 2019	Remaining Expenditures
U of T Pharmacy Sponsored Research and Collaboration Agreement Revised	Ongoing analysis of several pharmaceutical formulations under development. Preclinical evaluation of formulations and optimization.	1,661,069	133,414	1,527,655
CAIMED Framework Agreement	Application for Phase II trials is completed and to be submitted by year end.	580,000	42,000	538,000
SickKids	Clinical trial application submitted to Health Canada at the end of August 2019.	280,000	-	280,000
UWI Services Agreement	Ethics approval obtained and prevalence study underway.	110,000	55,000	55,000
	Trial protocol is expected to be completed by year end.	Not yet determined	-	-
U of T Dentistry Service Agreement	Study results provided and future study protocols being drafted.	114,748	57,374	57,374
University of Guelph	Genetic fingerprints, tissue culture and polypoid production optimization of AVCN cultivars.	150,000	-	150,000
	Evaluating a variety of dosage forms on preclinical models of several human psychiatric conditions.	300,000	-	300,000
Totals		**3,195,817**	**287,788**	**2,908,029**

Pharmaceuticals

Avicanna's pharmaceutical products follow the traditional drug discovery and development process for submission to the applicable governmental agencies, such as Health Canada, Instituto Nacional de Vigilancia de Medicamentos y Alimentos ("INVIMA"), or the U.S. Food and Drug Administration, of a drug application for approval and market authorization. Avicanna's pharmaceutical products use only plant-derived cannabinoid extracts, purified cannabinoids, including distillates and isolate ("Extracts"). The Company's intention is to use the isolated Extracts produced by its subsidiaries in Colombia in the pharmaceutical products it offers.

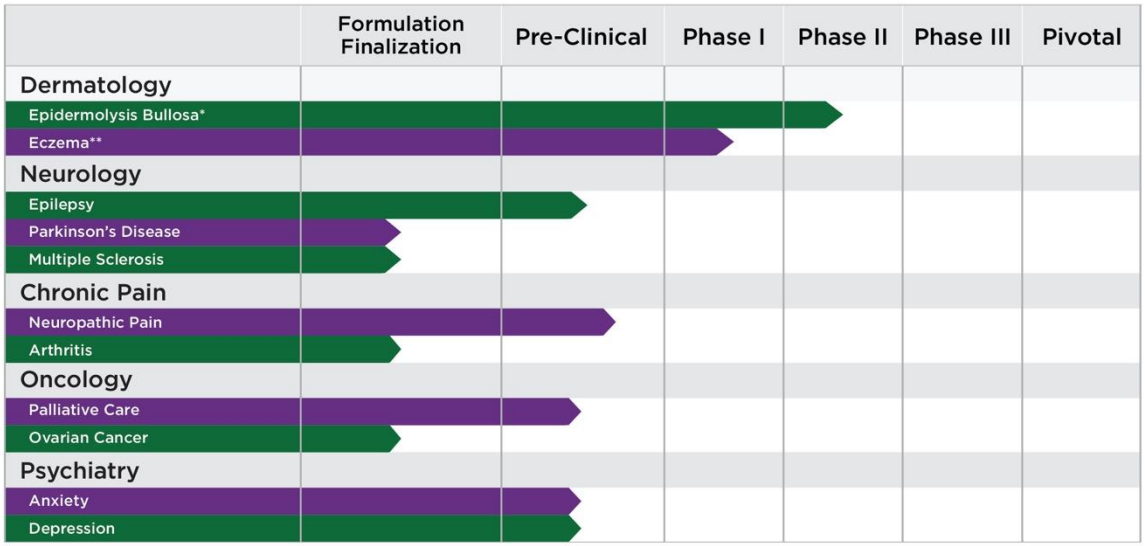
Avicanna's initial pipeline of pharmaceutical products will address neurology, dermatology, oncology, psychiatry and pain. The neurology products are intended to treat neurological disorders, such as epilepsy and multiple sclerosis. The dermatology products are meant to be applied on the surface of the skin to address various skin conditions, including acne, eczema and epidermolysis bullosa. The products developed to address pain, both through ingestible methods and topical application, are intended to combat a wide range of forms of pain,

including but not limited to, chronic pain, neuropathic pain, and pain resulting from inflammatory and joint disorders.

The following table outlines the products currently in Avicanna's pipeline, the specific indication, the applicable partner, current status and anticipated budget:

Product	Indication	Description	Current Status	Anticipated Budget	Costs Expended as at September 30, 2019
AVCN585501	Dermatology - Eczema	Topical product used for acne and intended to be an OTC drug or prescription drug.	Commencing phase I-II studies with CAIMED at the beginning of 2020 with phase II to commence immediately after completion of phase I.	250,000 (combined)	-
AVCN583601	Dermatology – Epidermolysis Bellosa	Topical product containing CBD for dermatological indications intended to be a prescription drug.	Completed animal pharmacokinetics and toxicology studies and submitted to Health Canada for a phase IIa start. Expected to begin clinical trial at SickKids in first half of 2020.	240,000	-
AVCN467501	Neuropathic Pain		Once the prevalence study is completed at the end of Q1 2020, a phase II a study on the diagnosed patients will then begin at UWI	TBD	-
Total				490,000	-

The following provides a summary of the current stage of clinical development for each indication that the company is targeting.



Phyto-therapeutics

Avicanna's phyto-therapeutic products contain cannabis plant extracts designed for medical or homeopathic use and are intended to be marketed using the Company's Rho Phyto brand. The legalization of cannabis for medical purposes in several countries and in certain states in the U.S. allows for the production of certain phyto-therapeutic products, such as oil tinctures, creams, capsules and patches in various ratios of tetrahydrocannabinol ("THC") and CBD. In these jurisdictions, patients must get approval from healthcare professionals to use cannabis for medical purposes. These are not prescriptions in the traditional sense where the products have been approved and are regulated as medicinal drugs, but rather healthcare professionals grant authorization to patients to use cannabis for medical purposes. Some jurisdictions have an approved list of conditions for which healthcare professionals must assess the patient before granting their authorization for the patient's access to cannabis. In Colombia, the Company intends on distributing its Rho Phyto line through a compound pharmacy model known as Formulacion Magistrales ("FM"). Selling under this model will require that medical professionals prescribe Rho Phyto products for their patients. The prescription will be filled by the Company, on site, at Altea. The Company anticipates revenue from this model in Q1 2020.

The following table provides a summary of Avicanna's current phyto-therapeutic line of products.

Phyto-therapeutics							
Product	**Sub-lingual spray**	**Capsules**	**Oil tinctures**	**Topical cream**	**Topical gel**	**Tablets**	**Patches**
Description	CBD only	CBD only	CBD only	CBD only	CBD only	CBD only	CBD only
	High CBD, Low THC	High CBD, Low THC	High CBD, Low THC	High CBD, Low THC	High CBD, Low THC	High CBD, Low THC	High CBD, Low THC
	High CBD, High THC	High CBD, High THC	High CBD, High THC				High CBD, High THC

Formulations for these products are all complete. In Colombia, the Company has manufactured its first test batch of phyto-therapeutics for stability. Once testing is complete, the Company will register these products with INVIMA, a regulatory authority created under the Colombian Ministry of Health, prior to commercial production and sales.

Derma-Cosmetics

Derma-cosmetics are products with a cosmetic purpose, generally topical in nature and designed to achieve a specific aesthetic objective. Avicanna's derma-cosmetic products contain CBD isolate and are formulated to maintain and improve the health and beauty of the skin. The Company is focused on high-end cosmetic formulations supported by research data as a way to differentiate its product line from those of its competitors. Avicanna intends to market its derma-cosmetic products using its Pura Earth brand.

Avicanna has developed a line of derma-cosmetics that include beauty treatments, moisture and protection products, and specialized care. They are intended to be marketed under various product names, depending on the particular jurisdiction that may permit their sale. The Company is currently completing clinical trials with CAIMED on three of its derma-cosmetic products in order to demonstrate their effectiveness with specific cosmetic endpoints and is expected to receive preliminary results by the end of November 2019 and final results by 2020.

The Company successfully manufactured its first commercial batch of products in September 2019. These products were subsequently sold to the Company's distributor, Percos S.A., and are currently distributed through Colombian retail channels.

Intellectual Property

As of September 30, 2019, the Company has filed three patent applications. The applications that are pending have been summarized below. As the Company continues to expand its research and development activities the expectation is to grow its intellectual property portfolio through patent applications.

Application No.	Invention Title	Date of Filing	Status
US 62/813,817	Topical cannabinoid compositions and methods for treating skin disease	March 5, 2019	Pending
US 62/887,158	Methods of cannabis cultivation	August 15, 2019	Pending
US 62/896,408	Oral cannabinoid compositions and methods for treating neuropathic pain	September 5, 2019	Pending

Cultivation Activities

Cultivation Capacity

The Company's cultivation facilities are located in Santa Marta, Colombia. The Company holds a majority interest in two entities, Sativa Nativa and SMGH, that have licenses to cultivate, manufacture, extract and sell medicinal cannabis in Colombia.

In the third quarter of 2019, the Company's subsidiary, SMGH, commenced its outdoor cultivation efforts and added 90,000 square feet of cultivation space. SMGH currentlyoperates cultivation facilities that include 290,000 square feet of shade house space and 20,000 square feet of customized greenhouse space. SMGH has applied for Good Agricultural and Collection Practices ("GACP") and is expecting approval in 2020 and was granted its organic certifications subsequent to September 30, 2019. During the quarter, Sativa Nativa added 30,000 square feet of cultivation space and currently operates cultivation facilities that include approximately 80,000 square feet of shade house and outdoor space and 20,000 square feet of customized greenhouse space. The following table breaks down the current cultivation capacity, by site, for each of Sativa Nativa and SMGH.

	Square Feet as of September 30, 2019	Estimated Annual Yield (Dried Flower – KGs)
SMGH	310,000	12,000
Sativa Nativa	100,000	4,500
Total	**410,000**	**16,500**

The following table provides a summary of the costs incurred on the cultivation facilities to September 30, 2019:

TOTAL EXPENDITURES AS AT SEPTEMBER 30, 2019 ($CDN; Unaudited)	Construction Costs	Equipment	Total
Santa Marta Golden Hemp S.A.S	6,352,866	1,409,323	7,762,189
Sativa Nativa S.A.S	2,161,542	176,615	2,338,157
Total Expenditures	**8,514,408**	**1,585,938**	**10,100,346**

Laboratory and Extraction Facility

SMGH is currently expanding its laboratory facilities which will include a 6,000 square foot extraction and analytical laboratory facility that is expected to be GMP and GLP compliant. The Company expects that the expansion will be complete and operational by the first quarter of 2020, and is expecting that it will receive its GMP and GLP certifications after the expansion. The completion of the facility expansion and GMP certification is dependent on the Company's ability to source capital assets and resources in a timely manner. In addition to the Company utilizing the analytical testing services through its newly formed partnership with Sigma Analytics, the Company intends on offering testing services for other cannabis companies in Colombia requiring these analytical tests, thereby creating an additional revenue source for the Company.

FUTURE OUTLOOK

The Company's outlook is positive. SMGH is currently cultivating non-psychoactive cannabis for commercial production and extraction of CBD at its facility. In October 2019, SMGH obtained approval from the Colombian authorities to export its CBD isolate and CBD bulk oil products. Following the approval, the Company's subsidiary completed two sales of its CBD isolate and CBD bulk product to international customers. There continues to be interest from parties in its CBD isolate, and the Company expects sales to increase moving forward. Furthermore, SMGH recently obtained USDA National Organic Program organic certifications at its facility for its non-psychoactive (hemp) genetic and cultivation methodology. The Company feels that this will be a key differentiator for SMGH's CBD isolate and CBD isolate based products, which will enhance its ability to generate interest from international customers. The Company is currently working to complete key commercial agreements with partners in several jurisdictions including the United Kingdom, Mexico, Germany and Australia.

In the fourth quarter of 2019, the Company sold approximately 28,000 units of its Pura Earth product line. These units will be distributed through retail channels in Colombia. The Company intends to continue to build its global partnerships and global distribution network to secure additional contracts for the sale of its Pura Earth product line. The Company is anticipating an increase in revenue in the fourth quarter of 2019, and continued growth through 2020. The Company intends to manufacture an additional 32,000 units of Pura Earth in the fourth quarter of 2019 and anticipates the majority of these units to be sold by the end of the first quarter in 2020. In addition, the Company recently completed an initial test batch of its Rho Phyto line of products. The Company is anticipating this line of products to be available to commercially market and sell in the first half of 2020. In particular, the Company is planning a launch of its Rho Phyto line under the FM framework in Colombia in the first half of 2020.

During the third quarter, SMGH successfully registered an additional 15 genetics. Following these registrations, SMGH now has a total of 19, registered genetics comprised of 5 non-psychoactive cannabis genetics and 14 psychoactive genetics. The Company intends on expanding its genetics program to include the sale of registered seeds and genetics to other licensed cultivators in Colombia. The Company anticipates revenue from this in the first quarter of 2020.

By the end of the third quarter of 2019, the Company's subsidiaries had 410,000 square feet of cultivation space, achieving the Company's goal of approximately 410,000 square feet of cultivation in 2019. This is expected to yield a capacity of 16,500 kilograms of dried flower on an annual basis.

The Company continues to be focused on its research and development activities. With the expansion of key partnerships, most notably U of T Pharmacy; and the formation of new partnerships the Company continues to position itself as a global leader in this industry. Furthermore, while the Company has filed three patents to date, its continued focus is building its intellectual property portfolio and it intends on filing additional patents in 2019.

While the Company remains optimistic about its future business prospects, it remains subject to approvals by respective authorities in Colombia and abroad. Until regulatory approvals to sell and distribute THC-containing, and its finished Rho Phyto line are obtained, orders cannot be fulfilled.

RESULTS OF OPERATIONS

The following table sets forth consolidated statements of operations, which is expressed in Canadian dollars, except share and per share amounts, for the indicated periods.

SELECTED OPERATIONAL INFORMATION	For the Three Months Ended September 30		For the Nine Months Ended September 30	
($CDN, Unaudited)	2019	2018	2019	2018
	$	$	$	$
Revenues	**4,943**	**35,166**	**45,537**	**93,829**
General and administrative	5,673,540	1,592,955	12,604,022	4,174,867
Share-based compensation	262,498	370,808	1,982,066	671,501
Depreciation and amortization	326,983	35,915	512,100	87,558
Total Expenses	**(6,263,021)**	**(1,999,678)**	**(15,098,188)**	**(4,933,926)**
Other income (loss)	72,748	(108,466)	473,646	920,222
Net Loss	**(6,185,330)**	**(2,072,978)**	**(14,579,005)**	**(3,919,875)**
Weighted average number of Common Shares outstanding –	21,830,153	13,666,351	19,298,899	13,174,504
Loss per share – basic and diluted	**$ (0.33)**	**$ (0.14)**	**$ (0.84)**	**$ (0.30)**

REVENUE

Revenue for the three months ending September 30, 2019 was $4,943 compared to $35,166 for the three months ending September 30, 2018. For the nine months ending September 30, 2019 revenue was $45,537 compared to $93,829 for the nine months ending September 30, 2018. Revenue is generated through commissions and assessment fees through the Company's investment in 2516167 Ontario Inc. ("My Cannabis"). Since the Canadian market legalized recreational use of cannabis in October 2018, My Cannabis has experienced a decline in revenue. My Cannabis focused on medical patients in the Canadian market. Once cannabis became legal, the Company saw much of its medical patient base turn to the recreational market for supply. However, the Company continues to utilize the data generated through these services for its research and development initiatives.

EXPENSES

The following table represent a detailed breakdown of the general and administrative expenses:

($CDN; Unaudited)	For the Three Months Ended September 30		For the Nine Months Ended Sepetember 30	
	2019	2018	2019	2018
General and administrative	1,416,728	282,823	3,552,014	741,301
Selling, marketing and promotion	156,545	76,649	382,219	163,030
Consulting fees	602,931	146,915	1,661,199	949,492
Professional fees	858,539	481,825	1,738,766	957,660
Salaries and wages	2,383,046	496,528	4,677,185	966,806
Research and development	221,674	108,215	532,979	340,931
Board fees	34,077	-	59,660	55,647
Total	$ 5,673,540	$ 1,592,955	$ 12,604,022	$ 4,174,867

General and Administrative Expenses

For the three and nine months ended September 30, 2019 the Company incurred general and administrative expenses of $1,416,728 and $3,552,014, respectively. When compared to the same quarter and period from prior year the Company incurred $282,823 and $741,301 of general and administrative expenses. The increase in the quarter and period from the prior year is related to the expansion of the Company's operational activities. As part of the expansion efforts, the Company increased its head count which required additional office space and built out its IT infrastructure which included the implementation of an entity wide enterprise resource planning software. Furthermore, additional travel expenses were incurred through business development efforts in the quarter and period as the Company continues to expand its global footprint. Such expenses were required to build out the infrastructure the Company needs to support its future growth.

Selling, Marketing and Promotion

For the three and nine months ended September 30, 2019 the Company incurred selling, marketing and promotion expenses totaling $156,545 and $382,219, respectively, compared to $76,649 and $163,030 for the

same quarter and period from the prior year. The increase in both the quarter and period is directly attributable to marketing expenses related to the Company's launch of its initial, global, brand Pura Earth™. Leading up to the October 2019 commercial launch, the Company incurred significant advertising, design and promotional expenditures. The Company expects a strong marketing campaign to drive sales in the fourth quarter of this year.

Consulting Fees

For the three and nine months ended September 30, 2019 the Company incurred consulting expenses totaling $602,931 and $1,661,199, respectively, compared to $146,915 and $949,492 in the prior year. When compared to the same period from the prior year, the increase in consulting fees, for both the quarter and period, can be directly attributable to the following: (i) the Company increased its research and development teams to assist with the expanded research and development projects in fiscal 2019, (ii) certain consulting services were retained to assist with the Company's listing on the Toronto Stock Exchange (the "TSX"), and (iii) the Company retained the services of consultants in international markets to assist with its global commercial expansion, which included advisors for both its regulatory and commercial efforts.

Professional Fees

For the three and nine months ended September 30, 2019 the Company incurred professional fees of $858,539 and 1,738,766, respectively, compared to $481,825 and 957,660 in the prior year. The increase from the comparable quarter and period is primarily related to the Company's go public transaction which included the successful listing on the TSX. Substantial legal, accounting and compliance fees were incurred as part this process.

Salaries and Wages

For the three months ended September 30, 2019 the Company incurred salaries and wages of $2,383,046, compared to $496,528 in the prior year. The Company has expanded its team as operations have scaled up, particularly in Colombia. The cultivation facilities of the Company's subsidiaries have increased in size substantially, requiring additional staff. In addition, as our commercialization efforts expand, additional team members were added, particularly in the Company's Bogota offices. In addition, the Company has added certain key personnel in its Canadian offices particularly as it relates to research and development, finance and legal activities.

For the nine months ended September 30, 2019 the Company incurred salaries and wages of $4,677,185 compared to $966,806 in the prior year comparative period. The increase year-over-year is related to the same factors noted above for the three-month period.

Research and Development

For the three and nine-month periods ended September 30, 2019 the Company incurred selling, marketing and promotion expenses totaling $221,674 and $532,979, respectively, compared to $108,215 and $340,931 in the prior year. The increase from comparable periods is directly attributable to the expansion of its partnerships, team and research activities.

OTHER ITEMS

For the three and nine-month periods ended September 30, 2019 the Company incurred other items totaled

$72,748 and $473,646, respectively, compared to ($108,466) and $920,222 in the prior year. The other items are made up of (i) foreign exchange gains and losses; (ii) gains from the recognition of biological assets; (iii) gains on revaluation of derivative liabilities; and, (iv) interest expense and interest income. For the three-month period and nine-month period ending September 30, 2019 the Company recognized revenue from interest related to short term investments and a gain on the recognition of biological assets. These revenue sources were not present in the prior year comparable quarter and period. For the nine-month period ending September 2018, other income is largely attributed to the gain recognized on the Sativa Nativa acquisition.

ADJUSTED EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is not a recognized performance measure under IFRS. The term EBITDA consists of net income (loss) and excludes interest (financing costs), taxes, depreciation and amortization. Adjusted EBITDA also excludes share-based compensation, IPO related costs, impairment of assets and adjustments for fair valuing of biological assets. Adjusted EBITDA is included as a supplemental disclosure because management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges or gains that are nonrecurring. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss). The following is a reconciliation of the Company's net income (loss) to Adjusted EBITDA.

ADJUSTED EBITDA	For the Three Months Ended September 30		For the Nine Months Ended September 30	
($CDN, Unaudited)	2019	2018	2019	2018
	$	$	$	$
Net Loss	**(6,185,330)**	**(2,072,978)**	**(14,579,005)**	**(3,919,875)**
Depreciation	326,983	35,915	512,100	87,558
Interest	20,524	-	85,264	-
EBITDA	**(5,837,823)**	**(2,037,063)**	**(13,981,641)**	**(3,832,317)**
Share based compensation	262,498	370,808	1,982,066	671,501
IPO related costs	290,936	-	1,901,968	-
Fair value of biological assets	(138,981)	-	(596,484)	-
Revaluation of derivative liability	(7,387)	-	(20,690)	-
Interest income	(84,359)	(516)	(140,331)	(10,317)
Adjusted EBITDA	**(5,515,116)**	**(1,666,771)**	**(10,855,112)**	**(3,171,133)**

SUMMARY OF QUARTERLY RESULTS

The following provides a summary of the quarterly results:

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
	$	$	$	$	$	$	$	$
Revenues	4,943	16,571	24,023	24,142	35,166	25,156	33,507	19,563
Net comprehensive loss	(7,194,831)	(5,180,516)	(3,918,014)	(3,475,698)	(2,021,518)	(1,756,683)	(224,269)	(3,475,698)
Loss per share	(0.33)	(0.25)	(0.25)	(0.27)	(0.14)	(0.12)	(0.02)	(0.07)

REVIEW OF FINANCIAL POSITION

The following table provides a summary of the financial position of the Company as at September 30, 2019 and December 31, 2018.

SELECTED FINANCIAL INFORMATION	As at September 30, 2019	As at December 31, 2018
Assets	**$**	**$**
Cash	3,086,171	69,295
Short term investments	3,523,613	-
Amounts receivable	679,082	258,608
Prepaid assets	3,132,914	863,624
Biological assets	291,031	-
Inventory	1,574,327	-
Right to use asset	588,775	-
Property and equipment	19,590,649	16,256,136
Intangible assets	10,830,589	10,733,266
Investments	72	72
Total Assets	**43,297,223**	**28,181,001**
Liabilities and Equity		
Amounts payable	2,717,072	1,455,565
Due to related party	2,734,359	331,320
Convertible debentures	702,687	-
Derivative liability	80,313	-
Lease liability	599,308	-
Term loan	-	14,441
Total Liabilities	**6,833,739**	**1,801,326**
Shareholder's equity	**36,463,484**	**26,379,675**
Total Liabilities and Shareholder's Equity	**43,297,223**	**28,181,001**

Assets

Total assets increased significantly to approximately $43.3 million as at September 30, 2019 from approximately $28.2 million as at December 31, 2018.

Cash and short-term investments increased substantially by approximately $6.5 million from December 31, 2018. The two main drivers of this increase were the closing of Avicanna's second tranche of its special warrant financing and the sale of 10% of the issued and outstanding shares of Sativa Nativa, through a direct subscription which yielded Avicanna approximately $2.8 million.

Prepaid assets increased significantly by approximately $2.3 million. The Company made several large advances to contractors for the construction of its cultivation facilities at Sativa Nativa and SMGH. Deposits were also made for equipment that will be used to expand Avicanna's extraction and analytical capabilities, and whose delivery is scheduled for the fourth quarter of 2019. In addition, the Company made several payments to its research partners and consultants that require payment up front for contracts that extend up to six months from the commencement of the agreement.

The Company recognized both inventory and biological assets as at September 30, 2019. During the third quarter, nineteen genetics were approved allowing the Company to harvest, extract and sell these specific genetics. As a result, any plants that were not harvested at September 30, 2019 were recognized as biological assets at their fair market value less any costs to sell. Furthermore, dried flower, resins, distillates, and crystals on hand at September 30, 2019 that were extracted from one of the 19 approved genetics were recognized into inventory. During the second quarter of 2019 the Company also purchased and received initial packaging for its derma-cosmetic line. All these items were recognized into inventory, which were not present for the same period in 2019.

The right to use asset was recognized in the third quarter of 2019 in accordance with IFRS 16 as the Company entered into its first multi-year lease in April 2019.

Property, plant and equipment increased by approximately $3.3 million. The large increase from December 31, 2018 relates, primarily, to the continued expansion and construction of the cultivation facilities at Sativa Nativa and SMGH and the purchase of equipment for research, development and extraction activities.

Liabilities

The increase in liabilities was due to the following key items:

Accounts payable increased by approximately $1.2 million from December 31, 2018 to September 30, 2019. The increase was the result of several accruals and payables related to the public transaction, namely professional fees. In addition, as the Company scaled up construction of the cultivation facilities of Sativa Nativa and SMGH there were additional payables related to contractors and consultants. In addition, the Company has accrued for variable compensation for the 2019 fiscal year. The related party balance represents the minority shareholders of Sativa Nativa and SMGH. These advances represented proportional contributions, and were utilized for capital and operational expenditures.

During the first quarter of 2019 the Company issued convertible debentures which totaled $783,000, which represents the increase in the derivative liability and convertible debentures from December 31, 2018. The

increase in lease liability as at September 30, 2019 relates to the multi year office lease signed in 2019 and capitalized in accordance with IFRS 16.

Shareholder's Equity

Total Shareholder's Equity increased by approximately $10.1 million at September 30, 2019 compared to December 31, 2018. For the nine months ending September 30, 2019, the Company closed the second tranche of its special warrant financing which yielded net cash proceeds of approximately $17.1 million. Furthermore, shareholders equity was further increased from the exercise of warrants in the amount of $3.5 million and partial sale of Sativa Nativa in the amount of $2.8 million. The increases were offset by losses in the period of $14.6 million.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows for the three and nine months ended September 30, 2019 and September 30, 2018

Cash from Operating Activities

Cash used in operating activities was $16.3 million for the nine months ended September 30, 2019 compared to a usage of $4.1 million for the nine months ended September 30, 2018. The increase in cash used is attributed to an increase in losses from operations. Larger losses were driven by the expansion of operations and increased costs to go public. Furthermore, as cultivation ramped up during the year the Company used a significant amount of its working capital to build up its inventory to meet commercial needs in the future.

Cash used in Investing Activities

Cash used in investing activities was approximately $4.6 million for the nine months ended September 30, 2019 compared to $3.8 million for the nine months ended September 30, 2018. The Company invested approximately $3.5 million in short term investments for the nine months ended September 30, 2019, which was the main driver for the usage of cash. In addition, the Company invested approximately $3.6 million into the purchase of capital assets, compared to approximately $1.5 million for the nine months ended September 30, 2018. The large increase in investment in capital assets is the result of the expansion of the cultivation facilities of Sativa Nativa and SMGH. The usage of cash in investing activities was offset by the partial sale of Sativa Nativa for $2.8 million.

Cash from Financing Activities

Cash from financing activities increased by approximately $23.9 million for the nine months ended September 30, 2019, compared to approximately $7.6 million for the nine months ended September 30, 2018. The large increase of approximately $17.0 million was the result of increased financing activities for the nine months ended September 30, 2019 whereby the Company raised approximately $17.0 million (net) in a second tranche financing of its special warrants and an additional $783,000 in a convertible debenture offering.

Liquidity and Capital Resources

The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations and capital expenditures. As at September 30, 2019, the Company had working capital surplus of approximately $6.6 million, with current assets of approximately $12.3 million and current liabilities of approximately $2.9 million, which excludes related party advances. The Company commenced its commercial

sales activity in the fourth quarter of 2019, however given the volumes there wasn't a substantial amount of inventory that was required to fulfill sales orders. In addition, while the Company requires a significant amount of harvested inventory and assets to be on hand to meet future demand, the cost for cultivation and extraction is cost effective given the region of world in which its cultivation assets are located. Therefore, there is not a substantial amount of working capital required to build up inventory, and the Company had approximately 120 kilograms of finished CBD isolate product available for sale and use at September 30, 2019.

Furthermore, the related party balance due of $2.7 million is not intended to be repaid. As these amounts become due, the outstanding balances will convert into common shares of SMGH and Sativa Nativa, consistent with current ownership splits.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements other than those described under commitments and contingencies above.

RELATED PARTY BALANCES AND TRANSACTIONS

Compensation expense for Avicanna's key management personnel for the nine months ended September 30, 2019 and year ended December 31, 2018 is as follows:

	For the nine months ended September 30, 2019	December 31, 2018
Salaries and benefits	$ 1,541,335	$ 671,433
Share-based compensation	440,731	34,000
Total	$ 1,982,066	$ 705,433

Additionally, as of September 30, 2019 a minority shareholder of SMGH, Inmobiliaria Bondue S.A.S. ("Bondue") and two minority shareholders of Sativa Nativa, Sergio Puerta and Jose Beltran advanced funds in the amount of $2,734,359. Bondue is owned by Mr. Char who is also a director of the Company. The purpose of the advance was to fund the Company's working capital and capital requirements.

CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares in the capital of the Company which may be issued in series. As of September 30, 2019, 22,294,723 common shares were issued and outstanding as fully paid and non-assessable and no preferred shares had been issued. As of September 30, 2019, the Company also had the following securities, convertible into common shares, outstanding: (i) 1,729,320 stock options, (ii) 1,483,341 common share purchase warrants, (iii) 108,658 restricted share units, (iv) $783,000 principal amount convertible debentures (the principal of which is convertible into 97,875 common shares) and (v) 147,380 compensation warrants (each convertible into one common share and one-half of one common share purchase warrant).

As of the date hereof, 22,294,723 common shares are issued and outstanding as fully paid and non-assessable and no preferred shares have been issued. As of the date hereof, the Company also has the following securities, convertible into common shares, outstanding: (i) 1,732,071 stock options, (ii) 1,483,341 common share purchase warrants, (iii) 108,658 restricted share units, (iv) $783,000 principal amount convertible debentures (the principal of which is convertible into 97,875 common shares) and (v) 147,380 compensation warrants (each convertible into one common share and one-half of one common share purchase warrant).

USE OF FUNDS RECONCILIATION

In connection with the listing of the common shares on the TSX, the Company filed a long-form prospectus on July 8, 2019 which detailed the Company's intended use of the $15,647,702 available to the Company at that time. The following table sets forth a comparison of the disclosure regarding the Company's estimated use of funds set out in such prospectus, which may be viewed on the Company's SEDAR profile at www.sedar.com and any variances in such estimates:

Principal Purpose	Original Estimate ($)	Revised Estimate ($)	Variance ($)
Completion of construction of cultivation infrastructure in Colombia	4,478,063	4,478,063	-
Initial product orders for derma-cosmetic distribution	91,649	226,000	134,351
Initial product orders for phyto-therapeutic and pharmaceutical testing	365,500	150,000	(215,500)
General and administrative expenses	7,568,114	8,668,114	1,100,000
Obligations under R&D agreements	1,455,135	1,455,135	-
Marketing activities	1,038,180	876.180	(162,000)

The Company manufactured more derma cosmetic products than originally anticipated. As the Company did its official launch in October 2019, it produced additional products to ensure sufficient inventory was on hand for re-ordering. Additional funds were expended on producing test batches for quality assurance.

The Company is anticipating producing less phyto-therapeutic products on its initial manufacturing runs. Given the current global regulatory environment the Company is exercising caution and ensuring sufficient due diligence is being done before entering new markets. As a result, the Company will only be entering markets where local regulatory bodies allow for the sale and distribution of these products, and therefore, the Company has reduced its initial production runs.

The increase in anticipated general and administrative expenses is the result of higher than expected personnel hires. Leading up to the commercial launches and sales initiatives, additional sales, marketing, regulatory and business development personnel were hired. In addition, the Company's higher than expected spending on travel, IT, and professional fees were directly related to the Company's commercial ramp ups.

Thus far, marketing expenses have been lower than expected. As noted above, the Company is being cautious about entering new markets given the stringent regulatory environment. As a result, the Company's projected marketing spend has decreased from initial estimates.

The Company does not expect the above noted variances to have a material impact on its ability to meet its previously disclosed business objectives and milestones.

CRITICAL ACCOUNTING ESTIMATES

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements:

Useful lives and impairment of property and equipment

Depreciation of property, plant and equipment is dependent upon management's estimate of the assets' useful lives. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Share-based compensation

In calculating the share-based compensation expense, key estimates such as the value of the common shares, the rate of forfeiture of options granted, the expected life of the option, the volatility of the value of the Company's common shares and the risk-free interest rate are used.

Leases

Effective January 1, 2019, the Company adopted IFRS 16, Leases, replacing IAS 17, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, IFRS 16 was adopted retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2019. The Company also utilized certain practical expedient elections whereby (i) there is no need to reassess whether an existing contract is a lease, or contains an embedded lease if previously determined under IAS 17, (ii) short term and low value leases are treated as operating leases, and (iii) there is no need to reassess the previous assessments in respect of onerous contracts that confirmed there were no existing onerous lease contracts. Under IFRS 16, leases greater than 12 months are now recognized on the balance sheet for lessees, essentially eliminating the distinction between a finance lease and an operating lease under IAS 17, where operating leases were reflected in the condensed consolidated interim statements of operations and comprehensive loss. There were no transitional adjustments upon adoption of this standard as all leases were entered in the current year.

The following are the Company's new accounting policies for its leases under IFRS 16:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

As a lessee, the Company recognizes a lease obligation and a right-of-use asset in the condensed consolidated interim statements of financial position on a present-value basis at the date when the leased asset is available for use. Each lease payment is apportioned between a finance charge and a reduction of the lease obligation. Finance charges are recognized in finance cost in the condensed consolidated interim statements of operations and comprehensive loss. The right-of-use asset is included in property and equipment and is depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Lease obligations are initially measured at the net present value of the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payment that are based on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, or if this rate cannot be determined, the Company's incremental borrowing rate. Right-of-use assets are initially measured at cost comprising the following: the amount of the initial measurement of the lease obligation; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and rehabilitation costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the condensed consolidated interim statements of operations and comprehensive loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise primarily small equipment.

Financial Instruments and Risk Management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

In addition to the commitments disclosed, the Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying amount	Contractual cash flows	Year 1	Year 2	Year 3
Amounts payable	$ 2,717,072	$ 2,717,072	$ 2,717,072	$ -	$ -
Totals	**$** 2,717,072	**$** 2,717,072	**$** 2,717,072	**$** -	**$** -

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

I. Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

II. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any borrowings subject to a variable interest rate.

III. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at September 30, 2019 and December 31, 2018.

Fair values

The carrying values of cash and cash equivalents, marketable securities, trade and other receivables, trade and other payables and funds held for investment approximate the fair values due to the short-term nature of these items. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs which are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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

Cash and cash equivalents and marketable securities are classified as Level 1 financial instruments. Trade and other receivables, trade and other payables and funds held for investment are classified as Level 2 financial instruments. During the year, there were no transfers of amounts between Level 1 and Level 2.

RISK FACTORS

Due to the nature of the Company's business, the legal and economic climate in which it operates and its present stage of development, the Company is subject to significant risks. Additional risks and uncertainties not presently known to management or that management currently considers immaterial may also impair the business and operations.

Factors that could cause actual results to differ materially from those set forth in forward-looking information include, but are not limited to: financial risks; inflationary risks; foreign exchange risks; international taxation risks; the Company's ability to obtain or maintain insurance at reasonable rates; product development, facility and technological risks; agricultural risks; changes to applicable laws or regulations; developing market risks; ability to obtain or maintain licenses or certifications; product recall and product liability risks; import, export and transportation risks; expected number of medical cannabis users and the willingness of physicians to prescribe medical cannabis to patients in the markets in which the Company operates; ability to access financing on commercially attractive terms.

For a discussion of the risks faced by the Company, please refer to the section titled "Risk Factors" in the Company's long form prospectus dated July 8, 2019, available under the Company's profile on SEDAR, at www.sedar.com.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

The information provided in this report, including the information derived from the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 - Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), Form 52-109F2 – IPO/RTO does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The CEO and CFO of the Company are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of the Company to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52- 109 in the first financial period following an IPO in the circumstances described in s. 5.5 of NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

During the nine-month period ended September 30, 2019, no changes were made in the Company's design of internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

FURTHER INFORMATION

Additional information regarding the Company, including the Financial Statements, is available at www.avicanna.com or through the Company's profile on SEDAR at www.sedar.com.