VIVO CANNABIS INC.

(formerly ABcann Global Corporation)

Management's Discussion & Analysis

For the Three and Six Months Ended June 30, 2018

August 29, 2018

Introduction

This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of VIVO Cannabis Inc. (the "**Company**" or "**VIVO**") is for the three and six months ended June 30, 2018 and is prepared as of August 29, 2018. It is supplemental to, and should be read in conjunction with, the Company's condensed interim consolidated financial statements and the notes thereto for the three and six months ended June 30, 2018. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All monetary amounts herein are expressed in Canadian dollars unless otherwise specified.

This MD&A provides information that the management of the Company believes is helpful to understand the results of operations and financial condition of the Company. The objective is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the operating results, liquidity and financial position of the Company.

Additional information relating to the Company can be found under the Company's profile on the SEDAR website at www.sedar.com.

Notice Concerning Forward-Looking Statements

This MD&A includes "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian securities legislation, which are statements other than statements of historical fact and which can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "would", "could" or "will" happen, or by discussions of strategy. Forward-looking statements in this MD&A include statements with respect to: the expected performance of the Company's business and operations; the Company's expectations regarding revenues, expenses and anticipated cash needs; the intention to grow the Company's business and operations; the expansion of the Company's Vanluven Facility (as defined herein), construction and development of the Company's proposed Kimmett Facility (as defined herein), and the increase in the number of clinics of Harvest Medicine Inc. ("**Harvest Medicine**"), and the respective costs and timing associated therewith; the expected timing of receipt of GMP certification; the Company's proposed acquisition of Canna Farms (as defined herein); Beacon Medical's goal to help patients and their healthcare providers navigate the complex medical cannabis market to find their best treatment option; Beacon Medical's plan to differentiate itself by focusing on the patient experience; and the expected legalization of cannabis for adult use in Canada and the timing thereof.

Forward-looking statements are based upon the expectations, estimates, projections, assumptions and views of future events of management at the date hereof and which management believe to be reasonable in the circumstances, including with respect to: general economic conditions; the expected completion of the Canna Farms acquisition; the expected timing and cost of expanding the Company's production capacity; the expected timing of the implementation of the Canadian adult-use cannabis market; future growth of the Company's business and international opportunities; the development of new products and product formats; the Company's ability to retain key personnel; the Company's ability to continue investing in its infrastructure to support growth; the impact of competition; trends in the Canadian medical cannabis industry; and changes in laws, rules and regulations. Forward-looking

statements should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications as to whether, or the times at which, such events, performance or results will occur or be achieved. The forward-looking statements contained in this MD&A are subject to known and unknown risks and uncertainties, including but not limited to: those risks and uncertainties described in this MD&A under the heading "Risks and Uncertainties"; those risks and uncertainties discussed under the heading "Risk Factors" in the Company's annual information form dated April 30, 2018 in respect of the Company's financial year completed December 31, 2017, any of which could cause actual results to differ materially from those expressed or implied by the forward-looking statements disclosed herein. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements in this MD&A speak only as of the date on which they are made and the Company does not undertake any obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Company Overview

The Company was incorporated under the *Canada Business Corporations Act* on April 12, 2007 and was initially classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "**TSXV**").

On April 28, 2017, ABcann Medicinals Inc. ("**ABcann Medicinals**") completed a reverse takeover of the Company by way of a three–cornered amalgamation among the Company, ABcann Medicinals and a wholly-owned subsidiary of the Company created solely for the purpose of effecting the amalgamation (the "**Qualifying Transaction**"). In connection with the completion of the Qualifying Transaction, the Company changed its name from "Panda Capital Inc." to "ABcann Global Corporation" and the Company's common shares (each, a "**Share**") resumed trading on the TSXV under the symbol "ABCN". As a result of the completion of the Qualifying Transaction, the Company's principal business activities became those of ABcann Medicinals.

On August 7, 2018, the Company changed its name to "VIVO Cannabis Inc." and the trading symbol for the Shares on the TSXV changed to "VIVO".

The Company's business has three primary segments: (i) a medical cannabis segment, through which the Company produces and sells cannabis for medical purposes as regulated by the *Access to Cannabis for Medical Purposes Regulations* (Canada) (the "**ACMPR**"), pursuant to a licence issued by Health Canada to ABcann Medicinals (the "**Licence**") in respect of the Company's Vanluven facility located in Napanee, Ontario (the "**Vanluven Facility**"); (ii) a patient clinic segment, under which the Company operates education focused, patient-centric, cannabis discovery clinics under the brand name of Harvest Medicine; and (iii) a corporate segment, which relates to the Company's non-production related corporate activities.

The Licence was initially obtained in March 2014 and ABcann Medicinals commenced full production in mid-2015. Prior to each expiry of the term of the Licence, ABcann Medicinals must submit an application for renewal to Health Canada. The Licence's current term will expire on October 30, 2020.

The Company cultivates and produces cannabis-based products for direct sale to its patients across Canada as well as for bulk sales to other licensed producers under the ACMPR ("**Licensed Producers**"). The Company interacts with its patients via its e-commerce platform as well as by phone and email correspondence directed to its patient-care team. Currently, the Company sells dried cannabis to its patients from the Vanluven Facility.

The Company has been working on developing its cannabis products, systems and facilities so they can be replicated in a number of jurisdictions throughout the world where medical cannabis or recreational cannabis may be legally produced and sold. The Company believes that its advanced proprietary technology that creates a precision controlled environment results in pharmaceutical-grade cannabis of consistent quality. The Company expects both its portfolio of products and the jurisdictions outside of Canada in which it operates to expand as local laws allow, resources permit, and where market research indicates opportunity.

Company Highlights

Corporate Re-Branding

In the second quarter of 2018, management determined to undertake a re-branding of the Company in order to better reflect the Company's business and to position the Company for the opening of the adult use cannabis market. In connection with the re-branding, the Company changed its name to VIVO Cannabis Inc., a contemporary reflection of the Company's evolution, purpose and direction, and announced the launch of three new brands: Beacon Medical™, Lumina™ and Fireside™.

Beacon Medical™

Beacon Medical™ is the Company's medical cannabis brand and is focused on helping patients and their healthcare providers navigate the complex medical cannabis market to find the best treatment option. The Company is committed to developing its brands based on deep consumer insights, and the adoption of the Beacon Medical™ brand was a direct result of an exclusive study of 1,500 Canadians that VIVO conducted in early 2018. VIVO's study identified that 73% of adult Canadians who are not currently using cannabis, but have a treatable condition, say they lack the appropriate knowledge of how to use medical cannabis, and 67% say they are unfamiliar with how to obtain medical cannabis. Beacon Medical™ is centered on enhancing the patient experience: simple registration and product classification, efficient purchasing, pharmaceutical-grade products, and compassionate customer service.

Fireside™

Fireside™ will be the Company's first adult-use cannabis brand. It is tailored specifically for social cannabis users, based on extensive research and consumer insights. When the adult-use recreational cannabis market opens to Canadians in October, Fireside™ products will be available in both dried whole-bud and pre-rolled formats. Fireside™ epitomizes the social experience of sharing good times with friends around a fire, whether at the cabin or in an urban setting. Crafted for social occasions, Fireside™ will appeal to the premium segment of the adult-use recreational cannabis market. Fireside™ will be available in three varieties, all grown in the Company's state-of-the-art, ISO 9001 certified facilities using refined production techniques.

Lumina™

Lumina™, an adult-use cannabis brand designed with health and wellness in mind, will be the Company's third entry in its lineup of cannabis brands. It will be dedicated to non-combustible formats of cannabis and future innovations in the wellness space. Lumina™ Oils, the first expected product group in the Lumina™ line, are expected to come in three formulations to satisfy a variety of needs:

- CBD oil: 0 mg/mL THC, 25 mg/mL CBD
- Balanced oil: 12.5 mg/mL THC, 12.5 mg/mL CBD
- THC oil: 25 mg/mL THC, 0 mg/mL CBD

The oils can be taken on their own, mixed with food or drink, or used in cooking or baking. Generally, while cannabis-infused oils take longer to take effect, they last longer than combustible methods of delivery.

Vanluven and Kimmett Facility Update

The Company's previously announced expansion of its Vanluven Facility includes state-of-the-art areas for cultivation, extraction, formulation and packaging. The expansion has been completed and is expected to be fully commissioned and on-line in September 2018. VIVO is expecting to receive GMP certification for the Vanluven Facility in the fourth quarter of 2018 or early in 2019, which will facilitate the export of the Company's products to certain international markets.

The Company is developing a plan for the construction of its proposed Kimmett facility, also located in Napanee, Ontario (the "**Kimmett Facility**"). The macro plan and budget for the Kimmett Facility are not expected to be completed until later this year, however the Company has developed the following three-phased approach to begin to generate revenue from the Kimmett Facility prior to its completion:

- Phase 1, which has recently commenced, consists of the construction of seasonal greenhouses and a header house with an annual production capacity of approximately 4,000 kilograms. Subject to receipt of necessary Health Canada approvals, this innovative design is expected to result in one of the lowest capital and operating costs per gram in the industry.

- Phase 2, consisting of additional greenhouses with aggregate annual production capacity of approximately 10,000 kilograms, is expected to bring the Company's total annual production capacity to approximately 15,500 kilograms.

- Phase 3, which is expected to include the Auxly (Cannabis Wheaton) expansion area, as further described below, is expected to be a hybrid production facility with 17,000 kilograms of capacity and is expected to commence production in late 2019.

Acquisition of Harvest Medicine

In December 2017, the Company entered into a binding letter of intent to acquire all of the outstanding securities of Harvest Medicine, an education focused, patient-centric, cannabis discovery centre and clinic. The acquisition was completed on January 31, 2018. Harvest Medicine currently has five doctors and sees over 2,000 patients per month at its 3,500 square foot clinic located in Northland Village Mall

in Calgary, Alberta, and opened a second clinic of approximately 3,000 square feet inside the St. Albert Centre in St. Albert, Alberta in July 2018. It is also evaluating other locations both in Alberta and other provinces and expects to open additional clinics as it recruits doctors and identifies appropriate locations. It is expected that approximately 50% of the Company's revenue will be derived from Harvest Medicine during the 2018 fiscal year.

Harvest Medicine only works with Health Canada approved Licensed Producers. It has no relationships with distributors or dispensaries. Its clinics are not located in close physical proximity to any known Licensed Producers, distributors or dispensaries.

Harvest Medicine receives educational grants from various Licensed Producers to support the educational activities at its clinics and to help educate patients on topics such as: the difference between THC and CBD; proper storage of and safe handling of cannabis; dosing guidelines; strain selection; and product selection (for example, oils versus dried flower). The Licensed Producers with which Harvest Medicine has contractual arrangements include the largest and most well-known producers in the cannabis sector. Harvest Medicine has entered into agreements with these Licensed Producers because of their reputations and the quality of their products.

Harvest Medicine receives fixed fees from each Licensed Producer through the provision of educational grants, generally varying between 15% and 20% of the amount purchased by Harvest Medicine's clients from such Licensed Producer. To date, Harvest Medicine's patient educators (the "**Educators**") have not been made aware of these fee arrangements and their recommendations to clients are not informed in any way by such fee arrangements. Rather, Harvest Medicine and the Educators are committed to connecting patients to the Licensed Producers that are best suited for their needs. The Educators are not prevented from recommending or suggesting the products of a Licensed Producer that has not provided an educational grant to Harvest Medicine. Management of Harvest Medicine monitor the product offerings of Licensed Producers on an ongoing basis to ensure that the Educators are able to make recommendations with respect to particular product types that may be sought by patients, notwithstanding that Harvest Medicine may not be party to an educational grant agreement with such Licensed Producer.

To address any potential conflicts of interest, the Company has provided an undertaking to the Ontario Securities Commission that: (i) the Company will continue to implement certain conflict of interest measures, specifically that: (a) no incentives (monetary or in any other form) will be provided to physicians or the Educators to prescribe or recommend the Company's products, and (b) should the Company offer a product that may be appropriate for a patient, the Company's product will only be recommended by the Educators as one of several recommended products (together with similar products from other Licensed Producers) or as a product without discussion or reference to the Company's name, and in the event that these measures are altered, the Company will notify the Ontario Securities Commission, issue a press release and file a material change report with respect to same; and (ii) the Company will disclose in its annual and interim MD&A on a going-forward basis that the foregoing measures to address potential conflicts of interest continue to be in effect.

The Harvest Medicine board of directors is comprised of: Paul Lucas, Richard Fitzgerald, Barry Fishman and Shekhar Parmar. With the exception of Mr. Parmar, each of the directors is also a director of the Company. For additional information with respect to the regulatory framework applicable to Harvest Medicine, as well as its relationship with Licensed Producers, distributors and dispensaries, and other

information about its business, see the Company's Annual Information Form for the year ended December 31, 2017, which is available under the Company's profile on SEDAR at www.sedar.com.

Auxly (Cannabis Wheaton) Agreement

On May 29, 2017, the Company announced it had entered into a binding interim agreement (the "**Auxly Agreement**") with Auxly Cannabis Group Inc. (formerly known as Cannabis Wheaton Income Corp.) ("**Auxly**") to fund the construction of a minimum of an additional 50,000 square feet of cultivation space (the "**Financed Expansion Area**") at the Company's proposed Kimmett Facility. The Financed Expansion Area will be in addition to the Company's originally planned 100,000 square foot Kimmett Facility.

Pursuant to the terms of the Auxly Agreement, Auxly agreed to invest $30 million in the Company, of which an initial investment of $15 million was completed on August 1, 2017, pursuant to which Auxly acquired 6,666,666 Shares at a price of $2.25 per Share, and a second $15 million investment was to be completed on the earlier of 10 days following the raising of an aggregate of $150 million by Auxly or March 31, 2018.

In March 2018, the Company and Auxly entered into an amendment to the Auxly Agreement pursuant to which they agreed to extend the deadline for completion of the second $15 million investment to the date that is within 60 days of Auxly accepting the Company's proposed construction budget and timeline for the Kimmett Facility (the "**Kimmett Plan**"), a draft of which must be delivered to Auxly for review by September 19, 2018. Assuming the Kimmett Plan is accepted by Auxly, Auxly has agreed to subscribe for $15 million worth of special warrants of the Company, at a price per special warrant equal to the greater of (i) two times the then trading price of the Shares and (ii) $2.25, and with each special warrant entitling the holder to acquire one Share for no additional consideration.

The Auxly Agreement, as amended, provides that, upon completion of the full $30 million investment by Auxly, Auxly will provide all necessary funding to complete the construction of the Financed Expansion Area in accordance with the Kimmett Plan. In return, Auxly will be granted access and influence over 50% of the actual cultivation yield generated by the Financed Expansion Area, which shall be prorated across each lot or batch of each strain grown in the Financed Expansion Area (the "**EPA Allocation**"), together with certain ancillary rights. Auxly's entitlement to the EPA Allocation will not begin until after the completion of the second $15 million investment by Auxly. As at the date hereof, the Kimmett Plan is under review by the Company and has not yet been delivered to Auxly. Unless the Kimmett Plan is provided by the Company to Auxly in the time required, and Auxly approves the Kimmett Plan, there can be no assurance that the second $15 million Auxly investment will be completed on the terms contemplated or at all, or that the Financed Expansion Area will be completed.

Cannabis Oil License

The Company has obtained a license from Health Canada to produce medical cannabis oils and has applied for and expects to receive a license to sell cannabis oils late in the third quarter of 2018. In order to obtain such approval, the Company must have two batches of cannabis oil processed and tested to the satisfaction of Health Canada. As the Company does not currently own any extraction equipment, it is working with another Licensed Producer to process the Company's raw materials and prepare samples of its cannabis oils for submission to Health Canada in connection with the application.

International Expansion

The Company has signed an agreement to supply medicinal cannabis to the Australian Medicinal Cannabis Service, as well as a research agreement with the Metro Pain Group (the "**MPG**"), a prominent group of pain physicians in Melbourne, pursuant to which an initial shipment has been made. VIVO's product is currently being transformed into clinical trial material in Australia and will be administered to patients in a study designed, and to be conducted, by the MPG. Enrollment in this study, exploring the use of cannabinoids in the management of chronic pain, has commenced and the first patient visit is anticipated in the coming weeks.

The Company has also submitted joint applications to the German Narcotic Agency (BfArM) and the State of Brandenburg, seeking approval for a narcotic import and distribution license. This approval, expected by the end of 2018 or early 2019, will permit the Company to ship medicinal cannabis to the German market. The Company aims to obtain a distribution license in Germany after GMP certification of the Vanluven Facility is received and the required stability testing of its products is completed. The Company also plans to enter the next round of the German tender process for cultivation and continues to evaluate multiple opportunities to enter into additional European markets.

February 2018 Prospectus Offering

On February 28, 2018, the Company completed a prospectus offering (the "**2018 Prospectus Offering**") on a "bought deal basis", pursuant to a short form prospectus dated February 22, 2018 (the "**Prospectus**"), in connection with which it issued an aggregate of: (i) 11,500,000 units (each, a "**Unit**") at a price of $3.50 per Unit for aggregate gross proceeds of $40,250,000, (ii) 30,000 6.0% unsecured convertible debentures (each, a "**2018 Debenture**") in the aggregate principal amount of $30,000,000 (including 862,500 warrants of the Company (each, a "**Warrant**"), and (iii) 4,500 2018 Debentures sold pursuant to the exercise of the underwriters' over-allotment option, for additional aggregate gross proceeds of $4,793,250. The Prospectus also qualified the distribution of the 20 million Shares issuable on conversion of the $30 million in aggregate principal amount of convertible unsecured debentures issued on December 22, 2017 (the "**2017 Debentures**").

Each Unit was comprised of one Share and one-half of one Warrant, with each Warrant entitling the holder thereof to acquire one additional Share at an exercise price of $4.25 per Share, subject to adjustment in certain circumstances, until February 28, 2020. In the event that the Shares have a daily volume weighted average trading price of $7.00 or higher on the TSXV for a period of 15 trading days, the Company shall be entitled to accelerate the exercise period of the Warrants to a period ending not less than 30 days from the date written notice of acceleration is provided to the holders thereof. The Warrants were issued pursuant to the terms of a warrant indenture dated February 28, 2018 between the Company and TSX Trust Company, as warrant agent.

The 2018 Debentures mature on February 28, 2021 and the outstanding principal of the 2018 Debentures bears interest at the rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31 in each year, commencing on June 30, 2018. The 2018 Debentures have been issued pursuant to the terms of a debenture indenture dated February 28, 2018 between the Company and TSX Trust Company, as debenture trustee. Each 2018 Debenture is convertible into Shares at the option of the holder at any time prior to the close of business on the last business day immediately preceding the maturity date at a conversion price of $4.00 per Share, subject to adjustment in certain circumstances.

In connection with the 2018 Prospectus Offering, the Company also issued the underwriters a total of 575,000 compensation warrants, each of which is exercisable into one unit of the Company at a price of $3.50 per unit, with each unit to be comprised of one Share and one-half of one Warrant, and with each whole Warrant entitling the holder to acquire one additional Share at a price of $4.25 per Share until February 28, 2020.

Additional Disclosure with respect to Significant Projects that have not yet Generated Revenue and Use of Proceeds of Prior Financings

The following table sets out the Company's previously disclosed expected uses of prior financings as set out in the Prospectus, which include: (i) the remaining proceeds of the concurrent financings undertaken by the Company in connection with the Qualifying Transaction; (ii) the proceeds of the first $15 million Auxly investment; (iii) the proceeds of the offering of the 2017 Debentures; (iv) the proceeds of the 2018 Prospectus Offering; and (v) cash received by the Company from the exercise of outstanding stock options and warrants (which were previously included in the use of proceeds table in the Prospectus), on a combined basis. There have been no material variances in the expected use of proceeds since the date of the Prospectus.

Use of funds	Estimated funds required for completion as at the date of the Prospectus	Funds the Company expects to require for completion as at the date hereof	Actual funds spent as of the date of this MD&A	Expected timeframe for completion as at the date of the Prospectus	Expected timeframe for completion as at the date hereof
Completion of Vanluven Facility expansion	$7.2 million	$100,000	$11.4 million[(1)]	Q3 of 2018	Q3 of 2018
Corporate development (including expansion of retail strategy through new Harvest Medicine clinics, pursuit of potential acquisitions, and pursuit of other expansion options)	$36.3 million[(2)]	$35.3 million[(3)]	$1,000,000	Ongoing	Ongoing
Construction and development of Kimmett Facility	$56.0 million[(4)]	$53.0 million	$3.0 million	Q4 of 2019	Q4 of 2019
Product development (cannabis oil products, brand development, etc.)	$8.0 million	$7.25 million	$750,000	Ongoing	Ongoing
Completion of international licensing/distribution agreements	$250,000	$450,000	$150,000	Q4 of 2018	Q4 of 2018

(1) Portions of this amount have been incurred and are payable but have not yet been paid. This amount includes $3.8 million spent prior to the date of the Prospectus.

(2) The $30 million raised from the offering of the 2017 Debentures has been allocated to pursuit of strategic acquisitions in the cannabis sector and for working capital purposes.

(3) The reduction of $300,000 from the disclosure included in the Prospectus reflects the spending of funds with respect to the development of Harvest Medicine and other corporate development activities by the Company. Assuming the

successful completion of the CF Acquisition (as defined below), this amount will be reduced by a further $22.5 million following the payment of the cash consideration to the Vendors (as defined below).

(4) Includes $14.5 million raised from the concurrent financings undertaken by the Company in connection with the Qualifying Transaction and the $15 million raised from the first Auxly investment. Does not include any proceeds that may be received by the Company from the second proposed Auxly investment, because completion of such investment is not assured as at the date hereof.

As set out in the table above, the majority of the Company's existing funds have been allocated for specific purposes, particularly related to the expansion of the Vanluven Facility (which has now been completed and is in the commissioning phase), construction and development of the Kimmett Facility, and strategic acquisitions and production expansion.

At this stage, other than with respect to the CF Acquisition, as further described below, and the opening of additional Harvest Medicine clinics, potential strategic acquisitions and production expansion opportunities the Company is considering are only in the conceptual stage and no significant funds have been expended or agreements entered into. A second Harvest Medicine clinic, located in St. Albert, Alberta, opened in July 2018, at an approximate cost of $300,000. The Company plans to open two additional Harvest Medicine clinics prior to the end of the year but, to date, no funds have been expended with respect to those clinics.

The disclosure with respect to plans for the Vanluven Facility expansion and Kimmett Facility construction, as well as the expenditures required to bring the projects to completion, remains largely unchanged from the information included in the Prospectus. Specifically, to date, the Company has spent (or incurred but not yet paid) approximately $11.4 million on the Vanluven Facility expansion and expects to expend an additional $100,000 to conclude the project's current commissioning activities.

Development of the Kimmett property is currently expected to cost approximately $56 million as the Company continues to evaluate development and construction options in connection with preparation of the Kimmett Plan, including developing the land in phases. Funds have been expended to advance the construction of greenhouses on part of the property. As at the date hereof, the Company continues to expect an indoor growing facility to also be constructed on the property, which is expected to be completed in the fourth quarter of 2019. Until the Kimmett Plan is finalized, the exact amount of funds required for the complete development of the Kimmett lands is unknown. Work on the Kimmett Plan is well under way and the Company expects to deliver the Kimmett Plan to Auxly by the September 19, 2018 deadline. Once the Kimmett Plan is approved, the Company will provide further disclosure with respect to the expected cost of completion of the Kimmett Facility.

Proposed Transaction

On July 30, 2018, the Company announced that it had entered into a definitive agreement (the "**CF Agreement**") with the shareholders (the "**Vendors**") of Canna Farms Limited ("**Canna Farms**") to acquire 100% of the issued and outstanding share capital of Canna Farms, a Licensed Producer located in Hope, British Columbia (the "**CF Acquisition**"). Under the terms of the CF Agreement, the Company will pay the Vendors an approximate purchase price of up to $127,900,000, consisting of: (i) a cash payment in the amount of up to $22.5 million, subject to adjustment in accordance with the terms of the CF Agreement; and (ii) the issuance of 92.5 million Shares at a deemed price of $1.14 per Share. Under the terms of the CF Agreement: (i) the cash payment will be paid on closing; and (ii) 20,555,556 Shares will be issued to the Vendors on closing as freely tradeable shares, with the balance of 71,944,444 Shares to be released

from escrow in six month increments over 30 months pursuant to an escrow agreement to be entered into upon closing of the CF Acquisition.

Upon completion of the CF Acquisition, the two co-founders of Canna Farms, Daniel Laflamme and Raymond Laflamme (together with their respective personal holding companies – NPK Holdings Limited and Grass Roots Holdings Limited), are expected to each own 16.1% of VIVO's outstanding Shares. Each of Daniel Laflamme and Raymond Laflamme are expected to remain with the combined company as President, Canna Farms, and Senior Vice President, Facilities and Engineering, VIVO, respectively. Daniel Laflamme will be appointed to the VIVO board of directors upon completion of the CF Acquisition.

The CF Acquisition is expected to be immediately accretive to VIVO. For the twelve months ended June 30, 2018, Canna Farms generated unaudited revenue and adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, excluding any changes in the fair value of biological assets) of $9.4 million and $4.3 million, respectively. For the fiscal year ended September 30, 2017, Canna Farms generated audited revenue of $5.8 million and adjusted EBITDA of $2.8 million.

The CF Acquisition remains subject to a number of customary closing conditions but is expected to close shortly. The Company has obtained the conditional approval of the TSXV for the CF Acquisition. The approval of the Company's shareholders is not required.

Selected Quarterly Financial Information

The following table sets forth a comparison of the Company's revenues and earnings on a quarterly basis for each of the eight most recently completed quarters:

	June 30, 2018 ($)	**March 31, 2018 ($)**	**December 31, 2017 ($)**	**September 30, 2017 ($)**
Revenue	1,053,684	541,284	313,030	176,975
Net loss	794,449	7,049,829	11,092,600	3,701,510
Net loss per Share, basic and diluted	0.01	0.05	0.08	0.04

	June 30, 2017 ($)	**March 31, 2017 ($)**	**December 31, 2016 ($)**	**September 30, 2016 ($)**
Revenue	264,319	172,483	337,030	188,910
Net loss	11,435,210	3,026,432	3,264,449	1,195,178
Net loss per Share, basic and diluted	0.12	0.04	0.05	0.02

The increase in revenues in the quarter ended June 30, 2018 is largely attributable to the acquisition of Harvest Medicine, which the Company acquired on January 31, 2018. This acquisition also accounted for the increase in revenue in the first quarter of 2018, as compared to prior periods in 2017 and 2016. $368,959 of the revenues earned in the quarter were derived from the sale of dried cannabis and $684,725 were derived from patient counselling revenue from Harvest Medicine. As such, although sales of dried cannabis increased in the quarter as compared to prior periods, the increase has not been material and is reflective of the Company's steadily increasing business operations.

With respect to other profit and loss line items, the significant change in "gross profit (loss) before fair value adjustments" in periods between 2016 to 2017 was also attributable to the fact that 2016 was the Company's first year of sales, which began in the second quarter. As such, sales were almost double in 2017 as compared to 2016 and the cost of sales was significantly higher in 2017 as compared to 2016. In addition, the Company had more bulk sales, which are made at a lower price per gram than patient sales, in 2016 as compared to 2017. Because 2016 represented only a partial year of sales, the Company also had more inventory. In 2017, inventory was adjusted and an impairment was recognized.

The significant quarterly increases in net loss in the second and fourth quarters of 2017 were largely attributable to the completion of the Qualifying Transaction in the second quarter of 2017 (in connection with which the Company incurred listing costs of $6,220,818), and increases in finance expense, which was $4,443,327, related to the 2017 Debenture financing, stock-based payments, which were $5,171,079, and loss on change in the fair value of a derivative liability, which was $1,472,327, in the three months ended December 31, 2017.

Net loss in the first two quarters of 2018 was largely attributable to increases in corporate overhead, resulting from growth in head count and an increase in business and corporate development activity, including with respect to the acquisition of Harvest Medicine and the proposed CF Acquisition. The decrease in net loss in the current quarter was primarily attributable to a gain of $5,718,581 on the Company's passive investment in another Canadian cannabis issuer. Expenses have increased as the Company has: invested in attracting and retaining new management and other personnel, which has included the grant of share-based compensation to various personnel; undertaken new brand awareness and marketing activities; incurred additional overhead to increase production and attract new patients; and pursued potential strategic acquisitions and other transactions, such as the acquisition of Harvest Medicine and the proposed CF Acquisition. Expenses and costs of sales are expected to continue to increase as the Company completes commissioning of the Vanluven Facility and continues to formulate the Kimmett Plan with respect to the Kimmett Facility.

In November 2016, Veterans Affairs Canada announced a new Reimbursement Policy for Cannabis for Medical Purposes (the "**VAC Policy**"). The key points of the VAC Policy include a maximum reimbursement rate of $8.50 per gram of dried cannabis or the equivalent amount of fresh cannabis or cannabis oil, and coverage limitations to an amount of three grams per day. The reimbursement limitations became effective immediately and the coverage limitations became effective on May 21, 2017. Since implementation of the VAC Policy, any difference between the Company's typical pricing and pricing required by the VAC Policy has been recorded as a discount.

Results of Operations

Revenue and Cost of Sales

The following table presents selected financial results for the Company's three segments for the three and six months ended June 30, 2018:

	Medical Cannabis ($)	Patient Clinics ($)	Corporate ($)	Total ($)
For the three months ended June 30, 2018				
Revenue	368,959	684,725	-	1,053,684
Gross profit (loss)	(513,959)	684,725	-	170,766
Net income (loss)	(2,204,676)	178,595	(1,231,631)	(794,449)
For the six months ended June 30, 2018				
Revenue	561,159	1,035,646	-	1,596,805
Gross profit (loss)	(799,529)	1,035,646	-	236,117
Net income (loss)	(6,548,316)	257,922	(1,553,885)	(7,844,278)

The Company holds assets across three geographical locations – Canada, Germany and Australia. The following table sets out segmented financial information with respect to each location for the three and six months ended June 30, 2018:

	Canada ($)	Germany ($)	Australia ($)	Total ($)
For the three months ended June 30, 2018				
Revenue	1,053,684	-	-	1,053,684
Gross profit (loss)	170,766	-	-	170,766
Net income (loss)	(497,077)	(277,309)	(20,063)	(794,449)
For the six months ended June 30, 2018				
Revenue	1,596,805	-	-	1,596,805
Gross profit (loss)	236,117	-	-	236,117
Net income (loss)	(7,307,724)	(456,839)	(79,715)	(7,844,278)

For the six months ended June 30, 2018, all revenues were earned in Canada.

Medical Cannabis

Revenues from the sale of dried cannabis for the three and six months ended June 30, 2018 were $368,959 and $561,159, respectively ($264,319 and $436,802 in the three and six months ended June 30, 2017). Total product sold during the period was 54,580 grams (28,785 grams in the six months ended June 30, 2017) at an average selling price of $6.77 per gram ($9.17 per gram in the six months ended June 30, 2017).

Included in cost of sales for the three and six months ended June 30, 2018 were the change in fair value of biological assets of $146,173 and $431,925, respectively ($1,014,866 and $1,237,474 in the same

periods in 2017), inventory expensed of $508,390 and $714,883, respectively ($173,306 and $388,486 in the same periods in 2017), and production costs of $520,701 and $1,077,730, respectively ($777,526 and $1,371,817 in the same periods in 2017). Biological assets consist of cannabis plants at various pre-harvest stages of growth which are recorded at fair value less costs to sell at the point of harvest. At harvest, the biological assets are transferred to inventory at their fair value which becomes the deemed cost for inventory. Inventory is later expensed to cost of sales when sold and offset against the unrealized gain on biological assets. Production costs are expensed through cost of sales.

The Company expenses all direct and indirect expenses attributable to the pre-harvest production of biological assets within gross profit on the statement of loss. A summary of the categories comprising the expenses is as follows:

"Cost of sales - inventory" is comprised of the cost of inventory sold during the period and any impairment charges accrued throughout the period with respect to inventory during the period.

"Production supplies and expense" is comprised of: direct materials; supplies; utilities; processing; packaging; equipment and facility maintenance; lab expenses and supplies; and uniforms.

"Production wages and salaries" includes payroll costs related to personnel involved in the growing of plants (payroll costs included in gross profit accounted for approximately 3.8% of total personnel costs for the quarter ended June 30, 2018).

"Production amortization and depreciation" includes any amortization and depreciation of capital assets used in the growing process (approximately 81% of total amortization and depreciation was included in the calculation of gross profit for the quarter ended June 30, 2018).

During the remainder of fiscal 2018, the Company intends to: complete the CF Acquisition; continue to invest in product development and selling and marketing initiatives; promote the Company's existing products; increase the number of registered patients; and prepare for the launch of the Canadian adult-use market. The Company also expects to incur expenses in connection with the opening of new Harvest Medicine clinics and the integration of Canna Farm into the Company's operations, assuming completion of such acquisition.

Biological Assets

As at June 30, 2018, the Company's biological assets were on average, 17% complete (June 30, 2017 – 32%), and it was expected that the biological assets would yield approximately 167 kg of cannabis (June 30, 2017 – 23 kg). As at June 30, 2018, the Company had 7,682 plants that were biological assets (June 30, 2017 – 3,983 plants).

The Company values its biological assets at each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle. The Company's model estimates cost to complete harvest for each stage of a plant's lifecycle (clone, vegetative, flowering). For a given plant, the Company applies the corresponding cost in calculating its fair value at harvest. The fair value of a plant at the reporting date is prorated based on its age at the reporting date. The fair value of biological assets is considered a Level 3 categorization in the

IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- Average number of weeks in the growing cycle is twelve weeks from propagation to harvest. The Company considers plants less than 2 weeks of age to be in the cloning stage; between 2 to 4 weeks to be in the vegetative state; and more than 4 weeks to be in the flowering stage. As at June 30, 2018, the Company had $70,552 (2017 - $315,787) in the flowering stage and $39,410 in the cloning stage (2017 - $6,489).

- Expected average harvest yield of dried cannabis is 35.7 grams per plant.

- Expected average selling price of dried cannabis is $7.04 per gram. Expected selling price is based on the weighted average of historical sales prices of all of the Company's products on a combined basis, including both retail and wholesale product sales. As it is calculated based on actual historical sales, no significant judgments are involved in determining the selling price.

- Expected average cost to complete harvest of $1.67 per gram and cost of post-harvest activities of $1.59 per gram.

- Expected average cost to sell of $0.97 per gram.

The estimates of growing cycle, harvest yield and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward. These inputs are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

The Company expects that a $1 increase or decrease in the selling price per gram of dried cannabis would increase or decrease the fair value of biological assets by $27,194 (2017 - $73,095). A 5% increase or decrease in the estimated yield per cannabis plant would result in an increase or decrease in the fair value of biological assets of $5,498 (2017 - $18,027). Additionally, an increase or decrease of 10% in the costs of production would increase or decrease the fair value of biological assets by $1,006 (December 31, 2017 - $12,102).

Net effect of changes in fair value of biological assets and inventory include:

	June 30, 2018 ($)	**June 30, 2017 ($)**
Unrealized change in fair value of biological assets	109,963	360,544
Realized fair value increments on inventory sold in the year	321,962	876,930
Increase in fair value less costs to sell due to biological transformation	431,925	1,237,474

Patient Clinics

Revenues from the Harvest Medicine clinics for the three and six months ended June 30, 2018 were $684,725 and $1,035,646, respectively. The primary cost of sales with respect to the clinics relates to

the payments made by Harvest Medicine to physicians for their services under Alberta Health Services. See "Company Highlights – Acquisition of Harvest Medicine".

Operating, Financing and Investing Activities

The following table highlights the Company's cash flows for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017:

Net cash provided by (used in):	Six Months Ended June 30, 2018 ($)	Six Months Ended June 30, 2017 ($)
Operating activities	(7,976,845)	(5,541,811)
Investing activities	(5,505,136)	(2,343,975)
Financing activities	72,459,422	33,332,510
Increase in cash	58,898,602	25,446,724

Operating activities used cash of $7,976,845 during the six months ended June 30, 2018 as compared to $5,541,811 in the six months ended June 30, 2017. The amount used in the period ended June 30, 2018 reflects, among other things, an increase in general and administrative expenditures and inventory, offset by an increase in accrued liabilities.

Financing activities provided cash of $72,459,422 for the six months ended June 30, 2018 as compared to $33,332,510 in the comparative period of 2017. Cash generated in the six months ended June 30, 2018 was largely derived from the completion of the 2018 Prospectus Offering, pursuant to which the Company issued an aggregate of: (i) 11,500,000 Units at a price of $3.50 per Unit for aggregate gross proceeds of $40,250,000, and (ii) 30,000 6.0% unsecured 2018 Debentures in the aggregate principal amount of $30,000,000 (including 862,500 Warrants and 4,500 2018 Debentures sold pursuant to the exercise of the underwriters' over-allotment option, for additional aggregate gross proceeds of $4,793,250).

Investing activities used cash of $5,505,136 during the six months ended June 30, 2018, compared to $2,343,975 in the six months ended June 30, 2017. In the current quarter, $1,242,000 was used to acquire common shares of another Canadian cannabis issuer as a passive investment; $4,348,248 was invested in property and equipment, including with respect to the expansion of the Vanluven Facility; $1,671,751 was received from repayment of a loan receivable; and $1,500,000 was used for business acquisitions. $300,379 was provided by net cash acquired in connection with business acquisitions.

Liquidity and Capital Resources

During the six months ended June 30, 2018, the Company primarily financed its operations through the proceeds of debt and equity financings. As at June 30, 2018, the Company had working capital of $125,030,420 and cash and cash equivalents of $129,703,490, as compared to working capital of $67,909,863 and cash and cash equivalents of $70,804,888 as at December 31, 2017. The increase in working capital was primarily due to an increase in cash.

Accounts receivable were $613,433 as at June 30, 2018, compared to $197,998 as at December 31, 2017, with the increase primarily attributable to an increase in receivables related to the Harvest

Medicine business as there is a delay in timing between billing for physicians and reimbursement from Alberta Health Services, as well as a GST refund in the approximate amount of $170,000. Other receivables at June 30, 2018 were $1,685,539 as compared to $625,426 as at December 31, 2017, which was largely related to an increase in GST and HST receivables owing to certain of the Company's subsidiaries.

Inventory at June 30, 2018 was $2,716,385 ($965,518 as at December 31, 2017), which consisted solely of harvested cannabis. The increase in inventory was primarily due to the fact that the Company purchased inventory for resale and also sold less product than it produced during the period.

As at December 31, 2017, $1,671,751 was owing from entities controlled by a former officer of a subsidiary of the Company. This loan was assigned to a former director of the Company and repaid during the quarter ended March 31, 2018. See "Related Party Transactions".

Biological assets at June 30, 2018 were $109,963, compared to $242,892 as at December 31, 2017. Biological assets decreased during the quarter in large part due to higher estimated cost to complete harvest for plants in earlier stages of development.

The Company's long term assets at June 30, 2018 mainly consisted of: property and equipment of $14,932,065 (December 31, 2017 - $11,236,135) related to the Company's Vanluven Facility and the expansion thereof, including the acquisition of additional Conviron growth chambers, and consulting fees with external contractors in connection with the expansion; intangible assets of $618,705 (December 31, 2017 - $43,604), comprised of customer relationships assumed in the acquisition of Harvest Medicine; work flow technology and website development; the goodwill recognized on the acquisition of Harvest Medicine of $9,378,339 (December 31, 2017 - $nil); and the value of other financial assets of $6,960,581 (December 31, 2017 - $nil).

During the six months ended June 30, 2018, the Company significantly strengthened its balance sheet and liquidity position through equity financing undertaken in connection with the 2018 Prospectus Offering. The Company continually monitors and manages its cash flow to assess the liquidity necessary to fund operations. The Company anticipates that it has sufficient liquidity and capital resources to meet all of its planned expenditures for the next twelve months.

The following table sets out the Company's total assets and liabilities for each of its three business segments as at June 30, 2018:

	Medical Cannabis ($)	**Patient Clinics ($)**	**Corporate ($)**	**Total ($)**
Total assets	32,200,473	1,005,392	136,126,135	169,332,000
Total liabilities	3,335,891	238,263	52,400,152	55,974,306

The following table sets out the Company's total assets and liabilities for each geographical location in which the Company operated as at June 30, 2018:

	Canada ($)	Germany ($)	Australia ($)	Total ($)
Total assets	168,985,095	304,005	42,900	169,332,000
Total liabilities	55,821,406	152,900	-	55,974,306

The following table summarizes the Company's outstanding financial instruments as at June 30, 2018:

Outstanding Principal ($)	Interest Rate	Type	Maturity	Conversion Price ($)
3,500,000	7.0%	2017 Debentures	December 21, 2020	1.50
34,500,000	6.0%	2018 Debentures	February 28, 2021	4.00

Further information regarding risks associated with the Company's financial instruments is included in the notes to the Company's condensed interim consolidated financial statements and the notes thereto for the three and six months ended June 30, 2018.

Related Party Transactions

As at June 30, 2018, the Company owed $1,000 to ABcann Medical Distributors Inc., a company under common control with Ken Clement, who is a former director of the Company and currently holds more than 10% of the outstanding Shares (December 31, 2017 - $nil owed from).

As at June 30, 2018, the Company was owed $1,394,672 (December 31, 2017 - $56,672) from Mr. Clement, who has demonstrated a history of creditworthiness to the Company and has the means to settle the amount owing, for income taxes payable by the Company on his behalf in connection with the redemption of RSUs.

During the six months ended June 30, 2018, $1,663,140 of loans receivable was assigned to a company controlled by Mr. Clement and has been fully repaid. At June 30, 2018, the Company was owed $56,672 from Mr. Clement for the repayment of expenses (December 31, 2017: $56,672).

During the six months ended June 30, 2018 and June 30, 2017, compensation awarded to directors and officers of the Company was comprised of the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2018 ($)	2017 ($)	2018 ($)	2017 ($)
Short-term	396,547	287,670	1,037,459	455,746
Share-based payments	371,577	481,245	2,432,701	490,487
Total	**768,124**	**768,915**	**3,470,160**	**946,233**

Changes in Accounting Policies including Initial Adoption

Adoption of New Accounting Standards

IAS 7 *Disclosures* requires entities to provide disclosures in their financial statements about changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The adoption of this amendment did not have a material impact on the Company's condensed interim consolidated financial statements.

IAS 12 *Income Taxes – Deferred Tax* clarifies the recognition of deferred tax assets for unrealized losses. It was amended to specify (i) the requirement for recognizing deferred tax assets or unrealized losses; (ii) deferred tax where an asset is measured at a fair value below the asset's tax base; and (iii) certain other aspects of accounting for deferred tax assets. The adoption of this amendment did not have a material impact on the Company's condensed interim consolidated financial statements.

IFRS 9 *Financial Instruments - Equity Investments*

All equity investments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value reported in profit or loss. Purchases and sales of equity investments are recognized on the settlement date. Investments at FVPTL are initially recognized at fair value. Subsequent to initial recognition, all equity investments are measured at fair value. Gains and losses arising from changes in the fair value of the FVTPL investments are recognized in profit or loss. Equity investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. When units are purchased that consist of shares and warrants, the warrants received are accounted for using the residual method at the time of purchase. The value of the warrants are subsequently fair valued at the measurement date using the Black-Scholes option pricing model.

IFRS 9 *Financial Instruments – Expected Credit Loss*

IFRS 9 requires the Company to record an allowance for expected credit loss ("ECL") based on a 12-month ECL or lifetime ECL. Assets within the scope of IFRS 9 that are considered to have low credit risk have an impairment provision recognized during the period limited to 12-months ECLs. However, when credit risk has increased significantly since origination, that allowance will be based on the lifetime ECL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. For other receivables, the Company applies the simplified approach permitted by IFRS, which requires lifetime ECLs to be recognized from initial recognition.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes previous accounting standards for revenue, including IAS 18, Revenue (IAS 18) and IFRIC 13, Customer loyalty programmes (IFRIC 13). IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a

customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from the direct sale of cannabis to medical customers for a fixed price is recognized when the Company transfers control of the good to the customer.

Future Accounting Pronouncements

IFRS 2 *Share-based Payment* was issued by the IASB in June 2016. The amendments provide clarification on how to account for certain types of share-based transactions. The amendments are effective for annual periods beginning on or after January 1, 2018. The Company has assessed the impact of this standard and has determined that it is not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

IFRS 16 *Leases* was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management is currently assessing the impact of adopting this standard.

Additional information regarding new standards, amendments to standards, and interpretations which are not yet effective, and have not been applied in preparing the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2018 are further described in Note 3 to such financial statements. The Company has assessed the impact of these standards and has determined that they are not expected to have a significant impact on the Company's consolidated financial statements. 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.

Off-Balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Disclosure of Outstanding Share Data

As of the date of this MD&A, the Company's authorized share capital consists of an unlimited number of common shares without par value. The Company had the following securities outstanding as at August 29, 2018:

Type of Security	Number Outstanding
Common Shares	194,523,689
Dilutive Effect of Convertible Debentures	10,958,333[(1)]
Stock Options	10,178,585
Warrants	20,191,082
2017 Agent's Warrants	29,340[(2)]
Common Shares underlying 2018 Underwriters' Warrants	575,000[(3)]
Warrants underlying 2018 Underwriters' Warrants	287,500[(3)]
Restricted Share Units	1,751,788
Fully Diluted	**238,605,317**

(1) Assuming conversion of: (i) outstanding 2017 Debentures in the aggregate principal amount of $3.5 million into 2,333,333 Shares at a conversion price of $1.50 per Share; and (ii) outstanding 2018 Debentures in the aggregate principal amount of $34,500,000 into 8,625,000 Shares at a conversion price of $4.00 per Share.

(2) The 2017 agent's warrants were issued in connection with the concurrent financing undertaken in connection with the Qualifying Transaction. Each is exercisable into one Share at a price of $0.80 per Share until April 28, 2019.

(3) The 2018 underwriters' warrants were issued in connection with the 2018 Prospectus Offering. Each is exercisable into one unit of the Company at a price of $3.50 per unit, each of which will be comprised of one Share and one half of one Warrant, with each whole Warrant entitling the holder to acquire one additional Share at a price of $4.25 per Share until February 28, 2020.

Risks and Uncertainties

Any investment in the securities of the Company is speculative, due to the nature of its business and its general stage of development. These risks and uncertainties could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company. In addition to the usual risks associated with investment in a business, investors should carefully consider the following risks and uncertainties as well as the risk factors set out in the Company's Annual Information Form for the year ended December 31, 2017:

Risks Related to Proposed Acquisition of Canna Farms

As at the date of this MD&A, the completion of the CF Acquisition is still subject to the satisfaction of certain closing conditions and the CF Acquisition may not be completed on the terms expected or at all. Further, in the event the CF Acquisition is completed, the Company may not derive the expected benefits and may become subject to additional operational risks.

Competition

The Company faces competition from other companies in the cannabis space. In addition to existing competitors, because of the early stage of the industry in which VIVO operates, VIVO also expects to face competition from new market entrants, both in the medical cannabis sector and in the adult-use market when such market is legalized.

Change in Laws, Regulations and Guidelines

VIVO's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis, and laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. To the knowledge of VIVO's management, the Company is currently in compliance with all such laws.

Risks Related to the Agricultural Business

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

Unprofitable Operations

VIVO has historically incurred losses from operations. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future.

Product Transportation Cost and Disruptions

VIVO is dependent on mail and courier services for distribution. Any prolonged disruption of mail or courier services could have an adverse effect on the financial condition and results of operations of VIVO. Rising costs associated with the transportation services used by VIVO to ship its products may also adversely impact its business.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, VIVO faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. There can be no assurances that VIVO will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons. If any of VIVO's products are recalled due to an alleged product defect or for any other reason, VIVO could be required to incur the unexpected expense of such recall and any legal proceedings that might arise in connection with such recall. Although VIVO has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits.

Reliance on the License

VIVO's ability to grow, store and sell medical cannabis in Canada is dependent on the License. Failure to comply with the requirements of the License, or any failure to maintain the License in good standing, will have a material adverse impact on the business, financial condition and operating results of VIVO. The License is renewed by Health Canada on a regular basis. It is currently valid until October 30, 2020.

Vulnerability to Rising Energy Costs

VIVO's medical cannabis growing operations consume considerable energy, making VIVO vulnerable to rising energy costs. Rising or volatile energy costs may adversely affect the ability of VIVO to operate profitably.

Limited Operating History

VIVO began carrying on business in 2014, and 2016 is the first year in which it generated revenues from the sale of products. VIVO is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization; cash shortages; limitations with respect to personnel, financial, and other resources; and lack of material revenue. There is no assurance that VIVO will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of its operations.

Factors which may Prevent Realization of Growth Targets or Facility Development

VIVO is currently in the early development stage. VIVO's growth strategy contemplates acquiring additional property, expanding the Vanluven Facility, equipping the Vanluven Facility with additional production resources, and developing the Kimmett Facility. There is a risk that the Company's proposed expansion plans will not be achieved on time, on budget, or at all.

Reliance on Key Inputs

VIVO's business is dependent on a number of key inputs, including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact VIVO's business, financial condition and operating results.

Variable Revenues and Earnings

VIVO's revenues and earnings may vary quarter to quarter as a result of a number of factors, including, among other things: the timing of releases of new products; the timing of sales orders or deliveries; activities of the Company's competitors; possible delays in the production or shipment of products; concentration in the Company's customer base; possible delays or shortages in critical inputs; or transition periods associated with the migration to new production methods.

Operating Risk and Insurance Coverage

VIVO has insurance to protect its assets, operations and employees. While VIVO believes its insurance coverage adequately addresses material risks to which it is exposed and is at a level customary for its

current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which VIVO is exposed.

Environmental and Employee Health and Safety Regulations

VIVO's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and non-hazardous materials and wastes; and employee health and safety. VIVO expects to incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters.

Change in Laws, Regulations and Guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may adversely affect the Company's operations and financial condition.

Cyber Security Risks

VIVO relies on certain internal processes, infrastructure and information technology systems to efficiently operate its business in a secure manner, including infrastructure and systems operated by third parties. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact the Company's ability to operate its business.

Additional Financing Requirements

In order to execute its anticipated growth strategy, the Company may require additional equity and/or debt financing to, among other things, support on-going operations, undertake capital expenditures, and expand to new markets (when it is legal to do so). There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

Management of Growth

VIVO may be subject to growth-related risks, including capacity constraints and pressure on internal systems and controls.

Conflicts of Interest

Certain of the directors and officers of VIVO are also directors and officers of other companies outside of the cannabis industry, but conflicts of interest may arise between their duties as officers and directors of VIVO and as officers and directors of such other companies.

Litigation

VIVO may become party to litigation from time to time in the ordinary course of business which could

adversely affect its business.

Share Price Fluctuations

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

Other Information

Additional information about the Company is available under its profile on SEDAR at www.sedar.com.