ABcann Global Corporation

(formerly Panda Capital Inc.)

Management's Discussion & Analysis

For the Three and Six Months Ended June 30, 2017

Introduction

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of ABcann Global Corporation (the "Company" or "ABcann") (formerly Panda Capital Inc.), is for the three and six months ended June 30, 2017 and is prepared as of August 28, 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2017.

This MD&A provides information that the management of the Company believes is important to assess and understand the results of operations and financial condition of the Company. Our 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. All monetary amounts herein are expressed in Canadian dollars unless otherwise specified.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

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

Notice Concerning Forward-looking Statements

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "forecast", "future", "could", "enable", "potential", "contemplate", "believe", "anticipate", "estimate", "plan", "expect", "intend", "may", "project", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performance or achievement to be materially different from any future forward-looking statements. Factors that may cause such differences include, but are not limited to, general economic and market conditions, investment performance, financial markets, legislative and regulatory changes, technological developments, catastrophic events and other business risks. These forward-looking statements are as of the date of this MD&A and the Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. The Company and management caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Some of the specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the Company's future development and growth prospects;
- the Company's ability to obtain financing on acceptable terms or at all; and

- the expansion of the Company's facilities and receipt of approval from Health Canada to complete such expansion.

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 (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 its common shares resumed trading on the TSXV under the symbol "ABCN". As a result of the completion of the Qualifying Transaction, the Company's principal business activity is now that of ABcann Medicinals.

The Company, through its wholly-owned subsidiary ABcann Medicinals, obtained its initial license (the "License") to operate as a Licensed Producer of medical marihuana from Health Canada on March 21, 2014 and commenced full licensed production in mid-2015. The principal activities of the Company are the production, storage and sale of medical marihuana, as regulated by the *Access to Cannabis for Medical Purposes Regulations* (the "ACMPR").

The Company has been working on developing its marihuana products, systems and facilities so they can be replicated in a number of jurisdictions throughout the world where medical marihuana or recreational marihuana may be legally produced and sold. The Company's flagship Vanluven facility contains proprietary plant growing technology, combining the concepts, systems and components to produce high yielding plants, which, in turn, can generate high quality products that are consistent from batch to batch.

Quarterly Highlights

Completion of Qualifying Transaction

In connection with the completion of the Qualifying Transaction on April 28, 2017:

- the Company acquired all of the shares of ABcann Medicinals from the holders thereof in exchange for the issuance of common shares in the capital of the Company on a one-for one basis and all existing convertible securities of ABcann Medicinals became convertible or exercisable into common shares of the Company rather than ABcann Medicinals;

- the existing directors and officers of the Company, other than Aaron Keay, resigned and were replaced with nominees of ABcann Medicinals;

- the Company completed a concurrent financing of subscription receipts at a price of $0.80 per subscription receipt for gross proceeds of $11,800,000, each of which was converted into one common share of the Company later that day;

- the Company completed a concurrent financing of secured convertible debentures in the aggregate principal amount of $15,000,000; and

- the Company completed an exchange of existing secured convertible debentures of ABcann Medicinals for secured convertible debentures of the Company in the aggregate principal amount of $5,262,500.

Additional details regarding the Qualifying Transaction and the business of the Company can be found in the Company's filing statement as filed on SEDAR on March 31, 2017.

Expansion of Vanluven Facility and Construction of Kimmett Facility

Currently, the Company has 14,000 square feet of production space. However, in May 2017, the board of directors approved a two-phase expansion.

The plans to commence construction at the Company's Kimmett facility in Q3 2017 remain on track, and the previously announced plans for a 71,000 square foot Phase 1 plan have been expanded, first to 100,000 square feet and then to 150,000 square feet, following the Company's entry into an agreement with Cannabis Wheaton Income Corp. ("CBW"), as further described below. In addition to the Kimmett construction plans, the Company has initiated immediate expansion and construction at its current production facility at Vanluven to double production capacity and service its growing patient base on an expedited timeline.

On May 29, 2017, the Company entered into a binding interim agreement with CBW to fund the construction of an additional 50,000 square feet of cultivation space at the Kimmett facility, bringing the proposed size from 100,000 square feet to 150,000 square feet. Pursuant to the agreement, CBW agreed to invest $30 million in the Company as follows: (i) on the date that is the earlier of 10 days of the final closing of CBW's previously announced financing or by June 30, 2017, CBW would subscribe for $15 million of common shares of the Company at an agreed upon valuation of $2.25 per share (the "Initial Investment"); and (ii) on the date that is the earlier of 10 days following CBW raising an aggregate of $150 million or March 31, 2018, CBW will subscribe for an additional $15 million of the Company's common shares at a price per share equal to the greater of two times the 10 day volume average trading price of the shares at the relevant time or $2.25, subject to the satisfaction of certain terms and conditions as set out in the interim agreement. The Initial Investment was completed on August 1, 2017, pursuant to which the Company issued 6,666,666 common shares to CBW at a price of $2.25 per share

Following completion of the Initial Investment, the Company's current cash position is approximately $40 million. The Company expects to use the funds to complete construction of the Kimmett site, expansion of the Vanluven site, and to cover operating losses incurred by the business.

The Kimmett facility will be constructed on a 65-acre property that is wholly-owned by the Company and located very close to the Company's Vanluven facility in Napanee, Ontario. The existing acreage is expected to provide the Company with the opportunity to continue expansion of up to 1,200,000 square feet of production space following completion of the Phase 1 expansion. Additional updates and timelines with respect to the Kimmett and Vanluven development plans are as follows:

- First cultivation from the Kimmett facility is expected in Q4 2018;
- Kimmett reaching full production capacity is expected in Q1 2019;
- First cultivation from the expansion areas at Vanluven is expected in Q2 2018;
- Bird Construction Inc. will act as the general contractor for both the Kimmett and Vanluven projects; and
- NORR Engineering has been engaged to act as project engineer.

Selected Quarterly Financial Information

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

	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, basis and diluted	(0.12)	(0.04)	(0.05)	(0.02)
	June 30, 2016 ($)	**March 31, 2016 ($)**	**December 31, 2015 ($)**	**September 30, 2015 ($)**
Revenue	21,465	375	-	-
Net loss	(1,371,536)	(396,114)	(1,405,424)	(998,775)
Net loss per share, basis and diluted	(0.02)	(0.01)	(0.02)	(0.02)

Results of Operations

Revenue and Cost of Sales

Revenues from the sale of dried cannabis for the three and six months ended June 30, 2017 were $264,319 and $436,802, respectively ($21,465 and $21,840 in the three and six months ended June 30, 2016). Total product sold for the period was 28,825 grams (4,210 grams in 2016) at an average selling price of $9.17 per gram ($5.09 per gram in 2016).

Included in cost of sales for the three and six months ended June 30, 2017 were the unrealized gains on changes in fair value of biological assets of $1,014,866 and $1,237,474, respectively ($932,421 and $1,693,110 in the same periods in 2016), inventory expensed of $173,306 and $388,486, respectively ($30,260 and $33,025 in the same periods in 2016), and production costs of $773,365 and $1,367,657, respectively ($877,174 and $1,647,069 in the same periods in 2016). 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.

Operating Expenses

Salaries and wages for the three and six months ended June 30, 2017 were $811,324 and $1,234,911, respectively, an increase from $105,264 and $184,025 over their respective comparative periods, primarily due to additional head count. As expected, the Company's revenues and expenses increased as the Company transitioned from the license application stage through to being a fully licensed producer.

Consulting fees increased by $263,276 and $264,048 from the prior periods, to $309,643 and $492,702, respectively, during the three and six months ended June 30, 2017, due to consulting services rendered related to the Qualifying Transaction.

Professional fees were $112,603 (2016 - $8,003) and $330,816 (2016 - $25,960) for the three and six months ended June 30, 2017, respectively, and were significantly higher than the prior period due to additional legal and audit costs incurred in connection with the Qualifying Transaction.

Advertising and promotion expenses include costs for trade shows, conventions and investor relations activities, and increased $316,028 and $647,668 for the three and six months ended June 30, 2017, to $322,643 and $654,521, respectively, primarily due to increased marketing activity.

Office expenses primarily include office supplies, equipment and tool rental, and IT costs. Office expenses increased by $96,387 and $158,702 for the three and six months ended June 30, 2017, to $196,724 and $313,775, respectively, due to increased business activity.

Stock-based Payments

The Company recognized stock-based payments expense of $872,921 and $976,421 for the three and six months ended June 30, 2017, respectively, as compared to $54,685 and $156,416, respectively, for the comparative periods in the prior year. The stock-based payments expense recognized during the six month period consisted of $369,516 related to the vesting of stock options to various directors, officers, employees and consultants of the Company, and $453,365 related to the granting of RSUs. $153,540 of the six month expense related to the issuance of penalty warrants as the Company did not complete its go-public transaction by a specified date as required under the terms of secured convertible debentures issued in 2016. Stock-based payments represent a non-cash expense.

Listing Cost

The Qualifying Transaction was accounted for as a reverse acquisition that does not constitute a business combination. For accounting purposes, the legal subsidiary, ABcann Medicinals, has been treated as the acquirer and the Company, being the legal parent, has been treated as the acquiree. The Company recognized a listing cost for the three and six months ended June 30, 2017 of $6,220,819, comprised of the following:

Listing cost:	**($)**
Excess attributed to cost of listing	5,329,383
Legal	290,594
Consulting fees	266,003
Finder's fee	320,000
Other	14,839
Total	**6,220,819**

Of the total listing cost expense, $5,329,383 was non-cash. The listing cost is not expected to recur in the future. For accounting purposes, the condensed interim consolidated financial statements for the three and six months ended June 30, 2017 reflect a continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, ABcann Medicinals.

Finance income and expense

Finance income of $10,520 and $13,721 was earned during the three and six months ended June 30, 2017 ($2,495 and $4,475, respectively, during the same periods in 2016). This amount relates to interest income earned on the Company's cash held in interest bearing accounts and the interest portion on monthly receipts of its mortgage receivable.

Finance expense of $1,343,019 and $2,024,271 incurred during the three and six months ended June 30, 2017 ($215,654 and $406,684, respectively, during the same periods in 2016). This amount relates to interest and accretion charged on the Company's loans payable and convertible debentures. This was higher than in the comparative periods in the prior year due to higher debt facilities owed by the Company during the current period.

Net Loss

The Company's net loss for the three and six months ended June 30, 2017 was $11,435,210 and $14,461,642, respectively, as compared to $561,534 and $957,648 in the respective comparative periods in 2016. The primary causes of these differences were the $6,220,819 of listing costs recognized during the current period, which are not expected to recur going forward, the $1,239,071 of non-cash stock-based compensation, as well as the ramp up of operations during the current period. Further, the non-cash loss on change in fair value of derivative liability was $1,306,798 and $1,744,730 for the three and six months ended June 30, 2017, respectively, compared to a gain of $87,148 and $249,597 in the prior period, due to the increase in the share price of the Company over the reporting period.

Liquidity and Capital Resources

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at June 30, 2017, the Company had working capital of $30,287,000 and cash of $26,816,591. Working capital provides funds for the Company to meet its operational and capital requirements. In addition, subsequent to June 30, 2017, the Company raised an additional $15 million in connection with the Initial Investment by CBW, and $1,736,221 from the exercise of 2,800,357 outstanding warrants.

The following table summarizes the Company's debt facilities as at June 30, 2017:

Outstanding Principal ($)	Interest Rate	Type	Maturity	Conversion Price ($)
100,000	12%	Loan[1]	At the Company's discretion	N/A
5,625,000	10%	Convertible debenture	October 16, 2018	0.64
942,000	10%	Convertible debenture[2]	November 15, 2019	0.41
15,000,000	10%	Convertible debenture	April 28, 2020	1.04

(1) Owed to a director of a subsidiary of the Company.
(2) Owed to an officer of the Company.

Further information regarding risks associated with the Company's financial instruments are included in the notes to the Company's financial statements for the three and six months ended June 30, 2017.

Commitments

Effective January 1, 2015, the Company has entered into a research contract with the University of Guelph which will continue for a term of the earlier of three years or the completion of the project. The estimated payment schedule is as follows:

2017 $184,000

2018 $287,000

Related Party Transactions

(a) The Company was owed $4,500 at June 30, 2017 from ABcann Medical Distributors Inc., a company under common control (2016 - $20,457).

(b) The Company is owed $1,628,998 (2016 - $nil) from entities controlled by an officer of a subsidiary of the Company.

(c) The Company is owed $19,957 at June 30, 2017 from a director of the Company.

(d) Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2017 ($)	June 30, 2016 ($)	June 30, 2017 ($)	June 30, 2016 ($)
Short-term	302,670	131,269	470,746	286,909
Share-based payments	481,245	54,684	490,487	266,249
Total	783,915	185,953	961,233	553,158

Changes in Accounting Policies

The Company implemented the following amendment for the annual period beginning on January 1, 2016:

Amendments to IAS 16 and IAS 41

IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* were amended to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured at initial recognition on a cost or revaluation basis in accordance with IAS 16;
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

These amendments did not require any significant changes to the Company's accounting practices.

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, 2017 but may affect the Company, are further described in the notes to such financial statements. The Company has yet to assess the impact of these standards. 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.

Disclosure of Outstanding Share Data

The Company manages its capital with the objective of maximizing shareholder value and ensuring that it has appropriate resources to foster the growth and development of the business.

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 has the following securities outstanding as at the date of this MD&A:

Type of Security	Number Outstanding
Common shares	119,306,895
Dilutive effect of convertible debentures	24,943,294
Stock options	9,275,951
Warrants	27,351,380
Restricted share units	2,972,888
Fully diluted	**183,850,408**

(1) Assuming conversion of: (i) outstanding secured convertible debentures in the aggregate principal amount of $15 million at a conversion price of $1.04; (ii) outstanding secured convertible debentures in the aggregate principal amount of $5,262,500 at the conversion price of $0.64; and (iii) a secured convertible loan in the principal amount of $942,000 at the conversion price of $0.41. Additional shares may be issued on conversion of interest accruing on the debentures from time to time, subject to the approval of the TSX.

Risk Factors

Any investment in the securities of the Company is speculative, due to the nature of its business and its general stage of development. These risk factors 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 risk factors as well as the risk factors set out in the Filing Statement of the Company dated April 28, 2017:

Strategic Risks

Management of Growth

ABcann 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 ABcann 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 ABcann and as officers and directors of such other companies.

Competition

The Company is expected to face competition from other companies in the marijuana space. In addition to existing competitors, because of the early stage of the industry in which ABcann operates, ABcann expects to face additional competition from new market entrants.

Industry Risks

Change in Laws, Regulations and Guidelines

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

Risks Related to the Agricultural Business

ABcann's business involves the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business. Although ABcann 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.

Vulnerability to Rising Energy Costs

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

Product Transportation Cost and Disruptions

ABcann is dependent on mail and courier services for distribution. Any prolonged disruption of both mail and courier service could have an adverse effect on the financial condition and results of operations of ABcann. Rising costs associated with the transportation services used by ABcann 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, ABcann 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 ABcann 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 ABcann's products are recalled due to an alleged product defect or for any other reason, ABcann could be required to incur the unexpected expense of such recall and any legal proceedings that might arise in connection with such recall. Although ABcann 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.

Operational Risks

Regulatory Risks

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

Reliance on the License

ABcann's ability to grow, store and sell medical marijuana 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 ABcann. The License are renewed and granted by Health Canada on a regular basis. The current License is due to expire on October 31, 2017. Although ABcann believes it will meet the requirements of the ACMPR for extension of the License, there can be no guarantee that Health Canada will extend or renew the License.

Limited Operating History

ABcann began carrying on business in 2014, and 2016 is the first year in which it generated revenues from the sale of products. ABcann 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 ABcann 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

ABcann is currently in the early development stage. ABcann'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

ABcann'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 ABcann's business, financial condition and operating results.

Variable Revenues and Earnings

ABcann'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

ABcann has insurance to protect its assets, operations and employees. While ABcann 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 ABcann is exposed.

Environmental and Employee Health and Safety Regulations

ABcann'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. ABcann 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

ABcann 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.

Financial Risks

Additional Financing Requirements

In order to execute its anticipated growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, to expand to new markets or other such initiatives. 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.

Unprofitable Operations

ABcann has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future.

Litigation

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