Trius Investments Inc.
Interim Management's Discussion and Analysis – Quarterly Highlights
For the Three and Nine Months Ended September 30, 2018

Introduction

The following management's discussion and analysis ("MD&A") of Trius Investments Inc. (the "Company") for the three and nine months ended September 30, 2018 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion and analysis, being the Management Discussion and Analysis for the year ended December 31, 2017 ("Annual MD&A"). This MD&A does not provide a general update to the Annual MD&A.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended December 31, 2017 and 2016 and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at October 29, 2018 unless otherwise indicated.

This MD&A was approved by the Audit Committee and the Board of Directors and authorized for issue on October 29, 2018.

The unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

For the purposes of preparing this MD&A, management considers the materiality of information. Information is considered material if : (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company is available on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Information and Statements

This MD&A contains forward-looking statements intended to provide readers with a reasonable basis for assessing the Company's performance. Forward-looking statements can be identified by such words as “plans”, “expects”, “budgets”, “estimates”, “intends”, “anticipates”, “believes”, “continues”, “may”, “could”, “would”, “should”, “might” or “will”, or equivalents or variations thereof. Forward-looking statements include, without limitation, those with respect to the Company's future strategy, plans and objectives, including the Company's proposed reverse takeover transaction with African Cannabis Corp., and adequacy of working capital. Forward-looking statements rely on underlying assumptions, including management's expectations as to transaction opportunities, that, if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, transaction execution risk, inability to source or complete transactions on favourable terms or at all, volatility in the market price of the Company's shares, and conflicts of interest. Although the Company has attempted to identify important factors that could cause actions, events or results not to be as predicted, there can be no assurance that forward-looking statements will prove to be accurate. Other than as required by applicable Canadian securities laws, the Company does not undertake to update any such forward-looking statements to reflect events or circumstances after the date hereof. Accordingly, readers should not place undue reliance on any forward-looking statements herein.

Description of Business

The Company is a Canadian company whose common shares are listed on the NEX board of the TSX Venture Exchange (the “TSXV”) under the symbol “TRU.H”. The Company is incorporated under the laws of the Province of Alberta. The Company's head office is located at 70 Trius Drive, Fredericton, New Brunswick, Canada, E3B 5E3.

The Company does not have active business operations or material assets other than cash. The Company continues to search for new business opportunities that can deliver value for its shareholders. Following the end of the current reporting period, the Company announced a proposed reverse takeover transaction with African Cannabis Corp. See “Subsequent Events” below for details.

The Company had operated its business, until August 15, 2018, through two business segments:

(1) Held for Sale (formally Investing (US))
(2) Corporate

The Held for Sale (formally Investing (US)) segment comprised the Company's wholly-owned subsidiary, TRU Investments LLC, that holds interests in several real estate investments in the United States. The Company completed the sale of TRU Investments LLC on August 15, 2018.

Corporate includes the costs of head office administration, other corporate costs including the US operations and residual assets and liabilities.

Highlights

On August 15, 2018, the Company completed the sale of its wholly-owned subsidiary TRU Investments LLC for net cash proceeds of US$711,120 (CAD$930,572),

Overall Performance

The unaudited condensed interim consolidated financial statements as of September 30, 2018, indicate a cash position of $1,588,859 (December 31, 2017 - $323,420) and total current assets of $1,624,166 (December 31, 2017 - $407,889). Current liabilities at September 30, 2018, total $93,515 (December 31, 2017 - $135,110).

Working capital, which is current assets less current liabilities, is $1,530,651 at September 30, 2018 (December 31, 2017 – working capital of $272,779).

During the three and nine months ended September 30, 2018, the Company reported loss from continuing operations of $195,059 and $439,018 respectively ($0.017 and $0.039 basic and diluted loss per share) on expenses of $125,803 and $418,238 respectively. This compared to net loss from continuing operations of $212,525 and $320,809 ($0.019 and $0.028 basic and diluted loss per share) for the three and nine months ended September 30, 2017 on expenses of $225,227 and $329,699 respectively.

During the three and nine months ended September 30, 2018, the Company reported net income (loss) from discontinued operations of $503 and $(17,901) respectively ($0.000 and $(0.002) basic and diluted income (loss) per share). This compared to net loss from discontinued operations for the three and nine months ended September 30, 2017 of $726,221 and $661,626 respectively ($0.065 and $0.059 basic and diluted loss per share).

Discussion of Operations

Three months ended September 30, 2018 compared with three months ended September 30, 2017

The $17,466 decrease in loss from continuing operations when comparing the three months ended September 30, 2018 to the three months ended September 30, 2017 (as per above under Overall Performance) was principally because:

For the three months ended September 30, 2018, the management salaries increased by $14,013. The increase is primarily attributable to management bonuses paid.

The Company received and paid smaller indemnification claims during the three months ended September 30, 2018.

The Company recognized share-based compensation of $75,400 relating to option grants issued during the three months ended September 30, 2017 to directors, officers and consultants of the Company compared to $nil for the three months ended September 30, 2018.

The Company recorded income taxes of $73,333 for the three months ended September 30, 2018 compared to a recoverable income taxes of $18,377 for the three months ended September 30, 2017.

During the three months ended September 30, 2018, the Company recognized the foreign exchange gain of $427,997 realized from the sale of its US subsidiary which closed on August 15, 2018. This amount had been previously reported as a component of Equity as foreign currency translation reserve.

On September 30, 2017, the Company reclassified its US investments as Held for Sale and recognized a impairment loss of $741,000.

During the three months ended September 30, 2018, the operating activities of the Company used $199,660 in cash. This compared to a use of cash of $2,947 for the three months ended September 30, 2017. The low use of cash for the three months ended September 30, 2017 was primarily the result of the trade payables at September 30, 2017 increasing to $226,101 from $39,126 at June 30, 2017.

During the three months ended September 30, 2018, the investing activities of the Company generated $933,708 in cash. This increase in cash was principally due to the proceeds from the sale of the Company's wholly-owned subsidiary, TRU Investments LLC.

Liquidity and Financial Position

As at September 30, 2018, the Company's cash balance was $1,588,859 (December 31, 2017 - $323,420) and the Company had working capital of $1,530,651 (December 31, 2017 – working capital of $272,779).

As of September 30, 2018, the Company had 11,270,841 common shares issued and outstanding, and 1,100,000 options outstanding that would raise $196,000 if exercised in full. The Company does not know when or if the options will be exercised.

Cash used in operating activities was $347,769 for the nine months ended September 30, 2018.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors.

During the three and nine months ended September 30, 2018 (with comparable figures provided for the three and nine months ended September 30, 2017), the Company incurred the following charges with management personnel and other related parties:

(i) Management salaries of $51,348 and $85,899 respectively ($37,335 and $75,484) as follows:

		Three months ended		Nine months ended	
		Sep 30 2018 $	Sep 30 2017 $	Sep 30 2018 $	Sep 30 2017 $
Joel Freudman	CEO	35,851	-	55,794	-
Robert Harrison	CFO	15,497	4,335	30,105	16,484
Gordon Wheaton	former CEO	-	33,000	-	59,000
		51,348	37,335	85,899	75,484

Management salaries during the three months ended September 30, 2018 include one time bonuses for the accomplishment of strategic corporate objectives, including the Company's TSXV Change of Business process and the divestiture of all of the Company's legacy investments.

Mr. Freudman does not receive additional compensation for serving on the Board of Directors.

(ii) Directors fees and expense (including one-time Special Committee fees) of $11,977 and $45,336 respectively ($9,105 and $27,464) as follows:

	Three months ended		Nine months ended	
	Sep 30 2018 $	Sep 30 2017 $	Sep 30 2018 $	Sep 30 2017 $
Damian Lopez	4,557	-	16,662	-
Peter Deacon	3,210	-	12,464	-
Yousuf Soliman	3,210	-	6,210	-
Joel Freudman	-	3,105	-	3,105
John Robertson	1,000	3,000	7,000	12,000
Gordon Wheaton	-	-	3,000	-
Drew Burgess	-	3,000	-	12,359
	11,977	9,105	45,336	27,464

Related Party Transactions (continued)

(iii) Management, service and license fees of $nil and $13,918 respectively ($2,723 and $8,168 for the comparable periods in 2017) to a company controlled by a former director of the Company (Gordon Wheaton) and to Mr. Wheaton himself.

(iv) Each of the Company's held for sale Investments is an associate with John Robertson, a former director of the Company. Each such Investment is managed by a company associated with Mr. Robertson, and all of them (other than GS Chicago, LLC) derive rental revenues from properties leased to CPF Recovery Ways, LLC of which Mr. Robertson is a member of the board of directors. The Company no longer has any interests in any such investments following its sale of TRU Investments LLC on August 15, 2018.

(v) North American Management, LLC, a company associated with John Robertson, formerly a director of the Company, received a US$25,000 administrative transaction fee in connection with the Company's disposition of its membership interest in GS Chicago, LLC. North American Management, LLC also received a US$25,375 administrative transaction fee as a disbursement prior to the Company receiving the net cash proceeds in connection with the Company's sale of its wholly-owned subsidiary TRU Investments LLC.

(vi) The Company received and paid a claims for indemnification in the amount of $39,087 from former directors of the Company. These claims have been reported in the expenses of the Company for the nine months ended September 30, 2018.

(vii) The Company recognized share-based compensation of $24,300 relating to option grants issued on May 2, 2018 to directors, officers and consultants of the Company.

Risk and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who can afford to lose all of their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect the Company. Please refer to the section entitled "Risk & Uncertainties" in the Company's Annual MD&A , available on SEDAR at www.sedar.com.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements; and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

Disclosure of Internal Controls (continued)

In contrast to non-venture issuers this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR'). In particular, management is not making any representations relating to the establishment and maintenance of:

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

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Subsequent Events

a) Share Option Grant

On October 5, 2018, the Company granted 25,000 incentive stock options to an arm's length consultant providing advisory services to the Company for no additional compensation. These stock options were granted in accordance with the Company's stock option plan and have a one-year term and an exercise price of $0.17 each, and vest immediately.

b) Proposed Reverse Takeover Transaction

On October 24, 2018, the Company announced that it had entered into a binding letter of intent dated October 12, 2018, as amended effective October 19, 2018 (the "LOI"), with African Cannabis Corp. ("African Cannabis") to complete a business combination by way of a reverse takeover (the "RTO Transaction"). Upon completion of the RTO Transaction, the combined entity (the "Resulting Issuer") will continue to carry on the business of African Cannabis, intended to be the production, cultivation, extraction and export of medical cannabis in multiple African countries. The closing of the RTO Transaction is subject to, among other things, the receipt of all necessary approvals and the satisfaction of customary closing conditions.

It is intended that the RTO Transaction will occur after the common shares of Trius (the "Trius Shares") have been delisted from the TSX Venture Exchange and relisted on another recognized junior Canadian stock exchange. The final legal structure for the RTO Transaction will be determined after the parties have considered all applicable tax, securities law and accounting efficiencies. Trius and African Cannabis shall use their commercially reasonable efforts to complete the RTO Transaction by January 31, 2019.

Prior to the completion of the RTO Transaction, the Trius Shares will be consolidated on the basis of 1.7 old Trius Shares for one new Trius Share (the "Consolidation"), with Trius' stock options adjusted accordingly, resulting in approximately 6,629,906 Trius Shares outstanding on a non-diluted post-Consolidation basis.

Subsequent Events (continued)

Upon completion of the RTO Transaction and following the Consolidation, holders of common shares of African Cannabis ("African Cannabis Shares") will receive one common shares of the Resulting Issuer for each African Cannabis Share held. African Cannabis currently has 183,788,850 African Cannabis Shares outstanding. Any convertible securities of African Cannabis then outstanding shall be exchanged on a one-for-one basis for equivalent securities of the Resulting Issuer.

In connection with the RTO Transaction, African Cannabis has entered into an agreement with Canaccord Genuity Corp. ("Canaccord") on behalf of a syndicate of agents including PI Financial Corp. (together with Canaccord, the "Agents"), whereby the Agents will assist African Cannabis in selling on a commercially reasonable efforts private placement basis up to 30,000,000 subscription receipts (the "Subscription Receipts") at a price of C$0.50 per Subscription Receipt, amounting to aggregate gross proceeds of up to C$15,000,000 (the "Offering"). Closing of the Offering is expected to occur on or about November 30, 2018 and is subject to certain conditions. Pursuant to the terms of the Offering, the Agents have been granted an option to arrange for the sale of up to an additional 10,000,000 Subscription Receipts for additional gross proceeds of up to C$5,000,000.

Each Subscription Receipt shall entitle the holder to receive, upon satisfaction of certain escrow release conditions and without payment of additional consideration, one unit of African Cannabis (a "Unit"). Each Unit shall be comprised of one African Cannabis Share and one-half of one African Cannabis Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall be exercisable into one African Cannabis Share at a price of C$0.75 for a period of 24 months from the date the escrow release conditions are satisfied.

Further details on the RTO Transaction are available in the Company's press release dated October 24, 2018.