

MJ BIOSCIENCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended January 31, 2019

INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of MJ Bioscience Corp. (the “Company”) has been prepared by management in accordance with the requirements of National Instrument 51-102 as of March 28, 2019. This MD&A should be read in conjunction with the condensed interim financial statements and related notes thereto for the three months ended January 31, 2019 and 2018 (the “Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (“IASB”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All amounts in the financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or to management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the future development of the Company. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

COMPANY OVERVIEW

Background

The Company was incorporated under the Business Corporations Act (British Columbia) on October 15, 2014. The head office of the Company is 1080 – 789 West Pender, Vancouver, British Columbia V6C 1H2. The Company plans to raise funds in order to acquire either companies or assets in the biotechnology sector including, but not limited to, the cannabis industry.

RESULTS OF OPERATIONS

The Company has not yet generated revenue from its operations.

During the period ended January 31, 2019, the Company incurred a net loss of \$8,671 compared to net loss of \$2,100 for the period ended January 31, 2018. The net loss for 2019 is due to filing fees of \$2,743, professional fees of \$4,148, transfer agent fees of \$1,774, and office and administration costs of \$6. The net loss for the period ended January 31, 2018 is due to \$2,100 in professional fees.

Summary of periodic results

Results for the most recent completed fiscal quarters are summarized in the table below:

	Three-month period ended January 31, 2019	Three-month period ended October 31, 2018	Three-month period ended July 31, 2018	Three-month period ended April 30, 2018
	\$	\$	\$	\$
Net income (loss)	8,671	(18,238)	(14,411)	(39,436)
Income (loss) per share	(0.02)	(0.03)	(0.03)	(0.08)
Total assets	918	-	975	281
Working capital deficit	125,105	116,434	98,182	87,481

	Three-month period ended January 31, 2018	Three-month period ended October 31, 2017	Three-month period ended July 31, 2017	Three-month period ended April 30, 2017
		\$	\$	\$
Net income (loss)	(2,100)	13,065	-	-
Income (loss) per share	(0.00)	0.03	-	-
Total assets	255	-	-	-
Working capital deficit	48,045	45,945	59,010	59,010

The net loss for the three-month period ended October 31, 2018 is related to \$8,088 of filing fees, \$4,586 of professional fees, \$1,385 of transfer agent fees and \$3,248 of public company fees.

The net loss for the three-month period ended July 31, 2018 is related to \$529 of filing fees, \$9,750 of professional fees, \$3,665 of transfer agent fees and \$467 of office and administration costs.

The net loss for the three-month period ended April 30, 2018 is related to \$38,968 of filing fees and late filing penalties and \$468 of professional fees.

The net loss for the three-month period ended January 31, 2018 is related to annual audit fees.

The net income recorded for the three-month period ended October 31, 2017 is related to the forgiveness of a payable in the amount of \$14,565.

Liquidity and Capital Resources

The Company must rely upon loans from related parties in order to generate cash for general operating activities. The Company has not pledged any of its assets as security for loans or is not otherwise subject to any debt covenants.

The Company needs to raise additional capital to fund general working capital requirements for the next twelve months. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Transactions with Related Parties

As at January 31, 2019, the Company was indebted to its related parties in the following amounts:

	January 31, 2019	October 31, 2018
Due to CFO and company controlled by CFO - for general working capital purposes	\$ 42,141	\$ -
Due to CEO - for general working capital purposes	38,993	-
Due to the former parent – for general working capital purposes	22,842	22,842
	<u>\$ 103,976</u>	<u>\$ 22,842</u>

OUTSTANDING SHARE CAPITAL

As of January 31, 2019, the Company had 532,137 issued and outstanding common shares. The Company did not issue any warrants or options to purchase its common stock.

As at the date of this MD&A, the Company had 532,137 issued and outstanding common shares. The Company did not issue any warrants or options to purchase its common stock.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies adopted by the Company have been described in the notes to the audited financial statements for the year ended October 31, 2018.

New Accounting Standards

Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of November 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on November 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

New accounting standards not yet adopted

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has determined that adoption of this standard will not have a material impact on its financial statements.

RISKS AND UNCERTAINTIES

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which the Company cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Conflicts of Interest Risk

The Company's directors are, and may continue to be, involved in other business ventures in the technology industry through direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential

competitors of the products the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of the directors conflict with or diverge from the Company's interests. In accordance with the BCBCA, directors who have a material interest in any entity that is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to us.

Key Personnel Risk

The Company's success will depend on its directors and officers to develop the Company's business and manage its operations, and on the Company's ability to attract and retain key technical, sales and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Speculative Nature of Investment Risk

An investment in the Company's common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has not paid dividends and is unlikely to pay dividends in the immediate or near future. The Company is in the development and planning phases of its business and has not started commercialization of the Company's products and services. The Company's operations are not yet sufficiently established such that it can mitigate the risks associated with its planned activities.

Liquidity and Future Financing Risk

The Company will require additional financing to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in the Company's efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing common shares in the Company's authorized capital, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

Going-Concern Risk

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Dividend Risk

The Company has no earnings and has not paid dividends in the past and does not anticipate paying dividends in the near future. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deem relevant.

Share Price Volatility Risk

External factors outside of the Company's control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward technology sector stocks may have a significant impact on the market price of the Company's common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology sector. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations.

Historically, the Company's principal source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of debt or equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risks.

Fair value

The Company's financial instruments consist of trade payables and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments.

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

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

CONTINGENCIES

There are no contingent liabilities.

DIRECTORS AND OFFICERS

As of the date of this report, March 28, 2019, the Company's directors and officers are as follows:

Brent Hahn – Director and Chief Executive Officer

Barry Hartley – Director and Chief Financial Officer

Jesse Hahn – Director

James McCrea - Director