PHARMACIELO LTD. (FORMERLY AAJ CAPITAL 1 CORP.)

MANAGEMENT DISCUSSION AND ANALYSIS
NOVEMBER 30, 2018

1.1 Date

This Management Discussion and Analysis ("MD&A") of PharmaCielo Ltd., formerly AAJ Capital 1 Corp., a Capital Pool Company, ("PharmaCielo" or the "Company") has been prepared by management as of January 25, 2019 and should be read in conjunction with the condensed interim financial statements and related notes thereto of the Company as at and for the three months ended November 30, 2018 and with the audited financial statements and related notes thereto of the Company as at and for the year ended August 31, 2018, which was prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", believe", outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all Performance

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on May 30, 2017.

The Company completed its initial public offering ("IPO") and issued an aggregate of 209,380 post-consolidated common shares at $1.194 for gross proceeds of $250,000. The Company's common shares were approved for listing on the TSX Venture Exchange ("Exchange") and commenced trading effective January 30, 2018 under the symbol AAJ.P.

On August 16, 2018, the Company incorporated a wholly owned subsidiary, 10949469 Canada Inc., ("AAJ Sub") under the *Canada Business Corporations Act*.

On January 16, 2019, the Company completed its Qualifying Transaction (the "QT") with PharmaCielo Holdings Ltd. ("PharmaCielo Holdings"), a company incorporated under the *Canada Business Corporations Act*, pursuant to which PharmaCielo Holdings will merge with AAJ Sub and PharmaCielo will acquire all of the issued and outstanding PharmaCielo Holdings Common Shares. The Plan of Arrangement is structured as a three-cornered merger pursuant to the Plan of Arrangement and, as a result, PharmaCielo Holdings will be a wholly-owned subsidiary of the Resulting Issuer. Upon completion of the PharmaCielo Transaction, the Resulting Issuer will be a Tier 1 Life Sciences or Industrial Issuer. On January 15, 2019, AAJ changed its name to Pharmacielo Ltd. and consolidated its common shares on a ratio of one (1) new post-consolidated common share for 11.94 old pre-consolidated common share. All shares and per share references in these financial statements have been retroactively restated accordingly unless noted otherwise.

On January 18, 2019, the Company began trading on the Exchange under the symbol PCLO.

Upon completion of the QT, the board of directors consist of: David Attard, Chief Executive Officer, President, and a Director; Scott Laitinen, Chief Financial Officer; David Gordon, Chief Corporate Officer; Simon Langelier, Chairman of the Board of Directors and a Director; Dr. Delon Human, Vice Chairman of the Board of Directors and a Director; Matteo Pellegrini, Director; Henning von Koss, Director; Federico Cock-Correa, Director; Carlos Manuel Uribe, Director; Doug Bache, Director; and Alex Bruvels Corporate Secretary.

The Company will continue the business of PharmaCielo Holdings as Colombia's premier cultivator and producer of medicinal-grade cannabis oil.

Outlook 2019

The Company will focus on:

- Scaling the Company's area under current cultivation from 5.3 hectares of open-air greenhouse (~570,487 sq ft) to approximately 20 hectares (~2.15 million sq ft);
- Completion of its 2,300 sq m (24,757 sq ft) GMP certified Research and Technology Centre oil processing and product innovation facility;
- Receipt of registration from the Colombian Ministry of Agriculture for multiple cannabis strains – confirming unrestricted ownership of unique plant genetics for mass cultivation and oil extraction;
- Commencement of cannabis oil product sales in key markets for revenue generation;
- Confirming agreements with Colombian distributors and end-product manufacturers, to bring consumer products to market;
- Finalizing relationships with distributors and end-product manufacturers in select international jurisdictions, to bring products to market;
- Receipt of ISO 9001 certification for quality management systems (QMS), confirming operational veracity without review for customers;
- Opening of the Company's first bannered *Clínica* co-located with Centro Oncológico de Antioquia (COA), part of an oncology practitioner network

1.3 Selected Annual Information

	August 31, 2018	Date of Incorporation (May 30, 2017) to August 31, 2017
Net Loss	$ (144,395)	$ (15,982)
Loss per share	$ (1.18)	$ (0.22)
Total assets	$ 208,211	$ 103,663
Total long-term liabilities	Nil	Nil
Cash dividends declared per share for each class of share	Nil	Nil

1.4 Results of Operations

Three months ended November 30, 2018

During the three months ended November 30, 2018, the Company reported a net loss of $13,649 or $0.06 per share compared to a net loss of $12,511 or $0.07 per share for the first quarter ended November 30, 2017, an increase in loss of $1,138. The increase in loss resulted from professional and regulatory and transfer agent services incurred in connection with the Company's application for its listing and IPO.

Administrative fees incurred pursuant to the Company's administrative services agreement with Varshney Capital Corp. *See 1.9 Transactions with Related Parties*.

1.5 Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the reported quarters.

Quarter ended	Loss		Loss per share	
November 30, 2018	$	(13,649)	$	(0.06)
August 31, 2018	$	(38,151)	$	(0.18)
May 31, 2018	$	(32,065)	$	(0.15)
February 28, 2018	$	(61,668)	$	(0.91)
November 30, 2017	$	(12,511)	$	(0.07)
August 31, 2017	$	(15,982)	$	(0.22)

1.6 Liquidity and Capital Resources

The Company reported a working capital of $171,903 at August 31, 2018. As at August 31, 2018, the Company had cash on hand of $199,936 and accounts payable and accrued liabilities of $28,033.

Other sources of funds potentially available to the Company are through the exercise of stock options and broker warrants as disclosed in item 1.15 Other Requirements – Summary of Outstanding Share Data
The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. 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.

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.8 Risk and Uncertainties

Following completion of the QT, the Company will continue PharmaCielo Holdings' current business. The ability to continue growth and development of its operation will depend on a number of factors, including the availability of working capital, existing and emerging competition, existing and potential customers, the ability to maintain sufficient profit margins and to recruit and train qualified personnel, both with respect to sales and product development, the ability to maintain and expand its products and services, the ability to develop sufficient support capacity for its products, and the ability to identify and successfully integrate acquisitions of other companies or technologies.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant 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's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at November 30, 2018, the Company had cash on hand of $199,936 (August 31, 2018 - $208,211), which is sufficient to settle its current liabilities of $28,033 (August 31, 2018 - $22,659).

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) 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 the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

1.9 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

On July 1, 2017, the Company entered into an administrative services and rent agreement with Varshney Capital Corp. ("VCC"), a company with a director in common, for office administrative services and office premises on a month to month basis in exchange for a monthly fee of $1,500 plus taxes. The fee shall be limited to a cumulative maximum of $26,775 tax inclusive. Upon reaching the maximum fee, the services will continue at no additional fee. Upon completion of the QT, the agreement has been terminated.

During the period ended November 30, 2018, the Company paid $4,725 (2017 - $4,725) pursuant to this agreement for a cumulative total of $26,775, tax inclusive.

As at November 30, 2018, $14,122 (August 31, 2018 - $nil) was owed to the CEO and CFO of the Company for reimbursement of legal and accounting expenses. This amount was repaid subsequent to the period end.

1.10 Subsequent Events

The Qualifying Transaction

On January 15, 2019, the Company completed its QT with PharmaCielo Holdings pursuant to the following transactions:

(a) PharmaCielo consolidated its then outstanding 4,640,000 common shares on a 1:11.94 basis;

(b) pursuant to the terms of an agreement dated August 17, 2018 in respect of a plan of arrangement (the "**Arrangement**") between PharmaCielo, 10949469 Canada Inc. ("**AAJ Sub**"), a private company incorporated under the Canada Business Corporations Act (the "**CBCA**") and a wholly owned subsidiary of the Company created for the purposes of the Arrangement, and PharmaCielo Holdings, a private corporation incorporated under the CBCA, PharmaCielo acquired all of the issued and outstanding common shares (the "**PharmaCielo Common Shares**") of PharmaCielo Holdings and indirectly, PharmaCielo Holdings S.A.S., PharmaCielo Holdings' wholly owned Colombian operating subsidiary from the holders of PharmaCielo Common Shares in exchange for an aggregate of 81,747,811 PharmaCielo Common Shares. In addition, 11,815,416 subscription receipts of PharmaCielo Holdings were converted into PharmaCielo Common Shares and immediately into Resulting Issuer Shares on a one for one basis for gross proceeds of $39,581,644;

(c) PharmaCielo Holdings and AAJ Sub amalgamated and continued as a wholly owned subsidiary of PharmaCielo; and

(d) AAJ Capital 1 Corp. changed its name to "PharmaCielo Ltd.".

Trading in the common shares of the Company commenced on the Exchange on January 18, 2019 under the new symbol PCLO.

No deposit or advance has been made or is anticipated to be made by AAJ to PharmaCielo in connection with the PharmaCielo Transaction.

On January 16, 2019, the Company has issued and outstanding, a total of: (i) 93,976,962 Resulting Issuer Shares; (ii) 15,693,957 stock options exercisable to purchase Resulting Issuer Shares; and (iii) 802,660 brokers warrants exercisable to purchase Resulting Issuer Shares. The Company has a (i) stock option plan; (ii) restricted share unit plan (the "**RSU Plan**"); and (iii) deferred share unit plan (the "**DSU Plan**"). At this time, no deferred share units or restricted share units are outstanding under the DSU Plan and the RSU Plan respectively.

On January 16, 2019, 38,776 post-consolidated stock options were exercised for total gross proceeds of $46,300.

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 3 of the financial statements of the Company, as at and for the period ended November 30, 2018.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments at November 30, 2018 are as follows:

	Loans and receivables	*Available for sale*	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets				
Cash	$ –	$ –	$ 199,936	$ –
Accounts payable	–	–	–	13,911
Due to related parties	–	–	–	14,122
	$ –	$ –	$ 199,936	$ 28,033

1.15 Other Requirements

Summary of Outstanding Share Data as of January 25, 2019:

Authorized: Unlimited number of common shares without par value.
Issued and outstanding: 94,847,637 (including 23,276,039 held in escrow of which 2,732,720 were released at closing)
Stock options outstanding: 15,050,569
Agent's warrants outstanding: 575,373

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Doug Bache"

Doug Bache, Chair, Audit Committee