



Wheaton

INCOME

CANNABIS WHEATON INCOME CORP. d/b/a WHEATON INCOME
(FORMERLY KNIGHTSWOOD FINANCIAL CORP.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

Stated in Canadian Funds

DATE: NOVEMBER 28, 2017



Management Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") was prepared as of November 28, 2017 unless otherwise indicated. This MD&A reviews the operating results, financial position and liquidity of Cannabis Wheaton Income Corp. d/b/a Wheaton Income (the "Company" or "Wheaton Income"). All amounts are stated in Canadian dollars. This MD&A should be read in conjunction with the condensed consolidated interim financial statements and the notes thereto for the nine month period ended September 30th, 2017.

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information speaks only of the date it is provided, is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "Cautionary Note Regarding Forward Looking Statements" in this MD&A.

On March 24, 2017, the Company announced a forward split of its issued and outstanding common shares on the basis of three common shares for every one common share outstanding (the "Forward Split"). The record date for implementation of the Forward Split was April 12, 2017. Pursuant to the Forward Split, each holder of a Common Share on the record date received two additional Common Shares, so as to hold three Common Shares on a post-Forward Split basis. On April 10, 2017, the Company completed the previously announced Forward Split and as a result, the Company's outstanding Common Shares increased from 49,733,951 Common Shares to 149,201,853 Common Shares. Unless otherwise specified, all references to share capital in this MD&A, are made on a post-Forward Split basis.

Description of Business, Overall Performance and Outlook

Historical Business of the Company

Historically, the Company's investments have been in private companies (the "Investee Companies") so as to provide those companies with the ability to issue debt instruments that are eligible for registered plans as defined in the Income Tax Act (Canada).

In January 2017, the Company and Knightswood Holdings Ltd. ("Holdings") entered into an assignment agreement under which the Company transferred all of its right, title and interest in the Investee Companies including all of the related contracts with the Investee Companies to Holdings. Holdings is a wholly-owned subsidiary of the Company incorporated for the purpose of holding the Company's equity interest in the Investee Companies and administering the contracts between the Company and the Investee Companies.

Updated Investment Strategy and Events to September 30, 2017

In the third quarter of 2016, the Company commenced its search for investment opportunities outside of holding interests in the Investee Companies and identified the cannabis industry to be of interest for future investments.



On April 10, 2017, the Company completed the previously announced Forward Split and as a result, the Company's outstanding Common Shares increased from 49,733,951 Common Shares to 149,201,853 Common Shares.

On April 18, 2017, the Company signed a purchase agreement with 2557788 Ontario Ltd. ("255"), a private Ontario company acting at arm's length to the Company, acquiring all of 255's interests in certain patient outreach and services agreements for total consideration of \$1,200,000, which included cash of \$288,000 on closing and the assumption of a promissory note in a separate legal agreement.

On April 26, 2017, Mark Lerohl and Mark Walker resigned as directors of the Company and Ian McKay was appointed as a director of the Company.

On April 27, 2017, the Company signed a purchase agreement with PanCann Streaming Corp. ("PSC"), a private Ontario company, acting at arm's length to Wheaton Income, acquiring all of PSC's interests in certain binding interim streaming agreements between PSC and various licensed producers ("LPs") and LP Applicants for total consideration of \$1,000,000.

On May 5, 2017, Stephen McCoach resigned as Chairman of the Board and Secretary of the Company and Maurice Levesque resigned as a director and President of the Company. Chuck Rifici was appointed as Chairman of the Board and Chief Executive Officer of the Company, Jeff Tung was appointed as Chief Financial Officer and Chief Operating Officer of the Company, Ian Rapsey was appointed as Chief Creative Officer of the Company and Brad McNamee was appointed as Chief Infrastructure Officer of the Company.

On May 5, 2017, the Company changed its name to "Cannabis Wheaton Income Corp." and on May 8, 2017, the Company began trading on the Exchange under the new symbol "CBW", the Company has previously traded on the Exchange under the symbol "KWF".

On May 5, 2017, the Board adopted a new rolling 10% incentive stock option plan, which is subject to shareholder approval.

On May 29, 2017, the Company entered into a binding interim agreement with ABcann Global Corporation ("ABcann") to invest \$30,000,000 in order to fund the construction of 50,000 square feet expansion of cultivation space at ABcann's Kimmitt facility located in Napanee, Ontario. Upon completion of the \$30 million investment, and upon accepting ABcann's construction budget and timeline, the Company will provide all necessary funding to complete construction of the expansion of the Kimmitt facility. In return, the Company will receive 50% of the proceeds (net of certain costs) of future wholesale or retail sales completed by ABcann with respect to cannabis produced in the expanded area.

On June 6, 2017, the Company announced that it entered into an engagement letter with Mackie Research Capital Company to act as lead agent and sole bookrunner to sell special warrants and convertible debenture units for gross proceeds of up to \$50,000,000.

On June 8, 2017, Hugo Alves was appointed as President and Director of the Company. On June 15, 2017, Michael Lickver was appointed as Executive Vice President of Strategy of the Company.

On June 29, 2017, the Company closed the previously announced offering for aggregate gross proceeds of \$50,252,203. The Company raised \$30,000,000 through the issuance of 30,000 convertible debenture units at a price of \$1,000 per unit and \$20,252,203 through the issuance of 20,252,203 special warrants at a price of \$1.00 per special warrant.

On July 10, 2017, the Company entered into an agreement to purchase \$15,000,000 of ABcann shares. Subsequently, on August 1, 2017, 6,666,666 shares were purchased at an agreed upon valuation of \$2.25 per ABcann share.

On September 27, 2017, the Company obtained a receipt for its final short form prospectus filed with the securities regulatory authorities in each of the provinces of Canada, except Québec. The Prospectus qualified the distribution of the common shares and the common share purchase warrants of the Company issuable in connection with the previously announced private placement offering that was completed on June 29, 2017.

RESULTS OF OPERATIONS

For the nine month period ended September 30, 2017 the Company reported a net loss of \$8,971,872 with net loss of \$0.06 per common share on a non-diluted and diluted basis. This compares to net income of \$104,869 for the nine months period ended September 30, 2016 with net income of \$0.03 per common share on a non-diluted basis and diluted basis. The decrease in net income was primarily driven by an increase in general and operating expenses as a result of the Company finding new investment opportunities in the cannabis industry, culminating in acquisitions which occurred during the period ended September 30, 2017.

During the three months ended September 30, 2017, the Company did not earn any fee income from Investee Companies. This compares to revenues of \$73,125 from 13 Investee Companies in the same quarter of 2016.

Operating Expenses

Wages and benefits increased by \$693,556 during the three and nine months ended September 30, 2017, as a result of the first salary draw on August 1, 2017 for the senior management team and seven employees in the finance, legal, and corporate departments.

Directors' fees increased by \$nil and \$8,000, respectively during the three and nine months ended September 30, 2017, as a result of fees paid to former directors of the Company for management consulting services as part of the transition from Knightswood Holdings to Cannabis Wheaton Income Corp.

General and administration costs increased by \$443,278 and \$483,418 respectively, for the three and nine months ended September 30, 2017. The increase over both periods is primarily due to corporate and general administrative activities of the Company as it searched for new investment opportunities in the cannabis industry, scaled up its business operations, and completed various equity and debt financings. The Company also paid regulatory and transfer agent fees related to convertible debt and equity financings completed during the period. In the prior period, the Company was operating under the former investment strategy to provide companies with the ability to issue debt instruments that are eligible for registered plans as defined in the Income Tax Act (Canada).

Professional fees increased by \$1,335,128 and \$2,796,472 respectively, during the three and nine months ended September 30, 2017. The increase was largely attributable to legal fees as the Company completed debt and equity financings. In addition, the Company incurred costs for ongoing services related to potential investment opportunities and due diligence related matters.

Business development fees increased by \$2,256,983 and \$3,547,339 respectively during the three and nine months ended September 30, 2017. The Company entered into various non-recurring consulting contracts and other business contracts to assess business opportunities and support its business operations. The Company also incurred fees in relation to marketing activities (print and digital), investor relations and communications and travel expenses as it sought to publicize its new investment strategy and pursue opportunities in the cannabis sector. The Company anticipates that it will continue to devote significant resources to its business development, investment and capital-raising activities as the Company accelerates its operational activities.

The Company recorded share-based payments of \$nil and \$147,000 for 12,716,085 stock options granted and vested during three and nine months ended September 30, 2017. The Company recorded depreciation of \$1,293 over the same period on the office equipment purchased for its head office in Toronto, Ontario.

Non-operating Income and Expenses

During the three and nine months ended September 30, 2017, the Company earned interest income on its cash balance. The increase over the comparative period is due to a significantly smaller cash balance in the prior period.

The Company has two unsecured loans of \$912,100 and \$1,000,000, respectively, which both bear accretion charges at 12%. Interest accretion was also charged on the \$30,000,000 convertible loans which bear interest at 12% per annum.

Summary of Quarterly Results

	Total Revenues		Net income (loss)		Earnings (loss per share Basic & Diluted)	
30-Sept-17	\$	-	\$	(5,903,273)	\$	(0.030)
30-Jun-17	\$	-	\$	(1,583,000)	\$	(0.010)
31-Mar-17	\$	-	\$	(1,485,000)	\$	(0.028)
31-Dec-16	\$	51,000	\$	(335,000)	\$	(0.037)
30-Sep-16	\$	73,000	\$	15,000	\$	0.002
30-Jun-16	\$	56,000	\$	7,000	\$	-
31-Mar-16	\$	52,000	\$	83,000	\$	0.009
31-Dec-15	\$	48,000	\$	2,000	\$	-
30-Sep-15	\$	74,000	\$	11,000	\$	0.001
30-Jun-15	\$	71,000	\$	17,000	\$	0.002

Net loss during the period ended September 30, 2017 was significantly higher due to the ramp up of operating activities including fees in management, marketing, business development, audit and legal, and transfer agent and filing fees.

Transactions with Related Parties

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, executive officers and the President. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries, bonuses and medical benefits. Long-term benefits include stock options or post-employment benefits. Compensation provided to current and former key management are as follows:

For the nine months ended September 30	2017	2016
Short-term benefits	\$1,340,593	\$45,000
Long-term benefits (*)	134,354	-
	\$1,474,947	\$45,000

(*) Consists of share-based payments as the fair value of options granted to key management personnel of the Company under the Company's stock option plan.

Nesta Holding Co Ltd, a company owned and controlled by the CEO of the Company, provides travel and accommodation services to the Company on a month to month basis. For the nine-month period ended September 30, 2017, the Company incurred \$4,066 (September 30, 2016 - \$nil) in travel expenses. There was no amount outstanding to Nesta Holding Co Ltd at September 30, 2017 (September 30, 2016 - \$Nil).

Canterra, a company owned and controlled by a former director of the Company, Stephen McCoach, provides management consulting services to the Company on a month to month basis. For the nine-month period ended September 30, 2017, the Company incurred \$307,789 (September 30, 2016 - \$22,500) in management consulting fees. There was no amount outstanding to Canterra at September 30, 2017 (September 30, 2016 - \$Nil).

Elcyc, a company owned and controlled by the former President and former director of the Company, Maurice Levesque, provides management consulting services to the Company on a month to month basis. For the nine-month period ended September 30, 2017, the Company incurred \$137,750 (September 30, 2016 - \$22,500). There was no amount outstanding to Elcyc at September 30, 2017 (September 30, 2016 - \$Nil).

The Company provides a monthly fee to former directors for services provided. For the nine-month period ended September 30, 2017, the Company incurred \$8,000 (September 30, 2016 - \$22,500) in director's fees. The Company also paid \$198,154 for additional consulting services to the former President, Maurice Levesque, and former director of the Company (September 30, 2016 - \$Nil) and \$202,000 for additional consulting services to another former director (September 30, 2016 - \$Nil).

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance, liquidity or capital resources of the Company.

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended September 30, 2017, the Company financed its operations and met its capital requirements through debt and equity financings. The Company's objectives when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's operating and working capital requirements. During the period, the Company completed various equity and debt financings to meet its current and anticipated future obligations, and expansion plans.

Working capital as of September 30, 2017 was \$26.5 million as compared to \$46.6 million at June 30, 2017. The decrease in working capital was primarily attributable to an decrease in cash and cash equivalents as the Company made its first streaming investment and scaled up its business operations.

During the nine months ended September 30, 2017, the Company significantly strengthened its balance sheet and liquidity position with new equity and debt financings. Subsequent to September 30, 2017, the Company also generated \$35 million in additional gross cash proceeds from an unsecured convertible debenture financing. The Company anticipates that it has sufficient liquidity and capital resources to meet all of its planned expenditures for at least the next twelve months.

The Company is subject to risks and uncertainties that could significantly impair its ability to raise funds through debt or equity or to generate profits sufficient to meet future obligations, operational, or development needs. See "Risks" for information on the risks and uncertainties that could have a negative effect on the Company's liquidity.

Operating Activities

For the nine months ended September 30, 2017, cash outflows used for operating activities were \$7.8 million compared to cash inflows of \$28,136 for the nine months ended September 30, 2016. During the nine months ended September 30, 2017, cash flows used for operations resulted primarily from cash outflows to scale up the business including hiring new staff, raising investor awareness and conducting due diligence on new investment opportunities.

Investing Activities

For the nine months ended September 30, 2017, the Company had net cash outflows related to investing activities of \$18.2 million as compared to net cash inflows of \$99,436 for the nine months ended September 30, 2016. Investing activities during the period included the acquisition of PannCann and 255 for consideration of \$2.2 million, purchase of office computers and furniture of \$54,518, a \$250,000 deposit made to a potential streaming partner, issuance of a note receivable of \$650,000, and the Company's first streaming investment in ABCann of \$15 million.

Investing activities during the prior period consisted primarily of acquisitions and disposals of investee companies under the Company's former strategy.

Financing Activities

For the nine months ended September 30, 2017, the Company had net cash inflows related to financing activities of \$51.8 million as compared to \$nil for the nine months ended September 30, 2016. During the period, the Company raised aggregate net cash proceeds as follows:

- private placement of units for gross proceeds of \$3.1 million, net of issuance costs;
- special warrants issued on June 29th private placement of \$18.2 million, net of issuance costs;
- unsecured convertible debentures in the principal amount of \$30.0 million less financing fees of \$2.3 million.
- issuance of unsecured long term debt of \$1.9 million.
- exercise of warrants and options for net proceeds of \$891,100.

Critical Accounting Estimates

The Company makes estimates about the future that affect the reported amount of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Areas requiring estimates and judgements are as follows:

Determination of control of the Investee Companies

The financial statements of the Company and the Investee Companies are not consolidated, based on its interpretation of the definition of control under IFRS 10, the Company has determined that it does not have control over the Investee Companies. From a legal perspective, the Company controls all the Investee Companies as it owns either all or a majority of the voting rights in the Investee Companies. Under IFRS 10, the Company has neither the rights to the returns of the Investee Companies nor the ability to use power to affect returns of the Investee Companies.

Measurement of deferred tax assets and liabilities

The Company is required to make significant judgement when determining the provision for current income taxes, including estimates for uncollectible receivables, liabilities and contingencies. The provision for tax liability is the Company's best estimate based on its current understanding of the tax law. The Company believes it has adequately provided for the probable outcome; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

No deferred tax assets in relation to any unused capital losses are recognized as the Company believes that the probability of future capital gains is remote based on its current business operations.

Inputs when using Black-Scholes valuation model

The estimates used in determining the stock option and warrant fair values, utilizes estimates made by management in determining the appropriate input variables in the Black-Scholes valuation model. Inputs subject to estimates include volatility, forfeiture rates, estimated lives and market rates.

Discount rate

The discount rate used to calculate the net present value of the convertible debentures and the notes payable are based on management's best estimates of an approximate industry peer group weighted average cost of capital and management's best estimate of the Company's risk levels. Changes in the general economic environment could result in significant changes to this estimate.

Changes in Accounting Policies including Initial Adoption

Future changes in accounting standards

IFRS, Revenue from contracts with customers, is effective for entities with accounting periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 15 provides a framework for how revenue is recognized in a contract and how to account for contract modifications. The standard discusses the amount of revenue to recognize as a function of the consideration to be entitled for the transfer of goods and services. At this time, the Company cannot reasonably determine the impact of adopting the future account standards to its financial reporting.

IASB issued IFRS 9, Financial Instruments, which is effective for entities with accounting periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement by using a single model approach to determine whether a financial asset is measured at amortized cost or fair value. The Company has early adopted IFRS 9 Financial Instruments with a date of initial application of January 1, 2017.

Financial Instruments and Risk Management

The Company's financial instruments include cash and cash equivalents, receivables and trade and other payables. Cash and cash equivalents are exposed to credit risk and the Company reduces its credit risks by placing these instruments with institutions of high credit worthiness. Receivables relate to outstanding fees owing from the Investee Companies and the Company mitigates the credit risk by entering into agreements with the Investee Companies and reviewing its exposure to credit risk on a regular basis. The Company is exposed to liquidity risk with respect to its trade and other payables and the Company manages liquidity risk by maintaining sufficient cash balances for settlement of financial liabilities on their due dates.

Risk Factors

Company's overall performance and results of operations are subject to a number of risks and uncertainties. Please refer to the Company's AIF, dated May 23, 2017, and the Company's Final Short Form Prospectus, dated September 27, 2017 which are filed on SEDAR at www.sedar.com, for a detailed description of the risks and uncertainties, which are hereby incorporated by reference.

Outstanding Share and Option Data

As of the date of this M&DA, the Company had the following securities issued and outstanding:

Securities	November 27 2017
	#
Issued and outstanding shares	263,559,324
Stock Options	12,716,085
Warrants	132,565,688
Broker Warrant Units	3,419,549
Convertible debentures	30,000

Subsequent Events

On October 2, 2017, the 20,252,203 special warrants issuable in connection with the June 29, 2017 private placement were exercised. A filed prospectus qualified the distribution of the common shares and the common share purchase warrants. Each holder of a special warrant received one unit of the Company, where each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase one common share of the Company at a price of \$1.50 per common share at any time prior to June 29, 2019.

On October 5, 2017, the Company and Beleave Inc. ("Beleave") entered into an agreement where the Company will provide Beleave with up to \$10,000,000 in debt financing. The proceeds of the note payable will be used by Beleave to fund the construction of an expansion facility adjacent to Beleave's current facility outside of Hamilton, Ontario. Beleave will repay the note payable by paying the Company a portion of all gross proceeds received from the retail or wholesale sale of grams of dried, finished, saleable cannabis produced at any of its cultivation facilities. On October 17, 2017, the Company provided the initial advance of \$5,000,000 to Beleave.

On October 31, 2017, the Company acquired all of the issued and outstanding shares of RockGarden Medicinals (2014) Inc. ("RockGarden"). In connection with the acquisition, each of the shareholders of RockGarden are entitled to receive aggregate consideration of 27,499,912 common shares in the capital of the Company as follows:

- 17,499,970 common shares upon closing of the acquisition;

- 4,999,971 common shares issued and held in escrow to be released to the RockGarden shareholders upon RockGarden receiving a sales authorization under the Access to Cannabis for Medical Purposes Regulations (the "ACMPR");
- 4,999,971 common shares issued and held in escrow to be released upon certain key employees satisfying certain performance obligations.

The acquisition furthers the Company's streaming strategy by providing the Company with additional resources and a strategic regulatory tool to help accelerate current and future partners' development and their pathways to licensing under the ACMPR.

On November 2, 2017, the Company issued 35,000 convertible debenture units for aggregate gross proceeds of \$35 million. Each convertible debenture unit was offered at a price of \$1,000 consists of \$1,000 principal amount of 8% senior unsecured convertible debentures and 833 common share purchase warrants of the Company. The debentures bear interest at 8.0% per annum, calculated semi-annually on June 30 and December 31 of each year and mature 60 months from the date of closing.

The debentures are convertible at the option of the holder, at any time prior to maturity, into common shares of the Company computed on the basis of the principal amount of the debentures divided by the conversion price of \$1.20 per common share and a cash payment equal to the additional interest amount that such holder would have received if it had held the debenture from the date of conversion until maturity. Each warrant is exercisable to acquire one common share at an exercise price of \$1.20 per common share for a period of 24 months following the closing of the offering.

MMCAP International Inc. SPC subscribed for \$28 million of the aggregate principal amount of convertible debenture units and is considered to be an insider of the Company. The net proceeds of the offering will be used to fund working capital and general corporate purposes, including but not limited to, financing of the Company's streaming partners pursuant to certain streaming agreements and general and administrative expenses.

Subsequent to September 30, 2017, the Company issued 29,166,665 common shares on full conversion of the 35,000 convertible debenture units.

Cautionary Note Regarding Forward Looking Statements

This MD&A contains certain forward-looking statements and forward-looking information within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. The use of any of the words such as "plans", "anticipates", "intends", "expects", "estimates", "believes", "projects", "assumes", "forecasts" and similar expressions and such words that certain actions or results "may", "could", "would", "should", "might" or "will" be taken or occur are intended to identify forward-looking information. Forward-looking statements involve risks, uncertainties and other factors beyond the Company's ability to predict or control which may cause actual results and performance to differ materially from those anticipated. There can be no assurance that any forward-looking statement will materialize. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking information may include, but is not limited to:

- possible investments the Company may make in the future;
- raising additional financing to further the Company's investment business;
- the investment objectives and strategies of the Company in carrying out its business;
- changes in laws, regulations and guidelines;
- identifying specific industries or businesses in which the Company will make its investments;
- the dependence of the Company's cash flow and financial performance on third parties;
- the price of medical cannabis;
- the lack of control over operations of the Company's streaming partners;
- the ability of the Company's streaming partners to produce medical cannabis;
- the successful buildout of the current and proposed facilities of each of the Company's streaming partners;
- the fluctuations in the price of the shares and market for the shares;
- licensing risk;
- regulatory risk;
- future liquidity and financial position;
- the Company's expectations with respect to future growth;
- the ability of the Company to generate cash flow; and
- the Company's competitive position.

Although management believes that the expectation represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, performance or achievements.

Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amount of assets, liabilities, revenues and expenses. These estimates may impact the financial performance of the Company when further information becomes available.



Cannabis Wheaton Income Corp.
Management's Discussion and Analysis
For the Three and Nine Month Period Ended September 30, 2017

The forward-looking information contained in this MD&A is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities law.