FINCANNA CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

Date and Note to Reader

The following management's discussion and analysis ("MD&A") prepared effective August 28, 2020 should be read in conjunction with the audited consolidated financial statements for the year ended April 30, 2020 of FinCanna Capital Corp. ("FinCanna" or the "Company"), and accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Overview

FinCanna Capital Corp. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on November 28, 2016, under the name 1098119 B.C. Ltd., and changed its name to Coachella Cannabis Corp. on the same date, and further to FinCanna Capital Corp. on May 12, 2017. The Company's head office address is at Suite 550 – 800 West Pender Street, Vancouver, BC V6C 2V6 and its registered and records office address is Suite 2500 - 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3. The Company's principal business activity has been seeking investment opportunities and making royalty financing investments in the licensed cannabis sector in the United States and managing these investments.

The Company and Astar Minerals Ltd., ("Astar") entered into an Arrangement Agreement on July 11, 2017, pursuant to which Astar acquired all of the issued and outstanding common shares of the Company in exchange for common shares of Astar, on a one to one basis. In addition, each outstanding option and/or warrant to acquire the Company's common shares became exercisable for one common share of Astar (the "Transaction"). The Transaction was carried out by way of a plan of arrangement, pursuant to which the Company became a wholly owned subsidiary of Astar. As a result of the Transaction, Astar, as the "Resulting Issuer," continued on with the business of the Company under the name "FinCanna Capital Corp."

As contemplated by the Agreement, Astar's common shares were delisted from the TSX Venture Exchange ("TSX-V"). On December 22, 2017, the Company completed the Transaction and the common shares of the Resulting Issuer were listed on the Canadian Securities Exchange ("CSE") and began trading on December 29, 2017 under the symbol "CALI".

In March 2018, FinCanna received its listing on the OTCQB under the symbol "FNNZF".

Nature of Business

The Company's mission is to combine extensive investment expertise and industry experience, in funding best-in-class businesses in the U.S licensed cannabis industry with a focus on California.

The Company's vision is to be the capital partner of choice for high growth, rapidly emerging private companies operating in the licensed U.S cannabis industry and it's focused on delivering high impact returns to its shareholders by way of a strategically diversified investment portfolio.

The Company's primary objective in executing on its vision is to form part of a "whole capital" solution for businesses in the licensed cannabis sector. FinCanna seeks to invest in best-in-class businesses and align the business and financial interests of existing owners and operators with those of the Company.

Its capital solution is provided via royalty financing which involves providing capital investment for a percentage of the future revenues of an investee. With its royalty financing the Company seeks to deliver efficient long-term capital to facilitate the growth or other specific objectives of its investees. It also endeavors to provide funds in a timely way to ensure the business opportunity is optimized.

FinCanna's royalty financing offering is an alternative or complement to debt and/or equity financing. It provides the advantage of allowing investees to maintain financial flexibility and control of their business as opposed to entering into arrangements that may include restrictive debt structures or giving up an ownership stake.

FinCanna is focusing initially on California since it is the fifth largest economy in the world and the largest legal cannabis market in North America. According to Seattle-based cannabis analytics firm Headset, in 2019 the California market saw just under $3 billion in legal adult-use sales – nearly doubling legal marijuana sales in the state in 2018.In 2020, according to *Marijuana Business Daily* projections, California's legal adult-use market will grow by approximately 50%, eclipsing $4 billion in sales. And, by 2023, the legal California market will hit over $6 billion.

Highlights & Recent Developments

For more details on the following highlights, please refer to the news releases available on SEDAR: www.sedar.com.

Corporate

On September 19, 2019, the Company announced the appointment of Mr. Holger Heims to its Board of Directors. Mr. Heims is the Managing Partner of Falcon Equity Advisors GmbH of Switzerland and has been involved in international M&A and private equity investments for more than 25 years.

On September 19, 2019, the Company issued a total of 250,000 incentive stock options to a new director with an exercise price of $0.25 per share and a term of five years.

Financing

As at April 30, 2020, the Company had $29,595,780 in share capital representing 100,289,734 common shares outstanding.

During the year ended April 30, 2020, investors converted 320 units of convertible debentures into 1,600,000 common shares of the Company at a conversion price of $0.20 per share. In connection with the conversion, the original equity component of $11,272 was transferred from reserves to share capital.

During the year ended April 30, 2020, 25,286,907 warrants expired unexercised.

Subsequent to the year ended April 30, 2020, the following events took place:

- On June 23, 2020 the Company restructured its Royalty Agreement with QVI. In exchange for providing an additional US$1,500,000 FinCanna will receive a increase in the royalty rate to 20% of all revenue. In addition, it will receive a supplemental payment, that when coupled with the royalty, will ensure FinCanna receives a minimum of 70% of QVI's annual after-tax net income. In addition, sales proceeds from any future sale of QVI will be paid 70% to FinCanna and 30% to QVI shareholders.

- On June 25, 2020, the Company announced it had received Debenture and Warrant Holder approval to amend the Convertible Debentures and Warrants as follows. The Maturity period for the Debentures and Warrants will be extended for an additional 24 months to January 10, 2023 and February 8, 2023 for the first and second tranches, respectively. The conversion price of the Debenture has been decreased from $0.20 to $0.15.

- On July 7, 2020, the Company announced the closing of its convertible debenture for $2.5 million. The subscription price is $1,000 per Unit. The Debentures will mature on February 8, 2023 and will bear interest at 12% per annum, payable in cash or, at the option of the Subscriber, in common shares of FinCanna subject to certain conditions. The Debenture is convertible into Common Shares at $0.15 per share. Subscribers for Debentures will receive 5,000 common share purchase warrants for each Unit of principal amount of Debenture. Each Warrant will entitle the holder to acquire one Common Share of FinCanna for $0.30 at any time up to the maturity date.

- On August 27, 2020 the Company reached an agreement with Green Compliance whereby in exchange for foregoing its rights to recover its royalty investment from Green Compliance, Green Compliance would assign all of its assets to the Company. The business remains a going concern and the Company expects there will be minimal interruption in the business as a result of it taking control of the assets.

Royalty Investments

QVI, Inc.

QVI, Inc. (“QVI”), doing business as The Galley, is strategically located in Santa Rosa, California, between the famed Emerald Triangle and the greater San Francisco Bay Area. The Galley is an 8,300 square foot co-manufacturing facility that includes dedicated spaces for its large-scale commercial kitchen for baked goods, chocolate products and a hard candy and gummy line and a designated area for manufacturing additional products including topicals and tinctures, vapes, pre-rolls, flower assembly and packaging services.

The Galley is a state-of-the-art, fully automated food production facility unparalleled in the region designed to meet the highest Food and Drug Administration and California Dept. of Public Health standards. Focused on high demand areas of production – Edibles, Topicals, Tinctures, Chocolate, Hard Candies and Gummies., The Galley is differentiated from its peers by its automated capabilities to produce virtually all high value cannabis products under one roof. This one stop production expertise is attractive to top tier in-state and out-of-state brands. The premium equipment and operational design also allows The Galley to rapidly scale production as demand escalates.

In January 2019, the Company announced that it has signed a Royalty Agreement with QVI. According to the Royalty Agreement, FinCanna would fund US$3,000,000 in tranches (fully funded), subject to certain milestones being met. In return FinCanna will receive a tiered corporate royalty, adjusted based on revenues levels, ranging from 15% to 6% of QVI’s total revenues, with the top royalty rate of 15% on the first US$20,000,000 of annual sales until cumulative royalties to FinCanna of US$10,000,000.

In January 2019, the Company advanced $397,860 (US$300,000) to QVI for partial “Initial Payment” pursuant to the Royalty Agreement. Subsequent to signing the agreement, the Company further advanced $1,252,385 (US$950,000) to QVI completing its “Initial Payment” pursuant to the Royalty Agreement. In addition, the Company capitalized acquisition costs of $46,379.

In July 2019, FinCanna advanced $1,145,113 (US$875,000) to QVI pursuant to the Royalty Agreement.

In January 2020**,** FinCanna announced that it had advanced a third and final tranche of $1,156,220 (US$875,000) further to its royalty agreement with QVI completing its obligation to provide a total of US$3,000,000. FinCanna also agreed to provide QVI, a working capital bridge loan of up to US$300,000.

In consideration of the above, and as a result of certain amendments to the Royalty Agreement, QVI agreed to provide FinCanna with additional compensation in the form of a “Supplemental Payment.” Under the Royalty Agreement, FinCanna will continue to receive its previously agreed tiered corporate royalty, adjusted based on revenues, ranging from 15% to 6% of QVI’s total revenues, with the top royalty rate of 15% on the first US$20 million of annual sales until cumulative royalties to FinCanna of US$10 million are achieved. The Supplemental Payment, when coupled with the royalty, ensures FinCanna would receive a minimum of 35% of the annual after-tax net income from QVI. The supplemental payment was to accrue annually and be paid out upon certain triggering events such as a change of control, an initial public offering (“IPO”) or certain other specified events of QVI.

On April 15, 2020, the Company announced that QVI had completed the construction build out of its 8,300 square foot manufacturing facility. It also received its Manufacturing License Type N, from the California Department of Public Health, Office of Manufactured Cannabis Safety.

On April 23, 2020, the Company announced that QVI has been issued its Distribution Type 11 license by the California Bureau of Cannabis Control. It expects to receive its Occupancy Permit from the City of Santa Rosa upon completion of certain remaining construction items.

On June 23, 2020, the Company announced it had restructured its Royalty Agreement with QVI. Under this Royalty Agreement, FinCanna will provide an additional US$1,500,000 to QVI, with the previously agreed to US$300,000 bridge loan cancelled. The Royalty rate will increase to a flat rate of 20% of QVI's revenues, paid in cash monthly. The Supplemental Payment, when coupled with the royalty, will now ensure FinCanna receives a minimum of 70% of QVI's annual after-tax net income. Sale Proceeds from any future sale of QVI will now be paid 70% to FinCanna and 30% to QVI shareholders.

QVI, subsequent to the receipt of its City Of Santa Rosa "Occupancy Permit" and the completion of full commissioning of its manufacturing equipment, commenced commercial operations in June 2020. QVI continues to experience strong demand for its services. Run-rate revenue is expected to increase substantially on a quarter to quarter basis as marketing efforts utilizing the founders' wide network of industry participants gains traction.

Cultivation Technologies Inc.

Cultivation Technologies Inc. ("CTI") is a multifaceted manufacturing and distribution company that provides state licensed, high quality concentrates for white label manufacturing, toll processing and packaging to hand-selected brands and cultivators in California. Doing business as Coachella Manufacturing, CTI is unique in its ability to develop proprietary processes that create new products that are being recognized as superior by the industry and consumers.

In March 2020, CTI completed its relocation and commenced operations at its new 5,200 sq. ft. state-of-the-art facility in Palm Desert CA. that has an estimated annual capacity of approximately US$35 million. The facility has premium manufacturing and processing equipment deployed throughout, including high performance sub-zero freezer storage for up to 10,000 lbs of biomass, which serves to preserve the integrity of cannabis in the creation of the highest quality shatter, wax, crumble, sauce diamonds and terpenes.

CTI utilizes a BHO (butane hash oil) extraction method that allows for rapid and efficient extraction of cannabinoids. Over the past two years, it has built a reputation for having the ability to deliver quality products and is providing its products to numerous brands across the state, having won numerous awards and first place finishes from industry leading competitions including the prestigious Emerald Cup, High Times, Kushstock Festival and Weedcon Wonderland.

In September 2017, CTI began operations in Coachella, California with one of the state's first permitted solvent extraction facilities for medical cannabis. The lab was established as an interim facility in accordance with CTI's conditional land use permit in Coachella.

On October 9, 2018, CTI entered into a re-structured agreement with FinCanna that included the provision for CTI to sell its 6-acre property in Coachella California, for US$3,900,000 subject to certain conditions. During the year ended April 30, 2019, FinCanna received from CTI $5,174,107 (US$3,877,188) that represents the net proceeds from the sales price less the transaction costs as partial repayment of its outstanding secured loan.

On February 12, 2020 FinCanna signed a new royalty agreement with CTI whereby effective January 1, 2020 FinCanna will be entitled to receive 10% of CTI's top line revenue in perpetuity, subject to certain buyback options, of which 5% is paid in cash monthly and 5% is deferred. The accrued deferred payment will be paid out upon certain triggering events, including a change of control, an initial public offering ("IPO") or certain other specified events of CTI. Additionally, FinCanna would be entitled to receive 25% to 50% of the gross sales proceeds of any change of control transaction of CTI with the final percentage to be determined according to certain predetermined parameters.

Also on February 12, 2020, FinCanna provided CTI with a bridge loan of US$250,000 for a term of 6 months bearing an interest rate of 12% per annum and FinCanna will receive 5-year warrants to acquire 5% of CTI's fully-diluted capital at the time of exercise for US$250,000. The purpose of the bridge loan was to support CTI in relocating its operations from the interim site in Coachella CA to its new permanent facility in Palm Desert CA.

On March 4, 2020 CTI commenced production at its new fully licensed 5,200 sq. ft. state-of-the-art facility in Palm Desert, California utilizing a BHO extraction method that allows for rapid and efficient extraction of cannabinoids. CTI provides state licensed, high quality concentrates for white label manufacturing, toll processing and packaging to hand-selected brands and cultivators in California.

On April 7, 2020, the Company reported that CTI would continue extraction and manufacturing operations at its 5,200 sq. ft. facility, following guidance from California Bureau of Cannabis Control on the COVID-19 stay at home order.

Currently CTI is fully operational and continues to serve its core customer base. However, the company while continuing to attract new customers has not been able to acquire the volume of new business required to meet its projected revenues. Accordingly, FinCanna's royalty payments will be less than previously anticipated and as a result FinCanna has taken an impairment on this investment and reduced its carrying value from $8,479,040 to $2,130,040. FinCanna remains optimistic that CTI can recover from its sales slowdown and return to a more robust revenue outlook over the coming months.

Green Compliance

Green Compliance LLC ("Green Compliance"), headquartered in Fort Lauderdale, Florida, offers a state-of-the-art enterprise compliance and point-of-sale software solution ("ezGreen") specifically designed for licensed cannabis dispensaries and licensed retailers. Green Compliance helps its customers comply with both the Health Insurance Portability and Accountability Act ("HIPAA") and State Laws by ensuring the confidential data of medical patients or recreational customers is being handled properly, helping to protect Green Compliances customers from possible security breaches and financial and criminal liability resulting from potential violations.

Green Compliance developed its software (ezGreen) with Automated Healthcare Solutions ("AHCS"). AHCS is a leading point of care tracking and dispensing software solution in the U.S. dedicated to the workers compensation vertical in the pharmaceutical industry. By delivering a proven HIPAA compliant solution, AHCS supports thousands of active physician owned dispensaries that dispense medication onsite and has tracked, monitored, reported, and protected patient information for the past 18+ years across thousands of physician practices, while maintaining HIPAA compliance and following Health and Human Services protocols in the United States. In December 2019 Green Compliance acquired the IP (intellectual property) associated with the ezGreen software from AHCS and has an ongoing support agreement with them.

The target market for Green Compliance is every licensed operating dispensary and licensed retailer in the states that have passed laws legalizing cannabis - currently 33 states and Washington D.C. (District of Columbia). Green Compliance is currently focusing its marketing efforts on states that employ the METRC track and trace reporting system, with a particular focus on California, home to over 600 licensed dispensaries and Maryland with over 100 . Currently 13 states plus D.C. mandate the use of the METRC track and trace reporting system (Alaska, California, Colorado, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, Ohio, Oregon and Washington DC), with a combined total market of over 3,500 dispensaries. ezGreen is now fully integrated in all 13 METRC states plus Washington D.C.

In February 2018, FinCanna entered into a royalty agreement with Green Compliance. Under the royalty agreement, FinCanna will fund US$3,000,000 in tranches (US$1,750,000 funded to date). In return, FinCanna will receive a perpetual royalty equal to 10% of consolidated gross revenues of Green Compliance, subject to certain buy-back options.

In February 2018, the Company advanced $950,100 (US$750,000) completing the Initial Advance Payment to Green Compliance.

In June 2018, the Company announced that Green Compliance had launched its advanced "ezGreen Compliance 2.0" software solution. The ezGreen Compliance 2.0 release is an add-on to the company's existing POS application with new features related to dispensary and retail workflows, custom reporting for retail data sets and key cannabis platform integrations including the heavy load of ever-changing laws and compliance regulations. As a further point of differentiation, Green Compliance has achieved certification status with Marijuana Enforcement Tracking Reporting Compliance ("METRC"), and as part of its ezGreen Compliance 2.0 release, is developing deep integration with their seed to sale tracking program. The METRC tracking system was specifically designed for government agencies in charge of legalized marijuana enforcement. The ezGreen Compliance 2.0 release also features:

- Enhanced dispensary station workflow capabilities;

- Product automation for State taxation and reporting;
- Product formulary management tools for custom retail portal needs.

On August 3, 2018, the Company advanced $1,300,600 (US$1,000,000) to Green Compliance completing its "Milestone Payment 1" pursuant to the Royalty Agreement.

On October 11, 2018, FinCanna announced that Green Compliance has expanded its proprietary Business Intelligence Dashboard ("BID") with the addition of a new comprehensive taxation feature to automate essential revenue reporting functionality., The company believes it is the only comprehensive tax reporting solution in the market. ezGreen's new proprietary taxation functionality resolves the problem of labor intensive, error prone manual inputting of key financial data as it is designed to ensure that critical financial information is instantly captured and seamlessly organized for complex municipal and state tax reporting. ezGreen's automation of the state taxation formulas are customizable to track both municipal and state requirements around sales and excise taxes. ezGreen intends to roll out this new taxation feature as a fully integrated component of its BID.

On May 9, 2019, FinCanna announced that Green Compliance has completed its integration with METRC for the states of California, Colorado, Maryland, Massachusetts, Montana and Oregon. With this integration, ezGreen becomes the first Point-of-Sale solution designed by medical, data and security professionals to be sanctioned by Cannabis Control Commissions in 13 states, with applications for certification made for the remaining METRC States. This integration with METRC allows ezGreen customers to substantially reduce their time and costs associated with managing product information and client data, in a fully compliant state-by-state environment.

On August 29, 2019, the Company announced that Green Compliance completed an installation of its Point-of-Sale (POS) software with a leading Los Angeles based cannabis dispensary. The client dispensary is a flagship store of a Multi-Site Operator (MSO) that has a broad network of recreational and medical dispensaries located across California in its portfolio. The integration included the development and delivery of several customized dashboards to enhance and simplify business analytics, operational control, complex taxation reporting as well as seamless integration with the government mandated METRC tracking software.

Accurate reporting to state agencies is compulsory for dispensaries to maintain their licenses and they can face significant fines and possible loss of their license for non-compliance. ezGreen's HIPAA compliant Point-of-Sale (POS) solution is offered free to dispensaries, as the company uses a "per transaction" financial model with costs being passed through to the consumer at point-of-sale, similar to a dispensing fee in the pharmacy industry. With its SaaS (software-as-service) operating model it is highly scalable as adoption of its POS system ramps. Green Compliance is currently focused on expanding its presence in California and Maryland where it has established strong relationships with select dispensaries and leading distributors. ezGreen ultimately intends to expand to all "legal" states.

Subsequent to April 30, 2020, the Company provided Green Compliance with notice that is was in default of the royalty agreement and subsequently Green Compliance and FinCanna came to an agreement whereby Green Compliance would assign all of its assets to FinCanna in exchange for FinCanna foregoing its rights to recover its royalty investment from Green Compliance. The business remains a going concern and the Company expects there will be minimal interruption in the business as a result of it taking control of the assets.

Refined Resin Technologies Inc.

Refined Resin Technologies Inc. ("Refined Resin") (formerly known as Gram Co Holdings LLC), based in Oakland, California, is a cannabinoid research and refinement company focused on the licensed cannabis industry to provide B2B products and services to licensed medical dispensaries, infused product manufacturers and other businesses in the cannabis supply chain.

Refined Resin has leased a facility in Oakland, California in which they had planned to retrofit and operate a large, state-of-the-art licensed cannabis extraction laboratory to produce bulk quantities of THC distillate and various concentrates as part of a white label service for licensed brands and infused product manufacturers.

In July 2018, the Company executed a Royalty Agreement with Refined Resin. FinCanna will fund US$3,000,000 in tranches to complete the original Royalty Agreement transaction that was previously announced under a binding term sheet in February

2018. In return, FinCanna will receive a tiered corporate royalty, ranging from 14% to 5.0% of Refined Resin's annual revenues, based upon agreed upon benchmarks.

In July 2018, the Company advanced $1,633,845 (US$1,250,000) to Refined Resin, completing the Initial Advance Payment pursuant to the Royalty Agreement.

On August 9, 2018, the Company advanced $1,304,000 (US$1,000,000) to Refined Resin completing its "Milestone Payment 1" pursuant to the Royalty Agreement.

On December 6, 2018, the Company advanced $1,007,775 (US$750,000) to Refined Resin completing its "Milestone Payment 2" pursuant to the Royalty Agreement.

On December 13, 2018, the Company announced that Refined Resin achieved its California state, Temporary Manufacturing License for Adult and Medicinal Cannabis Products ("Temporary Manufacturing License"). The Temporary Manufacturing License, issued under state Type 7 license protocols, is a conditional license that authorizes Refined Resin to engage in commercial cannabis activity as would be permitted under an Annual License. The acquisition of the Temporary Manufacturing License also positions Refined Resin to submit for its Annual License by December 31, 2018.

On January 3, 2019, the Company announced has been issued its California state, "Adult-Use and Medicinal – Temporary Distributor License" ("Temporary Distributor License"). The acquisition of the Temporary Distributor License issued by the California Bureau of Cannabis Control is in addition to the company's receipt of its "Temporary Manufacturing License Adult and Medicinal Cannabis Products," issued under the state Type 7 license protocols previously announced. Further to the receipt of its Temporary Manufacturing License, Refined Resin has submitted its application for its "Annual License".

During the year ended April 30, 2020, it became apparent that Refined Resin will not become operational. Accordingly, the company has written down the investment in Refined Resin to the amount of $1,227,635 (US$882,555) comprised of recently purchased equipment and a deposit with an equipment manufacturer.

On July 18, 2020, an agreement was executed between the Company and Refined Resin whereby Refined Resin assigned its assets to FinCanna. FinCanna is now in receipt of the assets and will look concurrently for partnership opportunities using them as its investment contribution, or to monetize the assets via a sale to a 3rd party.

Selected Annual Information

The following table summarizes selected financial data for the three recent fiscal years, ended April 30, 2019, 2018 and 2017, and should be read in conjunction with such financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS") and the related notes thereon:

	Year ended April 30, 2020		Year ended April 30, 2019		Year ended April 30, 2018	
Revenues	$	776,650	$	1,882,687	$	838,148
Income (loss) and comprehensive income (loss)	$	(11,684,382)	$	210,179	$	(12,695,539)
Basic and diluted income (loss) per common share	$	$(0.12)	$	0.00	$	(0.31)
Total assets	$	13,362,180	$	24,409,269	$	13,132,730

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the quarter ended April 30, 2020 and the previous seven quarters.

Quarter Ended	Revenues		Income (Loss) for the period		Income (Loss) per share		Weighted average outstanding shares
Apr 30, 2020	$	(46,052)	$	(6,837,968)	$	(0.07)	99,750,408

Jan 31, 2020	$	244,725	$	(3,592,221)	$	(0.04)	99,289,734
Oct 31, 2019	$	288,448	$	(574,188)	$	(0.01)	99,026,813
July 31, 2019	$	289,529	$	(680,005)	$	(0.01)	98,689,734
Apr 30, 2019	$	475,919	$	(202,295)	$	(0.002)	98,624,529
Jan 31, 2019	$	503,106	$	(221,117)	$	(0.002)	98,567,777
Oct 31, 2018	$	499,073	$	1,283,492	$	0.01	97,757,995
Jul 31, 2018	$	404,589	$	(649,901)	$	(0.01)	83,101,474

Results of Operations

For the year ended April 30, 2020 ("F2020")

During F2020, the Company's net loss was $11,684,382 as compared to a net income of $210,179 in 2019. The key contributors to the net loss for F2020 as compared to the year ended April 30, 2019 ("F2019") were:

Revenues:
- Accrued interest income was $776,650 (F2019 - $1,245,015) as the Company had a smaller loan outstanding with CTI.
- There was no accrued profit-sharing income (F2019 - $374,542).

Expenses:
- Foreign exchange loss was $194,879 (F2019 – gain of $388,289) as the CAD/USD exchange rate changed unfavourably.
- Interest expense was $844,250 (F2019 - $128,054) which is related to the Company's convertible debenture and lease payments.
- Marketing and investor relations fees was $410,550 (F2019 - $941,637) as corporate marketing and promotional activities were reduce compared to prior year.
- Professional fees was $129,870 (F2019 - $456,435) as fewer corporate activities happened during the year.
- Share-based compensation was $164,989 (F2019 - $634,249) as the amounts of shares issued as compensation was less during the year.

Other expenses:
- Impairment loss was $9,480,961 (F2019 - $Nil) as the Company wrote down certain royalty investments upon its annual investment portfolio review

For the three months ended April 30, 2020 ("Q4 F2020")

During Q4 F2020, the Company's net loss was $6,837,968, compared to $202,295 for the three months ended April 30, 2019 ("Q4 F2019"). The key contributors to the net loss for Q4 F2020 as compared to Q4 F2019 were:

Revenues:
- Accrued interest income was $8,872 (Q4 F2019 - $258,802) as the Company had a smaller loan outstanding with CTI.
- There was no accrued profit-sharing income (Q4 F2019 - $263,130).
- Uncollectible royalty revenues of $54,924 was reversed (Q4 F2019- $Nil).

Expenses:
- Interest expenses was $201,206 (Q4 F2019 - $122,927) which is related to the Company's convertible debenture.
- Management and director fees were $138,750 (Q4 F2019 - $221,103)
- Marketing and investor relations fees were $41,756 (Q4 F2019 - $105,152) as less corporate marketing and promotional occurred during the quarter.
- Professional fees were $20,667 (Q4 F2019 - $152,954) as fewer corporate activities happened during the quarter.

Other expenses:
- Impairment loss totalled $6,399,701 (2019 - $Nil) as the Company wrote down certain royalty investments upon its annual investment portfolio review

Liquidity and Capital Resources

The Company's main sources of liquidity in the near term are proceeds from equity financings. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

FinCanna's ability to adequately track and legally transfer funds received from the sale of cannabis and cannabis related products may be significantly limited, see "*Overall Performance – Involvement in the U.S. Marijuana Industry.*"

The Company has enough capital to meet its working capital requirements for the next 12 months. However, the Company may require additional debt or equity financing to complete its funding rights in connection with its royalty agreements and facilitate the repayment of the convertible debentures maturing in 2023, if they are not converted prior to maturity.

Working Capital

As at April 30, 2020, the Company had negative working capital of $1,215,705 (April 30, 2019 – $8,011,701).

Cash

As at April 30, 2020, the Company had cash of $2,646,607 (April 30, 2019 - $7,832,298).

Cash used in operating activities

The Company used $1,528,954 (2019 - $3,058,657) for its operating activities during F2020. For details on the Company's operating cash activities, refer to the Statements of Cash Flow in the consolidated financial statements for the year ended April 30, 2020.

Cash used in investing activities

The Company used $3,053,399 (2019 - $7,323,708) for its investing activities during the year ended April 30, 2020.

Cash used in financing activities

The Company used $603,338 (2019 - generated $15,498,633) for its financing activities during the year ended April 30, 2020.

LEASE RECEIVABLE, RIGHT-OF-USE ASSET AND LEASE LIABILITIES

a) Right-of-use asset

		April 30, 2020		April 30, 2019
Cost				
Opening balance	$	-	$	-
Initial adoption of IFRS 16		197,210		-
De-recognition on sublease		(197,210)		-
Ending balance	**$**	**-**	**$**	**-**
Accumulated Amortization				
Opening balance	$	-	$	-
Additions		(28,760)		-
De-recognition on sublease		28,760		-
Ending balance	**$**	**-**	**$**	**-**
Net book value	**$**	**-**	**$**	**-**

The right-of-use asset relates entirely to the Company's office space. During the year ended April 30, 2020, the Company subleased its office space and derecognized the right-of-use asset with a net book value of $168,450. In connection with the sublease, the Company recorded a lease receivable of $176,721 and a gain on sublease of $8,271.

b) Lease liability

		April 30, 2020		April 30, 2019
Opening balance	$	-	$	-
Initial adoption of IFRS 16		197,210		-
Interest expense		27,156		
Lease payments		(63,410)		-
Ending balance	**$**	**160,956**	**$**	**-**
Current lease liability		44,080		
Non-Current lease liability	**$**	116,876	**$**	

The Company used 15% interest rate, its incremental borrowing rate to calculate the present value of the lease payments as well as to calculate the monthly accretion expense.

Future minimum payments per the lease payable are as follows:

Fiscal 2021	$	65,275
Fiscal 2022		67,140
Fiscal 2023		69,004
Total future minimum lease payments		201,429
Effects of discounting		(40,463)
Total lease liability		160,956
Current lease liability		(44,080)
Non-Current lease liability		116,876

c) Lease receivable

		April 30, 2020		April 30, 2019
Opening balance	$	-	$	-
Additions		176,721		-
Interest expense		10,656		
Lease payments		(26,420)		-
Ending balance	**$**	**160,957**	**$**	**-**
Current lease receivable		44,080		
Non-Current lease receivable	**$**	116,877	**$**	

The Company used 15% interest rate, its incremental borrowing rate to calculate the present value of the lease payments as well as to calculate the monthly accretion expense.

Future minimum payments per the lease payable are as follows:

Fiscal 2021	$	65,275
Fiscal 2022		67,140
Fiscal 2023		69,005
Total future minimum lease payments		201,420
Effects of discounting		(40,463)
Total lease receivable		160,957
Current lease receivable		(44,080)

Non-Current lease receivable	116,877

During the year ended April 30, 2020, the Company did not incur any expenses with respect to short term or low value leases.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals. Remuneration attributed to key management during the year ended April 30, 2020 and 2019, can be summarized as follows:

		Year ended April 30, 2020		Year ended April 30, 2019
Management fees	$	450,000	$	450,000
Director fees		105,000		108,603
Share-based payments – stock options		12,989		40,471
Share-based payments – limited recourse loans (1)		152,000		511,000
	$	719,989	$	1,110,074

(1) In June 2018, the Company issued 1,500,000 common shares at $0.30 per share for a total fair value of $450,000, to certain officers of the Company pursuant to limited recourse shareholder loans. The common shares vested 40% immediately, with the remainder vesting evenly on December 29, 2018, June 29, 2019, and December 29, 2019. $152,000 represents the total amount of share-based payments vested during the year ended April 30, 2020.

Other related party transactions

During the year ended April 30, 2020, the Company incurred a total of $185,276 (2019 - $193,244) in consulting (i.e. accounting, corporate compliance and administration) and other office expenses from a company owned by a close family member of the CFO. As at April 30, 2020, there was $146,535 (2019 - $nil) in prepaid expenses to this company.

Due to/from related parties

As at April 30, 2020, $105,000 (April 30, 2019 - $68,438) was owed to directors of the Company for director fees. This amount is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing. As at April 30, 2020, there were $550,000 (2019 - $550,000) face value of convertible debentures held by key management.

Proposed transactions

As of the date of this report, there are no proposed transactions.

Accounting Matters

The accounting policies in these condensed interim consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended April 30, 2020, except the changes discussed below.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

The Company has adopted IFRS 16, Leases as of May 1, 2019 using the modified retrospective approach with measurement of the right-of-use asset at an amount equal to the lease liability. The right-of-use asset is depreciated using the straight-line method.

Financial Instruments

Fair value

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.

The fair values of cash, subscriptions receivable, accounts receivable, accounts payable and accrued liabilities, convertible debt, right-of-use asset and lease liability approximate their carrying values. The carrying value of the loan, loan receivable, convertible debt, right-of-use asset, and lease liability also approximates its fair value as these instruments bear a market rate of interest.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, subscriptions receivable, accounts receivable, loans receivable, and loan. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to the goods and services tax (GST) receivable portion of its accounts receivable is minimal. However, there is a greater risk that the recoverable portions of the Company's loan to CTI may be different from that of their carrying values. The Company's credit risk exposure, with respect to the loan are equal to its carrying value. Repayments of the loan is dependent on CTI reaching targeted revenue generating activities, and the ability of the Company to receive funds from such activities in the United States which is currently limited due to Federal Banking restrictions in the United States.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2020, the Company had a negative working capital balance of $1,215,705 and requires additional debt or equity financing to meet its obligations in connection with the convertible debenture.

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 price risk.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant. The interest rate earned on the loan is fixed, as such the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, Investment in Profit Sharing Arrangement, and loan, and accounts payable and accrued liabilities, denominated in United States dollars. A 10% fluctuation between the Canadian dollar against the United States dollar would impact profit or loss by approximately $240,000.

c) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Environmental risk

Subsequent to year ended April 30, 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on FinCanna as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may/ be put, in place by Canada and other countries to fight the virus.

Risk Factors

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline, and prospective investors may lose part or all of their investment.

Regulatory Risks

While marijuana is legal in many US state jurisdictions, it continues to be a controlled substance under the United States Federal Controlled Substances Act.

The companies in which the FinCanna has and will continue to invest are directly or indirectly engaged in the medical cannabis industry in Canada and the United States where, although local state law permits such activities, cannabis is federally illegal.

The Company's ability to recruit and retain management, skilled labor and suppliers is crucial to the Company's success.

Limited Operating History and Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company.

The Company was incorporated on November 28, 2016 and has not commenced commercial operations. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Banking and Financial Transactions

The federal illegality of marijuana in the U.S. means that financial transactions involving proceeds generated by marijuana-related conduct can form the basis for prosecution under the money laundering statues, the unlicensed money transmitter statute and the Bank Secrecy Act.

Third parties with which the Company does business, including banks and other financial intermediaries, may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities.

The Company's ability to repatriate returns generated from investments in the U.S. may be limited by anti-money laundering laws.

Risks Inherent in FinCanna's Business

Although the Company's business plan contemplates further investment in additional entities operating within the cannabis sector, the Company currently relies on the performance of a single investee.

Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing and there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

The Company has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability.

The Canadian Depository for Securities Limited ("CDS") may be considering a policy change with respect to issuers with U.S. cannabis assets. A policy change, if implemented, could affect the Company's current operations and/or disqualify its ability to settle its securities with CDS.

Additional Financing

Companies in which the Company has or will invest may require additional sources of financing other than from the Company. Financing for companies in the cannabis sector is more difficult than other sectors, particularly in the United States, due to the fact that cannabis is still classified as a Schedule I drug and illegal at a federal level. The changing regulatory environment at a state level further complicates financing for companies in this sector and as such there is no guarantee that investee companies will be able to obtain adequate financing to carry out their business objectives.

Change in Laws, Regulations and Guidelines

The current and proposed operations of the companies in which the Company have or will invest are subject to a variety of laws, regulations and guidelines that are broad in scope and subject to evolving interpretations, which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan.

Violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plan and result in a Material Adverse Effect on certain aspects of its planned operations.

Unfavorable Publicity or Consumer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity.

Currency Fluctuations

The Company's revenues and expenses are expected to be primarily denominated in US dollars, and therefore may be exposed to significant currency exchange fluctuations.

Research and Market Development

Although the Company, itself and through its investments, is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. Any loss of the services of such individuals could have a Material Adverse Effect on the Company's business, operating results or financial condition.

Operation Permits and Authorizations

The companies in which the Company has or will invest in may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses.

Liability, Enforcement, Complaints etc.

The Company, its subsidiaries, or other interests may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against these subsidiaries.

Resale of Shares

There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Company.

There can be no assurance that the publicly traded price of the Company's shares will be high enough to create a positive return for investors.

Price Volatility of Publicly Traded Securities

The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control.

Dividends

The Company has not paid dividends in the past, and the Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Intellectual Property

The success of the Company will depend, in part, on the ability of the companies in which the Company invests in to maintain and enhance trade secret protection over various existing and potential proprietary techniques and processes.

Insurance Coverage

The Company will require insurance coverage for a number of risks and there can be no assurance that the amount of coverage will be available or sufficient to cover claims to which the Company may become subject.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business.

Operational Risks

The Company and the companies in which it invests may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements.

Potential Conflicts

Certain Directors and Officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Outstanding Share Data

The following table sets forth the Company's outstanding share data:

	Number of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares	100,289,734		
Stock options	2,250,000	$ 0.30	July 6, 2022
	3,350,000	$ 0.50	December 27, 2022
	450,000	$ 0.30	August 29, 2023
	150,000	$ 0.30	September 21, 2023
	400,000	$ 0.25	April 30, 2024
	250,000	$ 0.25	September 19, 2024
Warrants	11,875,000	$0.30	January 10, 2023
	12,050,000	$0.30	February 8, 2023
	12,500,000	$0.30	February 8, 2023
Shares issuable upon conversion of Debenture	14,500,000	$015	January 10, 2023
	15,266,667	$0.15	February 8, 2023
	16,666,667	$0.15	February 8, 2023
Fully diluted at August 28, 2020	189,998,067		

APPROVAL

The Board of Directors of FinCanna has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

ADDITIONAL INFORMATION

Additional information related to FinCanna Capital Corp. is on SEDAR at www.sedar.com and the Company's website https://fincannacapital.com/.