(TSXV: EVE)

EVE & CO INCORPORATED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three and nine month periods ended July 31, 2018

Date: October 1, 2018

EVE & CO INCORPORATED

Management's Discussion and Analysis
For the three and nine months ended July 31, 2018

This Management's Discussion and Analysis ("**MD&A**") has been prepared by management of Eve & Co Incorporated ("**Eve**" or the "**Company**") and should be read in conjunction with Eve's unaudited interim consolidated financial statements and notes for the three and nine month periods ended July 31, 2018 and 2017 (the "**Financial Statements**"). The Financial Statements have been prepared using International Financial Reporting Standards ("**IFRS**"). All amounts are in Canadian dollars unless otherwise specified.

This MD&A contains disclosure of material changes related to Eve occurring up to and including October 1, 2018.

Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the future financial position and results of operations, strategy, plans, objectives, goals, targets and future developments of the Company in the markets where the Company participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, or by discussions of strategy are forward-looking statements. The forward-looking statements included in this MD&A are made only as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

Forward-looking statements in this MD&A are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include:

- reliance on licenses and regulatory approvals to conduct its business as currently operated and as proposed
- expansion of facilities
- changes in laws, regulations and guidelines
- legislative or regulatory reform and compliance
- environmental regulations and risks
- limited operating history
- risks inherent in an agricultural business
- reliance on a single location
- third party transportation
- retention and acquisition of skilled personnel
- negative consumer perception
- product liability
- product recalls
- results of future clinical trials

- insurance coverage
- regulatory or agency proceedings, investigations and audits
- litigation
- constraints on marketing products
- fraudulent or illegal activity by Eve's employees, contractors and consultants
- information technology systems and cyber-attacks
- breaches of security and risks related to breaches of applicable privacy laws
- history of losses
- competition
- access to capital
- estimates or judgments relating to critical accounting policies

In addition to the factors set out above and those identified in this MD&A under "Risks and Uncertainties", other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although Eve has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements.

Overview of the Company

Background

The Company, through its wholly-owned subsidiary Natural MedCo Ltd. ("**NMC**"), is a licensed producer and seller of dried cannabis and cannabis plants, and a licensed producer of cannabis oil under the *Access to Cannabis for Medical Purposes Regulations* (the "**ACMPR**"). Eve has a 220,000 sq. ft. scalable greenhouse production facility located in Strathroy, Ontario with 32 acres of total adjacent lands for future expansion. Eve has broken ground on an additional expansion of approximately 780,000 sq. ft., bringing Eve's total anticipated greenhouse capacity to approximately 1,000,000 sq. ft.

The Company was incorporated pursuant to articles of incorporation dated June 6, 2014 under the *Business Corporations Act* (the "**OBCA**"). On June 28, 2018, in connection with the Qualifying Transaction (as defined below), the Company filed articles of amendment to change its name from "Carlaw Capital V Corp." to "Eve & Co Incorporated" and to effect a 2:1 stock split.

The registered and head office of the Eve is located at 2941 Napperton Drive, Strathroy, Ontario, N7G 3H8. Eve is a "reporting issuer" in Alberta, British Columbia and Ontario.

Medical Cannabis Production

The Company's wholly-owned subsidiary, NMC, submitted its application to become a licensed producer under the *Marihuana for Medical Purposes Regulations* to Health Canada on October 17, 2013. On July 22, 2016, NMC received its license (the "**License**") to produce, possess, ship, transport, deliver and destroy dried marijuana and marijuana plants, including live clippings and seeds, and such License was subsequently transitioned to the ACMPR. On June 22, 2018, Health Canada amended the License to permit the sale dried marijuana and marijuana plants, and on September 14, 2018 to permit the production of cannabis oil.

The License currently does not contain a cap on production but is based on NMC storing no more than $31,250,000 in value of dried marijuana in its vault at any given time. The License has a current term that ends on July 22, 2020. It is anticipated by management of the Company that Health Canada will extend or renew the License at the end of its current term. See "Risk Factors – Reliance on License".

The Company has entered into and is currently proceeding with the negotiation of various supply agreements with respect to the sale of adult-use recreational cannabis, which the Company is expected to be permitted to sell upon the coming into force of the *Cannabis Act* (Canada) on October 17, 2018. On July 12, 2018, the Company announced that it had entered into a memorandum of understanding with the Province of British Columbia, and, subsequent to the end of the quarter ended July 31, 2018, the Company entered into supply agreements with the Ontario Cannabis Retail Corporation (the **"OCS"**) and the Newfoundland Labrador Liquor Corporation (the **"NLC"**) with respect to the supply of adult-use recreational cannabis. See "Subsequent Events" for details regarding the OCS and NLC supply agreements.

In June 2018, the Company broke ground on its expansion of approximately 780,000 sq. ft.. Currently the land is still being prepared, with final construction expected to be completed in May 2019.

Qualifying Transaction

On June 28, 2018, the Company, a capital pool company under the rules of the TSX Venture Exchange (the "**TSXV**"), completed its qualifying transaction (the "**Qualifying Transaction**") with NMC, consisting of the acquisition of all the issued and outstanding common shares of NMC (the "**NMC Common Shares**") by way of a "three-cornered amalgamation" pursuant to the provisions of the OBCA. In connection with the amalgamation, the Company changed its name from "Carlaw Capital V Corp." to "Eve & Co Incorporated" and completed a 2:1 stock split. As a result of the Qualifying Transaction, the former shareholders of NMC acquired control of the Company. On July 4, 2018, the common shares of the Company (the "**Common Shares**") commenced trading on the TSXV under the symbol "EVE".

Concurrent Financings

Equity Offering

On June 15, 2018, NMC completed a private placement of equity securities (the "**QT Equity Financings**") for aggregate gross proceeds of approximately $10,800,000 comprised of: (i) a brokered private placement (the "**QT Brokered Financing**") of an aggregate 25,340,000 subscription receipts (the "**QT Subscription Receipts**") at a subscription price of $0.25 per QT Subscription Receipt; and (ii) a non-brokered private placement (the "**QT Non-Brokered Financing**") of 17,852,600 NMC Common Shares at a subscription price of $0.25 per NMC Common Share. Each QT Subscription Receipt was converted into one NMC Common Share immediately prior to the completion of the Qualifying Transaction.

In connection with the QT Brokered Financing, the agents received a cash fee equal to 7% of the aggregate gross proceeds of the QT Brokered Financing, a corporate finance fee of $150,000 (plus applicable taxes) and 2,448,800 compensation options (each, a "**NMC Equity Compensation Option**"), each being exercisable for one NMC Common Share at a price of $0.25 per share for a period of two years from the date of the closing of the Qualifying Transaction. In connection with the Qualifying Transaction, each NMC Equity Compensation Option was exchanged for one compensation option of the Company on substantially the same terms (each a "**Equity Compensation Option**").

Debenture Offering

Concurrently with the closing of the QT Equity Financings, NMC completed a private placement (the "**NMC Debenture Financing**", and collectively with the QT Equity Financings, the "**QT Financings**") of 10,000 debenture units (the "**NMC Debenture Units**") for aggregate gross proceeds of $10,000,000, with each NMC Debenture Unit consisting of (i) a $1,000 principal amount senior unsecured convertible debenture of NMC maturing two years from the date of issue and bearing interest at a rate of 10.0% per annum (the "**NMC Debentures**"); and (ii) common share purchase warrants (each, a "**NMC Debenture**") exercisable for up to 3,333 NMC Common Shares at an exercise price of $0.35

per share for a period of two years from the date of issue. The NMC Debentures are convertible into that number of NMC Common Shares computed on the basis of the principal amount of the NMC Debentures divided by the conversion price of $0.30 per share at the holder's option or upon mandatory conversion at the request of NMC in the event that at any time following four months plus one day following the Closing, for any ten consecutive trading days, the volume weighted average closing price of the Common Shares on the TSXV is greater than $0.60. Upon conversion, the holder will also receive a cash payment equal to the additional interest amount that such holder would have received if it had held the NMC Debentures for a period of one year from the date of conversion provided that such period shall not extend beyond the maturity date.

In connection with the Qualifying Transaction, the NMC Debentures and the NMC Warrants were exchanged for debentures ("**Debentures**") and warrants ("**Warrants**") of the Company, respectively, having substantially the same terms and maturing or expiring, as applicable, two years from the closing of the Qualifying Transaction.

In connection with certain financial advisory services provided in connection with the NMC Debenture Financing, an advisor was entitled to receive a cash fee of $500,000 (plus applicable taxes) as well 2,333,333 compensation options (each, a "**NMC Debenture Compensation Option**") each being exercisable for one NMC Common Share at a price of $0.30 per share for a period of two years from the closing of the Qualifying Transaction. In connection with the Qualifying Transaction, each NMC Debenture Compensation Option was exchanged into one compensation option of the Company on substantially the same terms (each a "**Debenture Compensation Option**").

Use of Proceeds Reconciliation

Upon the completion of the Qualifying Transaction, and after accounting for the net proceeds of the QT Financings, the Company had approximately $18,600,000 of available funds. The following table sets forth a comparison of the disclosure regarding the Company's intended use of proceeds set out in the Company's Filing Statement dated June 18, 2018 (the "**Filing Statement**") which may be viewed under its SEDAR profile at www.sedar.com, and estimated use of such proceeds as of July 31, 2018:

Principal Use of Available Funds	Intended Use of Proceeds ($)(1)	Current Estimated Use of Proceeds ($)
Capital expenditures related to 720,000 sq. ft. expansion(2)	9,860,000	9,860,000
Operating expenses	55,000(3)	55,000
General and administrative corporate expenses(4)	4,300,000	4,300,000
Repayment of debt	72,000	72,000
Interest on Debentures	583,333	1,073,056(5)
Unallocated working capital(6)	3,687,441	3,197,718
Total	**18,557,774**	**18,557,774**

Notes:

(1) Covers the 18 month period beginning May 31, 2018 assuming NMC did not obtain its authorization to sell medical cannabis during such time.

(2) The Company expects the first portion of its 720,000 sq. ft. expansion to cost approximately $9,860,000. The Company intends to spend an additional $16,340,000 to complete such expansion, with such funds being derived

from operations, or from available debt or equity financings,. See "Risk Factors – Expansion of Facilities" and "Capital Resources" below.

(3) The amount allocated to operating expenses does not assume the receipt of the authorization to sell medical cannabis.

(4) Such expenses are expected to include general and administrative expenses as well as employee and third party advisory and consulting costs and fees relating to branding (including the re-branding of the business to "Eve & Co Incorporated"), brand and business expansion (including acquisitions), customer procurement, public and media relations and tradeshows. In addition, all salaries paid by the Company are included in such amount. Once the sales are permitted, a portion of such salaries would be allocated to operating expenses.

(5) This reflects interest payments on the Debentures and a make-whole payment triggered on the early conversion of $3,000,000 aggregate principal of Debentures on September 21, 2018.

(6) The unallocated working capital does not include expected positive cash inflows from operations.

Results of operations for the three and nine months ended July 31, 2018 and 2018

During the nine month period ended July 31, 2018, Eve incurred a net loss and net comprehensive loss of $5,689,126 (July 31, 2017: $720,497). During the three month period ended July 31, 2018, Eve incurred a net loss and net comprehensive loss of $3,981,695 (July 31, 2017: $322,350).

Revenue

The Company generated revenue of $3,785 and $6,434 during the three and nine month periods ended July 31, 2018, respectively (July 31, 2017: $190 and $469). The Company received its license to sell medical cannabis on June 22, 2018 and expects to commence sales upon the *Cannabis Act* coming into force on October 17, 2018.

Changes in fair value of biological assets

In accordance with IFRS, the Company is required to record its biological assets at fair value less cost to sell. At each reporting period each harvest is adjusted to full fair value based on the actual yield in grams for completed harvests and estimated yield for harvests in progress. Medical cannabis which has been harvested is transferred to inventory at the full fair value less costs to sell. Additional costs incurred after harvest related to quality control and other finishing costs are capitalized to inventory until such time that the medical cannabis is ready for sale and recorded as finished goods inventory.

During the three and nine month periods ended July 31, 2018, Eve recognized a gain of $1,382,664 (July 31, 2017: $NIL) related to the fair value less costs to sell adjustments of biological assets.

The biological assets of the Company as at July 31, 2018 were $634,465 (July 31, 2017: $NIL) and are comprised of 21,699 (July 31, 2017: 4,860) clones, 5,485 (July 31, 2017: 680) cannabis plants that are estimated to be 10% complete and 6,002 cannabis plants (July 31, 2017: 484) that are estimated to be 60% complete to harvest. Once harvested the cannabis plants produced (*i.e.* medical cannabis) are transferred to inventory. During the nine months ended July 31, 2018, the Company transferred approximately 199.3 kilograms (July 31, 2017: 0 kilograms) of medical cannabis and 80.6 kilograms of dry trim (July 31, 2017: 0 kilograms) to inventory. The Company is anticipated to have a spaced production schedule, with plants expected to be in all stages of production. At all times the average age of the plants is anticipated to be 40% complete.

The Company has scaled up production to reach its current licensed greenhouse capacity of 120,000 sq. ft.. By October 31, 2018, the Company expects to have an additional 100,000 sq. ft. of recently constructed greenhouse space in operations. By the summer of 2019, the Company expects to have total licensed greenhouse capacity of approximately 1,000,000 sq. ft.

Cost of finished goods sold

Cost of finished goods sold is the fair value less cost to sell recognized during the biological transformation process related to medical cannabis sold during the period. During the nine months ended July 31, 2018 and 2017, the Company did not recognize cost of finish goods sold.

Inventory

In accordance with IFRS, 199.3 kilograms of dried bud (July 31, 2017 NIL), and 80.6 kilograms of dried trim (July 31, NIL) inventory on hand at July 31, 2018 is valued at $748,199 (July 31, 2017: $NIL).

With the Company receiving its amended License permitting sales on June 22, 2018, the Company began to scale up its production operation and therefore Eve has only recently started realizing inventory.

Inventory is expected to increase in proportion to licensed capacity.

Production expenses

Production expenses consist of direct and overhead costs attributable to production labour, materials, consumables, supplies, amortization and other expenses required to produce medical cannabis.

During the nine months ended July 31, 2018, the Company recognized production expenses of $203,714 (July 31, 2017: $133,893) consisting of direct costs attributable to production excluding labour. During the three months ended July 31, 2018, the Company recognized production expenses of $123,753 (July 31, 2017: $47,515).

Gross profit

Gross profit, including gain on fair value changes of biological assets, for the nine months ended July 31, 2018 was $331,625 (July 31, 2017: $(253,691)) with the increase in gross profit being attributable to the realization of gains on biological assets upon the Company**.** Gross profit, including gain on fair value changes of biological assets for the three months ended July 31, 2018 was $861,570 (July 31, 2017: $(125,645)) with the increase in gross profit being attributable to the realization of gains on biological assets upon the Company.

Operating expenses

During the nine months ended July 31, 2018, total operating expenses increased to $1,355,260 (July 31, 2017: $92,616). During the three months ended July 31, 2018, total operating expenses increased to $831,878 (July 31, 2017: $40,383). The additional operating expenses were incurred to support the buildup of increased operational capacity in the Company's greenhouse facilities.

For the nine months ended July 31, 2018, the Company's total salaries and wages expense increased to $2,270,275 (July 31, 2017: $138,713). For the three months ended July 31, 2018, the Company's total salaries and wages expense increased to $1,737,385 (July 31, 2017: $78,130). The total increase in wages and benefits expense, including amounts recorded as production costs, are due primarily to the increase in the management team, the increased staffing requirements needed as a result of the increased cannabis cultivation efforts at the Company's facility and the Company's successful Qualifying Transaction and a stock-based compensation for directors and officers of the Company.

For the nine months ended July 31, 2018, the Company's total finance expense amount to $2,664,252 (July 31, 2017: $137,242). Finance expense for the nine months ended July 31, 2018 are net of borrowing costs capitalized to property, plant and equipment of $NIL (July 31, 2017: $NIL). The total increase of finance expense for the nine months ended July 31, 2018, including amounts capitalized to property, plant and equipment is primarily due to accretion and interest expense related to increased amounts of borrowing, and listing and transaction costs. For the three months ended July 31, 2018, the Company's total finance expenses amounted to $2,382,850 (July 31, 2017: $66,960). Finance expenses for the three months ended July 31, 2018 are net of borrowing costs capitalized to property, plant and equipment of $NIL (July 31, 2017: $NIL). The total increase in finance expenses for the three months ended July 31, 2018, including amounts capitalized to property, plant and equipment, is primarily due to accretion and interest expense related to increased amounts of borrowing, and listing and transaction costs

For the nine months ended July 31, 2018, the Company's total general and administrative expense increased to $584,723 (July 31, 2017: $218,502). The general and administrative expense increased due to the additional communication, training and other general expenses as a result of the increased number of employees and the expansion of the Company's facilities. For the three months ended July 31, 2018, the Company's total general and administrative expense increased to $292,278 (July 31, 2017: $89,552). The general and administrative expense increased due to the additional communication, training and other general expenses as a result of the increased number of employees and the expansion of the Company's facilities.

Construction of Expansions

For the nine months ended July 31, 2018, the Company's total capitalized expenditure increased to $2,818,138 (July 31, 2017: $315,056) resulting from the construction expenses incurred related to the expansion of the Company's greenhouse facilities. For the three months ended July 31, 2018, the Company's total capitalized expenditure increased to $2,169,507 (July 31, 2017: $12,810) resulting from the construction expenses incurred related to the expansion of the Company's greenhouse facilities

Selected quarterly information

	Three months ended July 31, 2018 (Unaudited) $	**Three months ended April 30, 2018 (Unaudited) $**	**Three months ended January 31, 2018 (Unaudited) $**
Total Revenue	3,785	1,393	Nil
Loss attributable to the owners of the parent	3,981,695	1,104,633[1]	602,800
Basic and diluted loss per-share	.02	.00	.01
Total Assets	22,173,839	4,885,825	5,350,767
Total non-current financial liabilities	6,452,600	Nil	Nil
Distributions or cash dividends declared	Nil	Nil	Nil

	Three months ended July 31, 2017 (Unaudited) $	Three months ended April 30, 2017 (Unaudited) $	Three months ended January 31, 2017 (Unaudited) $
Total Revenue	190	265	Nil
Loss attributable to the owners of the parent	322,350	175,616	211,796
Basic and diluted loss per-share	.00	.00	.00
Total Assets	1,979,687	1,651,026	1,612,344
Total non-current financial liabilities	Nil	1,784,597	1,715,580
Distributions or cash dividends declared	Nil	Nil	Nil

Note:

(1) Though $464,752 of expenses were properly reflected in NMC's statements of profit and loss for NMC's six month period ended April 30, 2018, such expenses were incorrectly excluded from the statements of profit and loss for NMC's three month period ended April 30, 2018. The above value correctly includes such expenses, despite the prior statement.

Liquidity

As at July 31, 2018, the Company has a positive working capital of $9,624,244 (July 31, 2017: deficit of $(4,086,754)).

Cash used in operating activities during the three and nine months ended July 31, 2018 is $5,550,727, and $6,803,260, respectively (July 31, 2017: $158,795; $208,945). Cash outflows from operating activities year-to-date relate to a net loss for the period of $5,689,126, prepayment of operating expenses and payment of prior payables of $3,083,509 and the non-cash gain on realization of biologicals and inventory of $1,382,664.

Cash gained from financing activities during the three and nine months ended July 31, 2018 is $20,834,841 and $22,866,517 respectively (July 31, 2017: $NIL; $419,851). See "Qualifying Transaction and Capitalization" above.

Cash used in investing activities during the three and nine months ended July 31, 2018 is $6,515,083 and $8,842,305, respectively (July 31, 2017: $12,810; $315,056). The cash used for investing activities is mainly related to investments in capital, including a $6,000,000 deposit on future expansion.

Contractual obligations and commitments

As at July 31, 2018, the payments due by period are set out in the following table:

	Less than 1 year	1-3 years	Total
Greenhouse expansion contract	$20,200,000	$ -	$20,200,000

Long term debt	$612,683	$6,452,600	$7,065,283
Promissory Note	$75,000	$901,000	$976,000
Total	$20,887,683	$7,353,600	$28,241,283

Capital resources

The Company constantly monitors and manages its capital resources to assess the liquidity necessary to fund operations and capacity expansion. As at July 31, 2018 the Company had a cash balance of $7,312,352 and current liabilities of $1,913,652.

Management of the Company believes the Company's current resources are sufficient to settle its current liabilities, when considering inventory and supply contracts.

A substantial expansion of the facilities adding an additional 100,000 sq. ft. of production space, has been completed and is expected to be licensed in the coming quarter, a further expansion of approximately 780,000 sq. ft., is underway and is expected to be completed by May 2019. The total financing requirements for this latest expansion are approximately $26,200,000, of which $6,000,000 have already been expended. Management of the Company expects that the remaining estimated amount of $20,200,000 will be paid with the Company's existing financial resources and anticipated operating cash flows. However, if such resources and cash flows are not sufficient, the Company will be required to raise additional funds from either debt and/or equity financings. The Company may have additional capital expenditures form time-to-time with respect to optional upgrades to its facilities.

Off-balance sheet arrangements

The land on which the Company's greenhouse facility is situated is subject to an option to purchase (the "**Lease-back Option**") held by Melinda Rombouts, the CEO of the Company, and David Burch, a director of NMC. Upon exercise of the option and the payment of $976,000, the option holders must immediately grant the Company a lease over the land, with such lease: (i) being for a term of 20 years, with four 5-year renewals; (ii) having monthly net rent not exceeding $6,100 throughout the term and renewals; (iii) having such terms and conditions that are in form and substance satisfactory to the Company, acting reasonably; and (iv) having no terms or conditions that are materially unusual or adverse to the Company in the opinion of its board, acting reasonably. The option may not be exercised, however, until NMC obtains all requisite regulatory approvals required for a change of ownership of the land, as may be required from time to time by Health Canada.

Transactions between related parties

Key management includes directors and officers of the Company. Compensation paid to key management for the nine month period ended July 31, 2018 amounted to $139,950 (year ended October 31, 2017 - $205,435). During the fiscal period the officers and directors of the Company were granted 6,700,000 stock options with a fair value of $1,248,000.

Ms. Rombouts and Mr. Burch are also the holders of promissory notes issued by NMC with an aggregate principal amount of $976,000, of which $150,000 of principal becomes due and payable on March 31, 2019 and the remainder of such principal becoming due and payable within 30 days of demand. The notes bear interest at 5% per annum, calculated monthly.

See "Off-balance sheet arrangements" regarding the Lease-back Option.

Risks and uncertainties

Commercial medical cannabis production is a new industry in Canada and relies on, among other things, obtaining and maintaining regulatory approvals. As a result, there is a high degree of risk associated with the Company's business. There is a significant risk that the expenditures made by the Company in developing its medical cannabis business will not result in profitable operations.

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

Reliance on License

Eve's ability to grow and store cannabis in Canada is dependent on maintaining its License with Health Canada. Failure to comply with the requirements of the License or any failure to maintain its License would have a material adverse impact on the business, financial condition and operating results of Eve.

Although Eve believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, Eve may be curtailed or prohibited from the production and/or distribution of medical cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of Eve may be materially adversely affected.

Before the end of the term of the License, Eve must submit an application for renewal to Health Canada. There can be no guarantee that Health Canada will extend or renew the License as necessary or, if it extended or renewed, that the License will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License, or should it renew the License on different terms, the business, financial condition and results of the operation of Eve would be materially adversely affected.

Expansion of Facilities

There is no guarantee that Health Canada will approve the contemplated expansions of Eve's facilities in a timely fashion, nor is there any guarantee that the expansions will be completed in their currently proposed form, if at all. The failure of Eve to successfully execute its expansion strategy (including receiving the expected Health Canada approvals in a timely fashion) could adversely affect the business, financial condition and results of operations of Eve and may result in Eve not meeting anticipated or future demand when it arises.

Changes in Laws, Regulations and Guidelines

Eve's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, import, export, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical cannabis as well as laws and regulations relating to drugs, controlled substances, health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of Eve's management, Eve is currently in compliance with all such laws, regulations and guidelines, any changes to such laws, regulations and guidelines due to matters beyond the control of Eve may have an adverse effect on Eve's operations and the financial condition of Eve.

Further, the legal regime surrounding medical cannabis has been subject to various court challenges and changing government policies. This evolving legal regime presents a risk to Eve in that legislators or the court may adopt changes that would have a negative impact on the business, financial condition or results of operations of Eve. For example, judicial rulings or legislative changes that allow those without existing licenses to possess and/or grow medical cannabis, allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or legitimize illegal areas surrounding cannabis dispensaries, could significantly reduce the addressable market for Eve's products and could materially and adversely affect the business, financial condition and results of operations for Eve.

In addition, the Canadian Federal Government approved the enactment of the *Cannabis Act*. Apart from creating the legal market for recreational cannabis, the *Cannabis Act* and the regulations promulgated thereunder may significantly impact the laws and regulations governing Eve's operations.

In addition, the industry is subject to extensive controls and regulations which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond Eve's control and which cannot be predicted, such as changes to government regulations, including under the *Cannabis Act* and related regulations and those relating to taxes and other government levies which may be imposed. Changes in the regulatory regime governing the production, processing and sale of cannabis and cannabis products could increase compliance costs for Eve and could make Eve's operations uneconomic. Changes in government levies, including taxes, could reduce Eve's earnings and could make future capital investments or Eve's operations uneconomic.

While the potential impact of any of such changes is highly uncertain and fact dependent, it is not expected that any such changes would have an effect on Eve's operations that is materially different than the effect on similar-sized companies in the same business as Eve.

Competition

Eve expects that it will face intense competition from other licensed producers of cannabis, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than Eve. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of Eve. In order to mitigate this intense competition, Eve has dedicated and expects to continue to dedicate significant resources to hiring consultants and employees to provide services related to branding, brand and business expansion (including acquisitions), customer procurement, public and media relations and tradeshows. However, to remain competitive, Eve will require a continued level of investment in such business development activities and Eve may not have sufficient resources to expenses on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Eve.

Health Canada has only issued to date a limited number of licenses, under the ACMPR, to produce and sell medical cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Eve. Because of the early stage of the industry in which Eve operates, Eve expects to face additional competition from new entrants.

Environmental Regulations and Risks

Eve's operations are subject to environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, approval and permitting requirements, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Eve's operations.

Limited Operating History

Eve only entered the medical cannabis industry upon the submission of its License application in October, 2013 and has yet to commence sales. Eve is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, lack of revenues and ability to secure customers. There is no assurance that Eve will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Risks Inherent in an Agricultural Business

Eve's business involves the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business such as insects, plant diseases and similar agricultural risks. Although Eve expects that any such growing will be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Reliance on a Single Location

To date, Eve's activities and resources are focused on the premises in Middlesex County, Ontario. Eve expects to continue the focus on this facility for the foreseeable future. Adverse changes or developments affecting the existing facility and location could have a material and adverse effect on Eve's ability to continue producing medical cannabis, its business, financial condition and prospects.

The location of Eve's existing facility is also subject to purchase and lease-back held by Ms. Rombouts and Mr. Burch. If such option is exercised, Eve will become subject to risks associated with the landlords adhering to the terms of the lease.

Third Party Transportation

In order for customers of Eve to receive their product, Eve must rely on third party transportation services. This can cause logistical problems with and delays in customers obtaining their orders and cannot be directly controlled by Eve. Any delay by third party transportation services may adversely affect Eve's financial performance.

Moreover, security of the product during transportation to and from the Eve's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on Eve's business, financials and prospects. Any such breach could impact Eve's ability to continue operating under its licenses or the prospect of renewing its licenses.

Retention and Acquisition of Skilled Personnel

The success of Eve is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and other skilled personnel (each, a "**Key Person**", and collectively, the "**Key Personnel**"). Eve's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and Eve may incur significant costs to attract and retain them. The loss of the services of a Key Person, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Eve's ability to execute on its business plan and strategy, and Eve may be unable to find adequate replacements on a timely basis, or at all. Further, as a Licensed Producer, each Key Person is subject to a security clearance by Health Canada. Under the ACMPR a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of Eve's existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by a Key Person to maintain or renew his or her security clearance, would result in a material adverse effect on Eve's business, financial condition and results of operations. In addition, if a Key Person leaves the Eve, and Eve is unable to find a suitable replacement that has a security clearance required by the ACMPR in a timely manner, or at all, there could occur a material adverse effect on Eve's business, financial condition and results of operations. While employment agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such employees.

Demand for Product and Negative Consumer Perception

Eve believes the medical cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of medical marijuana can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements both in Canada and in other countries, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical purposes, including unexpected safety or efficacy concerns arising with respect to the products of Eve or its competitors. 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. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Eve's products and the business, results of operations and financial condition of Eve. Eve's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity (whether or not accurate or with merit), could have a material adverse effect on any demand for Eve's products which could have a material adverse effect on Eve's business, financial condition and results of operations. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or Eve's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Product Liability

As a distributor of products designed to be ingested or inhaled by humans, Eve faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of Eve's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of Eve's products alone or in combination with other medications or substances could occur. Eve may be subject to various product liability claims, including, among others, that Eve's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against Eve could result in increased costs, could adversely affect Eve's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Eve. There can be no assurances that Eve will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Eve's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product or manufacturing defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of Eve's products are recalled due to an alleged product or manufacturing defect or for any other reason, Eve could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Eve may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although Eve has detailed procedures in place for testing its products and following good production practices required by the ACMPR, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of Eve's brands were subject to recall, the image of that brand and Eve could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for Eve's products and could have a material adverse effect on the results of operations and financial condition of Eve. Additionally, product recalls may lead to increased scrutiny of Eve's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although Eve believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, undue reliance should not be placed on such articles and reports. Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for Eve's products with the potential to lead to a material adverse effect on Eve's business, financial condition and results of operations.

Insurance Coverage

Eve has insurance to protect its assets, operations and employees. While Eve believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Eve is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Eve's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Eve were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Eve were to incur such liability at a time when it is not able to obtain liability insurance, there could be a material adverse effect on Eve's business, financial condition and results of operation.

Regulatory or Agency Proceedings, Investigations and Audits

Eve's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject Eve to regulatory or agency proceedings or investigations and could also lead to damage awards, fines, penalties or revocation of its License. Eve may become involved in a number of government or agency proceedings, investigations, inspections and audits. The outcome of any regulatory or agency proceedings, investigations, inspections, audits, and other contingencies could result in a revocation or suspension of Eve's License, harm Eve's reputation, require Eve to take, or refrain from taking, actions that could harm its operations or require Eve to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on Eve's business, financial condition and results of operation.

Litigation

Eve may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Eve becomes involved be determined against Eve, such a decision could adversely affect Eve's ability to continue operating and the value of the Common Shares and could use significant resources. Even if Eve is involved in litigation and wins, litigation can redirect significant Eve resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of Eve's brand.

Constraints on Marketing Products

The development of Eve's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. The regulatory environment in Canada limits Eve's ability to compete for market share in a manner similar to other industries. If Eve is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, Eve's sales and operating results could be adversely affected.

Fraudulent or Illegal Activity by its Employees, Contractors and Consultants

Eve is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to Eve that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for Eve to identify and deter misconduct by its employees and other third parties, and the precautions taken by Eve to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Eve from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against Eve, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Eve's operations, any of which could have a material adverse effect on Eve's business, financial condition and results of operations.

Breaches of Security at its Facilities or in Respect of Electronic Documents

Given the nature of Eve's product and its lack of legal availability outside of channels approved by the Canadian Federal Government, as well as the concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of Eve's facilities could expose Eve to additional liability and to potentially costly litigation, a revocation or suspension of its License, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing Eve's products.

In addition, if Eve sells directly to registered patients or customers, Eve may collect and store personal information about such individuals and would then be responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on Eve's business, financial condition and results of operations.

History of Losses

Eve incurred losses in prior periods. Eve may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Eve expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If Eve's revenues do not commence as anticipated so as to offset these expected increases in costs and operating expenses, Eve will may not achieve profitability.

Fluctuating Prices of Raw Materials

Eve's anticipated revenues will in large part be derived from the production, sale and distribution of cannabis. The price of production, sale and distribution of cannabis will fluctuate widely due to how young the cannabis industry is and is affected by numerous factors beyond Eve's control including international, economic and political trends, taxation, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by Eve and, therefore, the economic viability of any of Eve's business, cannot accurately be predicted.

Intellectual Property

The success of Eve's business depends in part on its ability to protect its ideas and technology. Eve has no patented technology at this time nor has it applied to register any patents. Eve has not filed any trademarks at this time nor has it applied for any trademarks. Even if Eve moves to protect its technology with trademarks, patents, copyrights or by other means, Eve is not assured that competitors will not develop similar technology, business methods or that Eve will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningfully impact our ability to successfully grow our business.

Access to Capital

In executing its business plan, Eve makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Eve has financed these expenditures through offerings of its equity securities and debt financing. Eve will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Eve may incur major unanticipated liabilities or expenses. Eve can provide no assurance that it will be able to obtain financing to meet the growth needs of Eve.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Eve bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Financial Statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Eve's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Eve's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Resulting Issuer. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Critical accounting estimates

Refer to Note 2 of the Financial Statements.

New accounting standards and interpretations not yet adopted

Refer to Note 2 of the Financial Statements.

Disclosure controls and procedures

The Company's President & Chief Executive Officer is responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

Outstanding share data

The authorized capital of the Company consists of an unlimited number of Common Shares without par value, of which 222,649,334 are issued and outstanding as of the date hereof.

Options

The Company has adopted a stock option plan (the "**Option Plan**"). Under the terms of the Option Plan, officers, directors, employees and consultants are eligible to receive grants of stock options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant. As of the date of this MD&A, subject to the terms of the Option Plan, options to purchase up to 14,640,000 Common Shares are outstanding and options to purchase up to 5,474,401 Common Shares are available for grant.

Warrants

In connection with the Qualifying Transaction, the Company issued 3,333,000 Warrants, all of which remain outstanding as of the date of this MD&A.

Compensation Options

In connection with the Qualifying Transaction, the Company issued 2,448,800 Equity Compensation Option and 2,333,333 Debenture Compensation Options. As of the date of this MD&A, 1,423,480 Equity Compensation Options and 2,333,333 Debenture Compensation Options remain issued and outstanding.

Debentures

In connection with the Qualifying Transaction, the Company issued $10,000,000 in aggregate principal of Debentures. As of the date of this MD&A, $7,000,000 in aggregate principal of Debentures remain outstanding.

Additional information

Additional information relating to the Company is contained in the Company's Filing Statement which may be viewed under its SEDAR profile at www.sedar.com.

Approval

The Board of Directors of the Company has approved the disclosure in this MD&A.

Subsequent Events

Extraction License

On September 14, 2018, the License was amended by Health Canada to permit the production of cannabis oil.

Supply Agreements

On August 15, 2018, the Company entered into a supply agreement with the OCS with respect to the supply of adult-use recreational cannabis to the OCS.

On September 18, 2018, the Company announced that it entered into a supply agreement with the NLC with respect to the supply of adult-use recreational cannabis to the NLC and certain provincially authorized persons.