LIVEWELL CANADA INC.

Management Discussion & Analysis
Six Months Ended June 30, 2018 and Twelve Months Ended December 31, 2017
(In Canadian Dollars)

LiveWell Canada Inc. is a public traded corporation, incorporated in Canada, with its principal office located at 179 Promenade du Portage, Suite 300, Gatineau, Québec. Its common shares trade on the TSX Venture Exchange ("TSX-V") under the ticker symbol "LVWL".

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of LiveWell Canada Inc. and its wholly-owned subsidiaries (herein referred collectively as "LiveWell", "Company", "we", "us", and "our") should be read in conjunction with the audited Consolidated Financial Statements for the six months ended June 30, 2018 and the twelve months ended December 31, 2017, and related notes included therein (the "Consolidated Financial Statements"). As a result of the Qualifying Transaction (a reverse takeover) which closed on June 19, 2018, LiveWell has adopted the predecessor's fiscal year ended June 30, 2018. Prior this transaction, LiveWell had a fiscal year ended December 31st.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented herein are stated in Canadian dollars, unless otherwise indicated. Amounts in tables may not reconcile due to rounding differences. This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding LiveWell is available on our website at www.livewellcorp.com.

This MD&A is dated as of October 26, 2018, and is current to this date. The Consolidated Financial Statements and MD&A have been reviewed by LiveWell's Audit Committee and were approved by LiveWell's Board of Directors on October 26, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information in this MD&A contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking information may be identified by such terms as "plan", "continue", "expect", "schedule", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements (including negative variations) that certain events or conditions "may" or "will" occur. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although LiveWell believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and LiveWell's financial results, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, potential synergies, objectives, beliefs, intentions, plans, estimates or predictions of actions of customers, suppliers, competitors, or regulatory authorities; industry trends and growth opportunities; and statements regarding its future economic performance. These statements are not historical facts but rather represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. We have based these forward-looking statements on our current expectations about future events. However, these may not occur by certain specified dates or at all and could differ materially as a result of unknown and known risk factors and uncertainties affecting LiveWell, including but not limited to risks associated with:

- *general economic conditions and global events;*
- *adverse industry events;*
- *marketing costs;*
- *loss of markets;*

- *future legislative and regulatory developments involving sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms;*
- *the food production and medical cannabis industry in Canada generally, income tax and regulatory matters;*
- *the ability of LiveWell to implement its business strategies financial risks;*
- *industry competition;*
- *product development;*
- *crop failure / agriculture risks / supply risks;*
- *facility and technological risks;*
- *product risks;*
- *dependence on senior management;*
- *sufficiency of available insurance at reasonable terms,*
- *the financial market conditions, including currency and interest rate fluctuations; and*
- *other risks and factors described from time to time in the documents filed by LiveWell with securities regulators.*

For more information on the risk factors that could cause our actual results to differ from current expectations, see "Risk Factors". All forward-looking information is provided as of the date of this MD&A. We do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law.

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COMPANY OVERVIEW

LiveWell Canada Inc. (formerly known as Percy Street Capital Corporation) is a corporation incorporated pursuant to the *Canada Business Corporations Act* ("CBCA") on June 18, 2014 and began trading on the TSX Venture Exchange ("TSX-V") on January 12, 2016. LiveWell's registered address is 1400-340 Albert Street, Ottawa, Ontario, Canada and its principle address is located at 179 Promenade du Portage, Suite 300, Gatineau, Canada.

On June 19, 2018, LiveWell Foods Canada Inc. ("LiveWell Foods") completed a reverse takeover transaction under a Qualifying Transaction ("QT") by way of a three-cornered amalgamation amoung Percy Street Capital Corporation ("Percy Street"), its wholly-owned subsidiary (108311891 Canada Inc.) and LiveWell Foods. As part of the QT, Percy Street changed its name to LiveWell Canada Inc. and its ticker symbol changed to "LVWL" on the TSXV.

LiveWell is a Canadian hemp and cannabis company focused on advanced research in cannabidiol ("CBD") and other cannabinoids, as well as to develop and distribute prescription and consumer health products supported by data, discovery, science and technology. The Company is a late stage applicant under the Cannabis Act and is waiting final approval for its cultivation license from Health Canada.

Currently, we have two cannabis facilities under construction. The first location is based in Ottawa, Canada. In late December 2017, we acquired Sole Produce, a family farm business with 100 acres of land and hosts 540,000 square feet ("sq. ft.") of Dutch engineered, gutter connect greenhouses and 200,000 sq. ft. of small greenhouses. A section of the Dutch engineered greenhouses is being retrofitted to cultivate and harvest cannabis (herein referred as the "Artiva Cannabis Project"). The second location is based in Litchfield, Québec. In April 2018, we acquired 458 acres of land and building to build our Word-Class Research and Innovation Centre (see below).

KEY DEVELOPMENTS IN SIX MONTHS ENDED JUNE 30, 2018

- During the first quarter ended March 31, 2018, we closed a non-brokered private placement of 18.1 million common shares at $0.46 each for total gross proceeds of $8.3 million, before $0.7 million cash share issuance costs
- In April 2018, we entered an Amended Agreement with Canopy Growth and Canopy Rivers to extend their strategic, logistic, and regulatory support services to include the Litchfield Project in addition to the Artiva Cannabis Project. In return, we agreed to issue 15% of LIveWell's fully diluted total common shares at March 31, 2018, with 5% held in escrow pending licensing at each location.
- In April 2018, we acquired from a third party 458 acres of land and building located in the Pontiac region of Québec for a total purchase consideration of $4.7 million, comprising $0.6 million cash payment (net of $0.1 million deposit paid in 2017) and a one-year 8% interest only vendor take-back ("VTB") mortgage of $3.9 million with the principal amount due on April 23, 2019. This location will become our World-Class Innovation Centre to position us as the leader in Québec for cannabis innovation, production, and distribution. In addition to hybrid greenhouses, this location will house R&D activities focused on hemp and cannabis products, using licensed organic extraction and isolation technology (collectively herein referred as the "Litchfield Project").
- In June 2018, we closed a brokered private placement of 9.4 million units at $1.00 each for total gross proceeds of $9.4 million, before $0.8 million cash share issuance costs.
- On June 19, 2018, we closed the QT with Percy Street and began trading on the TSXV. The new Board of Directors of LiveWell comprise of the following directors: Timothy McCunn (Chairman), Seann Poli, Peter Abboud, Hugh Notman, and the Honourable Lawrence Cannon.

- By the end of June 2018, approximately 61,000 sq. ft. at the Artiva Cannabis Project was being retrofitted, with 20,000 sq. ft for growing space and 41,000 sq. ft for support area. Upon receiving the cultivation license and subject to available financing, our intention is to expand the growing space by an additional 90,000 sq. ft. growing space to a total 110,000 sq. ft.
- We also made some additional capital investment in the Litchfield Project, primarily site preparation and building demolition.

KEY DEVELOPMENTS SUBSEQUENT TO JUNE 30, 2018

- In July 2018, we announced the interest of the Government of Québec, through the Ministère de l'Économie, in the financing of our World-Class Innovation Centre at Litchfield, Québec. Subject to due diligence and financing terms to be negotiated, the government expressed an interest to finance up 25% of the overall financing of the project. We continue to hold active discussions with the government to close this financing in the last quarter of 2018.
- In July 2018, we augmented our senior management team with the appointments of Peter Geimer (VP, Sales & Marketing) and Jean Bernard (VP, Information Security and Technology).
- In July 2018, the World Health Organization released its recommendation to the United Nations stating that "*preparations considered to be pure CBD should not be scheduled within the International Drug Control Conventions*."
- In August 2018, and further amended in September 2018, we entered into an agreement with Vitality CBD Natural Health Products Inc. ("Vitality"), a related party (see MD&A section "*Transactions between Related Parties*"), to purchase 1,000 acres of industrial hemp biomass to be harvested from farmland located in Alberta for total cash consideration of USD$10 million, negotiated at arm's length and payable over a defined payment schedule. Using licensed extraction and isolation technology, we believe we can extract approximately 25,000 kgs of CBD from the purchase of this industrial hemp biomass. This estimate is based on significant management assumptions, including: achieving an average of 5% yield on biomass on the 1,000 acres and 50% extraction efficiency. Securing this supply is directly in line with our strategic vision to become a global CBD market leader, by delivering high-quality innovative CBD health and wellness products in 2019.
- In August 2018, we signed our first significant cannabidiol ("CBD") supply agreement for distribution in Brazil. Under this agreement, a minimum annual purchase commitment of 5,000 kilograms ("kgs") of CBD isolate at a price of USD$7,000 per kg over 12 months starting from the receipt date of the first purchase order. The contract includes annual renewals for up to five years.
- In September 2018, we closed a non-brokered private placement of approximately 4 million units at $1.25 each for total gross proceeds of $5.0 million, before $0.1 million commissions.
- In October 2018, our strategic partner, Canopy Growth, submitted our cultivation license application to Health Canada and we are now waiting for approval.
- During September and October 2018, we hosted CBD Hemp investor event series across Canada to inform the market place about the health and wellness benefits of CBD, and its future global growth prospects.
- In October 2018, we announced a binding letter of intent to acquire Acenzia, a leading developer and manufacturer of supplements and natural health products, for a total consideration of $20 million. This acquisition is expected to close by November 30, 2018 (see MD&A section "*Proposed Transactions*"). Concurrently, we announced a realignment in leadership in which Mr. David Rendimonti took on the role of CEO in addition to the President role to better position LiveWell for global growth in health and wellness. Mr. Rendimonti is a healthcare leader with 30 years of experience in building and leading No. 1 brands, including senior roles at some of the world's most prominent organizations such as Johnson & Johnson, Pfizer, and Merck.

GOING CONCERN

LiveWell is in the development stage and is currently seeking additional capital, acquisitions, joint ventures, strategic partnerships and other business arrangements to generate and grow its revenues and expand its product offerings in the hemp and cannabis industry.

We have prepared the consolidated financial statements for the six months ended June 30, 2018, on a going concern basis and assume LiveWell will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

However, we have incurred significant operating losses from inception and as of June 30, 2018, we have generated little revenue to date. Our ability to generate and grow future revenue to cover our working capital requirements is contingent on securing our cultivation, processing, and sales licenses for medicinal cannabis from Health Canada. In October 2018, we have submitted our final cultivation license application to Health Canada.

At June 30, 2018, LiveWell had an accumulated deficit of $19.9 million (December 31, 2017 - $6.3 million) and incurred a net loss of $13.6 million for the six months ended June 30, 2018 and $5.7 million for the twelve months ended December 31, 2017. At June 30, 2018, LiveWell's cash was $4.6 million and working capital was negative $1.4 million.

LiveWell's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and to obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due.

From January 1, 2017 and up to September 30, 2018, we have successfully raised equity of approximately $29 million before commissions and other share issuance costs. Management has the following plans to maintain liquidity in the event that revenues do not increase as quickly as anticipated and to finance acquisitions over the next 12 months:

- Seek an increase to its mortgage on the Artiva Cannabis Facility located in Ottawa in light of the significant year-to-date capital investment in the property.
- Launch a financing campaign in the last quarter of 2018.
- Secure financing from the Government of Québec in the last quarter of 2018.

While management is confident to execute on the above plans, there can be no certainty that such financing will be available on a timely basis and at terms acceptable to LiveWell.

FINANCIAL HIGHLIGHTS

The following table provides selected audited financial information of LiveWell for the six months ended June 30, 2018, and the twelve months ended December 31, 2017 (in '000s).

	6 months 2018	12 months 2017
Financial Position:		
Current assets	$ 7,352	$ 2,153
Total assets	$ 37,135	$ 15,910
Current liabilities	$ 8,774	$ 1,908
Total liabilities	$ 15,466	$ 8,835
Shareholders' equity	$ 21,669	$ 7,075
Results of Operations:		
Revenue	$ 107	$ 16
Gross profit	$ (736)	$ (15)
OPEX	$ 8,920	$ 5,753
Other	$ (3,968)	$ 40
Net loss	$ (13,624)	$ (5,728)
Adjusted EBITDA (1)	$ (2,873)	$ (2,456)
Weighted average common shares outstanding	96,671	43,778
Net loss per share	$ (0.14)	$ (0.13)

(1) Adjusted EBITDA is a non-GAAP financial measure (see below)

Summary of Financial Position

The significant growth in total assets, total liabilities and shareholders' equity during the six months ended June 30, 2018 since December 31, 2017 was driven primarily by the following key events:

- $15.2 million of equity raises, net of share issuance costs;
- $7.6 million of common shares issued to Canopy Growth and Canopy Rivers under the Investment Agreement in exchange for Canopy's strategic support services and the offering of financial support and commitment to fund Health Canada licensing application expenses, including $5.0 million non-cash charge (see Note 13(b) of the Consolidated Financial Statements for further details);
- Capital investment for the Artiva Cannabis Facility and Litchfield Project;
- An additional $3.9 million interest-only VTB mortgage for the land purchase re Litchfield Project
- Completion of the Qualifying Transaction with Percy Street Capital Corporation in June 2018, resulting in the issuance of additional shares and options; and
- An increase in net deficit by $13.6 million due to operating losses, including non-cash items.

Summary of Results of Operations

Revenue

As LiveWell is still in the start-up phase and waiting for its cultivation licence for cannabis from Health Canada, it has yet to meaningfully generate revenues.

The 2017 revenue of $16 thousand relates to the launch and distribution of certain nutritional O'Hemp products. As a result of a change in business strategy, we don't expect to focus our sales effort on this product line in the foreseeable future.

For the six months ended June 30, 2018, the revenue includes both the sale of nutritional hemp products and vegetable produce. As previously noted, we acquired Sole Produce on December 31, 2017, the Abboud's family farm business.

With the pending acquisition of Acenzia scheduled to close by November 30, 2018, we anticipate our quarterly revenue will increase by $2 million starting with our third quarter ending March 31, 2019.

Gross Profit

For the six months ended June 30, 2018, our gross profit was negative $0.7 million, compared to a negative $15 thousand for the twelve months ended December 31, 2017. The significant loss in 2018 was driven primarily by $0.5 million impairment charge for our nutritional O'Hemp products due to a change in business strategy, coupled with margin loss on the vegetable produce business due to wind down of the business. While we reduced the grow space for vegetable produce in 2018 from what Sole Produce had in the prior year in order to focus our efforts on the retrofitting of a section of the greenhouses for cannabis grow, the lower labour headcount from the prior year was not sufficient for the much lower sales realized in this period. We do not intend to continue this vegetable produce business upon receiving a cultivation license for cannabis from Health Canada.

Operating Expenses ("OPEX")

The following table provides a breakdown of our OPEX by major function for the first two calendar quarters of 2018, the six months ended June 30, 2018, and the twelve months ended December 31, 2017 (in '000s).

(Expressed in Canadian Dollars, except as otherwise noted)

	Q1 ' 18	Q2 '18	Six Months Ended June 30, 2018	Twelve Months Ended December 31, 2017
G&A:				
Professional fees	$ 352	$ 678	**$ 1,030**	$ 1,326
Employee compensation and benefits	217	562	**779**	484
Office expenses	138	221	**359**	116
Bad debt	175	55	**230**	1,770
Other	14	117	**131**	203
Total G&A	**896**	**1,633**	**2,529**	3,899
R&D				
Employee compensation and benefits	-	84	**84**	-
Professional fees	1	20	**21**	29
Other	-	4	**4**	8
Total R&D	**1**	**108**	**109**	38
Sales & Marketing:				
Employee compensation and benefits	30	131	**161**	103
Advertising promotions	19	26	**45**	193
Professional fees	32	(3)	**29**	-
Travel and other employee expenses	2	5	**7**	-
Other	2	6	**8**	-
Total S&M	**85**	**165**	**250**	296
Non-cash charge for Canopy Transaction	-	5,049	**5,049**	-
Share-based compensation	302	434	**736**	1,515
Depreciation	124	123	**247**	5
Total operating expenses	**$ 1,408**	**$ 7,512**	**$ 8,920**	$ 5,753

Our total OPEX for the six months ended June 30, 2018 was $8.9 million, compared to $5.8 million for the twelve months ended December 31, 2017. The significant increase in total OPEX was primarily driven by:

G&A:

- Increased in headcount, primarily senior personnel, to expand and manage business operations.
- Significant professional fees driven by legal, accounting and audit fees associated with the Qualifying Transaction and potential M&A activities. Prior to April 1, 2018, three executives were under consulting agreement and their fees were reported under professional fees.
- We entered a new office lease agreement for LiveWell's principal location in Gatineau, Québec.
- Incurred $0.2 million bad debt charge, primarily relating to the promissory note with Delisse Fine Cuisine (see MD&A section "*Transactions with Related Parties*") due to recoverability uncertainty.

R&D:

- Increased in headcount to support our mission to focus on advanced research on CBD and other cannabinoids.

S&M:

- Increased in headcount, including the hire of a new VP, Sales & Marketing.

Non-cash charge for Canopy Transaction:

- As disclosed in Note 13(b) of the Consolidated Financial Statements, we issued 16.4 million common shares to Canopy Growth and Canopy Rivers, including 5.5 million held in escrow to be released in two tranches – first upon receiving the cultivation license for Artiva and the second upon receiving the cultivation license for Litchfield site. As 10.9 million common shares were not subject to escrow and vested on April 15, 2018, we recorded a charge of $5.0 million for the fair value of these shares. Under IFRS, we are required to record the fair value of the services to be received from Canopy, except in the event it cannot be determined reliably. Management concluded that the fair value of these services could not be determined reliably and therefore relied on the fair value of the consideration given i.e. the common shares of LiveWell. The fair value of these shares was set at $0.46 each based on the pricing for the March 2018 non-brokered private placement.

Share-based compensation:

- We have issued options to two executives during the first six months of 2018. Refer to Note 13(c) of the Consolidated Financial Statements for further details.

Depreciation:

- In 2017, we had little depreciable assets. As a result of the acquisition of Sole Produce on December 31, 2017, we acquired $9.8 million of property and equipment in which most of this total would be subject to depreciation. During the first half of 2018, we have capitalized $9.0 million construction costs in progress for both the Artiva Cannabis Project and Litchfield Project. These are not subject to depreciation until such time the project is complete and operational. See Note 10 of the Consolidated Financial Statements for further details on the construction in progress.

With the pending acquisition of Acenzia, we expect our quarterly OPEX cash burn rate will increase by $0.5 million to approximately $2.1 million. However, subject to additional financing, we anticipate our quarterly OPEX cash burn rate will increase significantly as we expand our business operations and begin cultivating and processing hemp and cannabis subject to receipt of the required licenses from Health Canada.

Other

Other expenses include primarily $4.1 million of listing expenses associated with the Qualifying Transaction, including a $3.7 million non-cash item.

Net Loss

Our net loss for the six months ended June 30, 2018 and twelve months ended December 31, 2017 was $13.6 million and $5.7 million, respectively. The significant net losses in both periods are largely due to the start-up phase of LiveWell with little revenue to date and an increase in headcount to support the company's growth, coupled with large non-cash charges as previously noted.

Adjusted EBITDA

"Adjusted EBITDA" is a non-GAAP financial measure. It is a financial metric used by management which is based on Net loss as reported under IFRS and adjusted by removing interest, tax, depreciation, non-recurring items and other material non-cash items. Management believes "Adjusted EBITDA" is a useful financial metric to assess LiveWell's operating performance on a cash basis before the impact of non-cash items and acquisition related activities.

The following table provides a reconciliation of Adjusted EBITDA to Net Loss as reported under IFRS for the six months ended June 30, 2018 and the twelve months ended December 31, 2017 (in '000s).

	6 months 2018	12 months 2017
Net loss as reported under IFRS	**$ (13,624)**	**$ (5,728)**
Finance income	(10)	(3)
Finance charge	163	-
Taxes	(230)	(37)
Depreciation	247	5
EBITDA	***$ (13,454)***	***$ (5,763)***
Stock-based compensation	736	1,515
Bad debt charge	230	1,770
Inventory impairment charge	521	19
Non-cash charge for Canopy	5,049	-
Listing expense	4,045	-
Adjusted EBITDA	***$ (2,873)***	***$ (2,459)***

SUMMARY OF QUARTERLY RESULTS

The following table provides a high-level summary of selected quarterly financial information (in '000s).

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18
Results of Operations:						
Revenue	$ -	$ -	$ -	$ 16	$ 20	$ 87
Gross profit	$ -	$ -	$ -	$ (15)	$ 1	$ (737)
OPEX	$ 476	$ 309	$ 192	$ 4,776	$ 1,407	$ 7,513
Other	$ -	$ (2)	$ 9	$ 33	$ (28)	$ (3,940)
Net loss	$ (476)	$ (310)	$ (183)	$ (4,758)	$ (1,434)	$ (12,190)
Adjusted EBITDA (1)	$ (351)	$ (311)	$ (184)	$ (1,613)	$ (746)	$ (2,127)
Weighted average common shares outstanding	30,088	40,813	43,995	47,866	76,734	105,003
Net loss per share	$ (0.02)	$ (0.01)	$ (0.00)	$ (0.10)	$ (0.02)	$ (0.12)

(1) Adjusted EBITDA is a non-GAAP financial measure.

(Expressed in Canadian Dollars, except as otherwise noted)

The following table provides a reconciliation of the quarterly Adjusted EBITDA to Net Loss as reported under IFRS.

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18
Net loss as reported under IFRS	**$ (476)**	**$ (310)**	**$ (183)**	**$ (4,758)**	**$ (1,434)**	**$ (12,190)**
Finance income	-	(1)	(0)	(1)	(7)	(3)
Finance charge	-	-	-	-	35	128
Taxes	-	-		(37)	-	(230)
Depreciation	-	0	-	5	124	123
EBITDA	***$ (476)***	***$ (311)***	***$ (184)***	***$ (4,792)***	***$ (1,282)***	***$ (12,172)***
Stock-based compensation	125	-	-	1,390	302	434
Bad debt charge	-	-	-	1,770	175	55
Inventory impairment charge	-	-	-	19	-	521
Non-cash charge for Canopy	-	-	-	-	-	5,049
Listing expense	-	-	-	-	59	3,986
Adjusted EBITDA	***$ (351)***	***$ (311)***	***$ (184)***	***$ (1,613)***	***$ (746)***	***$ (2,127)***

Summary

Quarterly results prior to January 1, 2017, are not meaningful as LiveWell had little operations and headcount. We began recruiting senior talent in the fourth quarter of 2017 and completed the acquisition of Sole Produce, the future site of the Artiva Cannabis Facility. We also took a significant bad debt charge in the fourth quarter of 2017 relating to a promissory note made to a related party (refer to Note 8 of the Consolidated Financial Statements for further details). In the first half of 2018, we continued to acquire talent to build a world-class senior management team in order to take the company public and to well position LiveWell to become a global leader in the health and wellness market place. As previously noted, we also made significant capital expenditures to retrofit a section of the existing Dutch engineered greenhouses for cannabis cultivation at the Artiva Cannabis Facility, coupled with the purchase of 458 acres of land in the Pontiac region of Québec for the future site of our Word-Class Research and Innovation Centre. These activities were funded by significant equity financing via both non-brokered and brokered private placements in the last 18 months.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management's objectives when managing LiveWell's liquidity and capital structure are to generate sufficient cash to fund its working capital and organic growth requirements. LiveWell's ability to reach profitability is contingent on the successful execution of its short and long-term business strategies. While we are confident in LiveWell's future prospects, there can be no assurance that LiveWell will gain adequate market acceptance for its agriculture and hemp produce and/or obtain its medicinal cannabis license from Health Canada in order to reach sustainable profitability and growth.

Due to the lack of revenue, LiveWell is dependent on raising additional equity or debt to carry on its business operations for the next 12 months (see MD&A section "Company Overview - *Going Concern Uncertainty*").

At June 30, 2018, our cash position was $4.6 million, an increase of $3.3 million since December 31, 2017. However, our working capital decreased to negative $1.4 million at June 30, 2018, from $0.2 million at December 31, 2017.

The following table provides a high-level summary of cash flows by activities and the ending cash position for the respective periods (in '000s):

	Six Months Ended June 30, 2018	Twelve Months Ended December 31, 2017
Operating activities	**$ (2,415)**	$ (4,615)
Investing activities	**(10,124)**	(98)
Financing activities	**15,885**	5,559
Net change in cash	**3,346**	846
Cash, beginning of period	**1,230**	384
Cash, end of period	**$ 4,576**	$ 1,230

Operating activities

We had negative cash flows from operating activities for both periods primarily due to the lack of revenue to fund our operating expenses.

Investing activities

For the six months ended June 30, 2018, we invested $9.2 million in the construction of the Artiva Cannabis Facility and for the land site preparation and building demolition for the Litchfield Project. Additionally, we made a payment of $0.6 million to the seller of the Litchfield property, with the remaining $4.0 million in the form of an interest-only VTB mortgage (non-cash).

Financing activities

During the six months ended June 30, 2018, we raised $16.2 million of equity net of share issuance costs, compared to $5.6 million of equity net of share issuance costs for the twelve months ended December 31, 2017. The following is a summary of equity raises in the first half of 2018:

- Through a non-brokered private placement, we issued 18.1 million common shares at $0.46 each for total gross proceeds of $8.3 million, before $0.7 million commissions and other share issuance costs.
- Through a brokered private placement led by Canaccord Genuity Corp., we issued 9.4 million units at $1.00 each for total gross proceeds of $9.4 million, before $0.8 million commissions and other share issuance costs. Each unit comprised of one common share and one-half of one common share purchase warrants exercisable at $1.30 each for a period of two years. Additionally, we issued 0.5 million Agent Warrants to the lead broker and syndicate, to buy units at $1 each.

Subsequent to June 30, 2018, we closed a non-brokered private placement of 4 million Units at $1.25 each for total gross proceeds of $5.0 million before $0.1 million commissions. Each Unit consists of one common share of LiveWell and one common share purchase warrant of LiveWell (a "Warrant"). Each Warrant will be exercisable into one common share at a price of $1.50 per Warrant for a period of 24 months from the date of closing. If the volume weighted average price of the common shares on the TSX-V is equal to or greater than $2.00 for any 10 consecutive trading days, we may accelerate the expiry date of the Warrants to the date that is 180 days following the date of such written notice.

Further, in October 2018, we entered unsecured borrowings of $0.6 million with two employees. The borrowings bear interest at 12% per annum and mature in one year. LiveWell may prepay at any time, subject to payment of accrued interest for a minimum three months.

Capital Resources

Our key objectives and policies for managing capital are to maintain a strong capital base in order to:

- maintain investor, creditor and market confidence;
- advance LiveWell's corporate strategies to generate attractive risk-adjusted return over the long-term for our shareholders;
- sustain LiveWell's operations and growth through all cycles; and
- ensure compliance with the covenants of any applicable credit facility and other financing facilities.

Our capital resources comprised the following (in '000s):

	June 30, 2018	December 31, 2017
Borrowings (drawn)	**$ 10,016**	$ 6,100
Preferred shares	**5,605**	5,605
Common shares	**44,022**	17,576
Share-based payments	**2,146**	1,377
Warrants	**1,003**	-
Reserve- other	**(11,186)**	(11,186)
Less: deficit	**(19,921)**	(6,297)
Total capital resources	**$ 31,685**	$ 13,175

The significant increase in capital resources during 2018 was driven by:

- $4 million interest-only VTB mortgage for the purchase of the Litchfield property.

- $26.4 million increase in common shares is primarily due to equity raises, the Canopy Transaction, and the completion of the Qualifying Transaction. See Note 13(b) of the Consolidated Financial Statements for further details.

The above increase was offset partially by an increase in deficit due to the net loss for the first half of 2018.

LiveWell's authorized share capital is an unlimited number of common and preferred shares. At June 30, 2018, our total issued and outstanding common shares were 125.6 million and we had the following outstanding preferred shares (in '000s):

	June 30, 2018			December 31, 2017		
	# of Shares		Value	# of Shares		Value
Preferred Shares - Series 1	1,068	$	1,000	1,000	$	1,000
Preferred Shares - Series 2	1,068		1,000	1,000		1,000
Preferred Shares - Series 3	3,605		3,605	3,605		3,605
Total preferred shares	5,741	$	5,605	5,605	$	5,605

Convertible Preferred shares – Series 1 and 2

The significant terms of the convertible preferred shares are as follows:

- At the holder's sole discretion, Series 1 Preferred Shares may be converted to Livewell common shares at a rate of $0.23399 per share on or before January 1, 2023. Accordingly, if fully converted, a total of 4,273 common shares would be issued.
- At the holder's sole discretion, Series 2 Preferred Shares may be converted to Livewell common shares at a rate of $0.43055 per share on or before January 1, 2023. Accordingly, if fully converted, a total of 2,323 common shares would be issued.
- Not entitled to dividends and no voting rights.

Redeemable Preferred shares – Serie 3

The significant terms of the redeemable Series 3 preferred shares are as follows:

- Not entitled to dividends and no voting rights.
- At LiveWell's sole discretion, it may redeem the Series 3 preferred shares at $1.00 per share.

In the event of liquidation, dissolution, or wind-up of LiveWell, the holders of convertible and redeemable preferred shares shall be paid in preference to the common shareholders.

The following table outlines the projected fully diluted common shares at June 30, 2018, and December 31, 2017 ('000s).

	June 30, 2018	December 31, 2017 (1)
Preferred shares:		
Series 1 at $0.23 each	**4,273**	4,273
Series 2 at $0.43 each	**2,323**	2,323
Common shares	**125,641**	74,207
Stock options:		
At $0.43 each	**16,076**	14,849
At $0.30 each	**370**	-
Warrants at $1.22 each	**5,040**	-
Agent Warrants:		
Common shares at $0.936 each	**486**	-
Warrants at $1.22 each	**243**	-
Projected fully diluted common shares	**154,452**	95,652

(1) As a result of the Qualifying Transaction completed on June 19, 2018, the securities have been restated to reflect the post-share conversion rate of 1 to 1.0684.

As of the date of this MD&A, our total outstanding and issued common shares were 129.7 million, of which 31% is owned by LiveWell's directors and the executive team.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

We have no off-balance sheet arrangements.

At June 30, 2018, we had the following contractual obligations and commitments ('000s):

Payment due:	Total	Within 1 Year	1 to 3 years	3 to 5 years	> 5 years
Borrowings	**$ 10,016**	$ 3,934	$ 6,027	$ 30	$ 25
Accounts payable & accrued liabilities	**4,840**	4,840	-	-	-
Lease obligations	**501**	286	215		
Purchase commitments	**2,606**	2,606	-	-	-
Total contractual obligations	**$ 17,963**	$ 11,666	$ 6,242	$ 30	$ 25

TRANSACTIONS WITH RELATED PARTIES

LiveWell's related parties, as defined by IAS 24, *Related Party Disclosures*, include our directors, executive officers, key management personnel, and enterprises which are controlled or significantly influenced by these individuals.

The following table lists the related parties and their respective relationship to LiveWell.

Related Party	Relationship
Timothy McCunn, Chairman and Director	Independent Director
Honourable Lawrence Cannon, Director	Independent Director
Hugh Notman, Director	Independent Director
Peter Abboud, Director and Special Advisor	Director
Seann Poli, Director and Special Advisor	Director
David Rendimonti, President and CEO	Management
Steven Archambault, CFO	Management
Robert Leaker, Chief Science & Innovation Officer	Management
Michel Lemieux, Chief Administrative Officer (CAO)	Management
Peter Geimer, VP Sales & Marketing	Management
Jean Bernard, VP Information Security and Technology	Management
Vitality CBD Natural Health Products ("Vitality")	Certain executive officers and directors collectively own 35% of Vitality's voting shares; Timothy McCunn and Robert Leaker are directors of Vitality; Robert Leaker is also the CEO of Vitality.
Relief Effects Inc.	Certain executive officers and directors collectively own 95% of Relief Effects Inc. voting shares; Timothy McCunn, Robert Leaker and David Rendimonti are directors of Relief Effects Inc.
Perley-Robertson, Hill & McDougall LLP	LiveWell's Chairman is a senior partner at the law firm.

Annexair Inc.	Related to CAO
Delisse Fine Cuisine	Related to Director and Special Advisor (Peter Abboud)

Refer to Note 18 of the Consolidated Financial Statements for detailed disclosures on related party transactions during the six months ended June 30, 2018 and the twelve months ended December 31, 2017. These transactions are in the normal course of business and are measured at the exchange amounts being the amounts agreed by the parties.

PROPOSED MERGERS AND ACQUISITIONS

On October 4, 2018, we entered a binding letter of intent to acquire 100% of Acenzia Inc., a leading developer and manufacturer of next-generation natural health products (the "Transaction"). The total purchase consideration is $20.0 million, with $2.0 million in cash and $18.0 million in common shares of LiveWell based on the 20-day weighted average immediately prior to the date of the definitive agreement. Further, $8.0 million of the $18.0 million in common shares will be held in escrow and will be released subject to achieving a profitability milestone for calendar 2019.

The following is a summary of unaudited financial position of Acenzia at August 31, 2018 prepared by its management ('000s):

Assets		
Current	$	3,275
Non-current		3,191
Total assets		6,466
Liabilities		
Current		4,364
Non-current		2,229
Total liabilities		6,593
Net deficit	$	(127)

Based on unaudited figures, for the fiscal year ended April 30, 2018, Acenzia had revenues of $5.6 million (2017 - $7.8 million) and incurred a net loss of $2.1 million (2017 - $0.4 million). Acenzia restructured its operations during the prior year in order to streamline its operations and costs. For the fourth months ended August 31, 2018, Acenzia had revenues of $2.9 million and net loss of $0.1 million (unaudited).

Upon completion of the acquisition, management will allocate the $20.0 million purchase consideration to the net assets acquired based on fair value and the residual balance will be allocated to goodwill.

LiveWell's Board has unanimously approved this arm's length Transaction subject to due diligence, standard closing conditions, and TSX-V approval. No approval of shareholders from either Acenzia or LiveWell is required in connection with this Transaction. This Transaction is expected to close on or before November 30, 2018.

(Expressed in Canadian Dollars, except as otherwise noted)

ACCOUNTING MATTERS

Critical Accounting Estimates

The Consolidated Financial Statements include certain amounts that are inherently uncertain and judgmental in nature. As a result, management is required to make assumptions and best estimates in order to determine the reported values. We consider an accounting estimate to be critical if: (1) it requires that significant assumptions be made in order to deal with uncertainties; and (2) changes in the estimate could have a material impact on our results of operations, financial condition or liquidity.

At June 30, 2018, we believe that the material items requiring such subjective and complex estimates are as follows:

- Business combinations
- Share-based compensation
- Provision for bad debts
- Estimated useful lives and depreciation and amortization for property, plant & equipment
- Valuation of deferred tax asset
- Impairment of long-lived assets

Refer to Note 4 of the Consolidated Financial Statements for further details. We believe that the amounts included in these financial statements reflect management's best judgment. However, factors including, without limitation, those noted under "Risks and Uncertainties" below could cause actual events or results to differ materially from our underlying assumptions and estimates. Accordingly, this could lead to a material adverse impact on our results of operations, financial condition and/or liquidity.

Changes in Accounting Policies Including Initial Adoption

We have not adopted new accounting policies for the six months ended June 30, 2018. There are a number of new standards, and amendments to accounting standards and interpretations, that were not yet effective for the six months ended June 30, 2018, and therefore these have not been applied in preparing the Consolidated Financial Statements.

The IASB has recently issued the following accounting standards:

Accounting Standards	Adoption Date for LiveWell
IFRS 2 – Share-Based Payment	July 1, 2018
IFRS 15 – Revenue from Contracts with Customers	July 1, 2018
IFRS 9 – Financial Instruments	July 1, 2018
IFRS 16 – Leases	July 1, 2019

Refer to Note 3(v) of the Consolidated Financial Statements for further details on the above new accounting standards.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Refer to Notes 16 and 17 of the Consolidated Financial Statements for disclosure relating to LiveWell's financial instruments and financial risk management objectives and policies.

CONFLICTS OF INTEREST

LiveWell's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other companies. To the extent that such other companies may participate, the directors and officers of LiveWell may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, LiveWell will follow the provisions of the CBCA that address conflicts of interest. The CBCA requires each director and officer to disclose in writing (or request to have entered in the minutes of the board meeting) the nature and extent of the director's or officer's interest in a material contract or transaction, whether made or proposed, with LiveWell. The CBCA further requires such a director to refrain from voting on a resolution to approve the contract or transaction except in narrow circumstances set out in the CBCA. In all circumstances, the directors and officers of LiveWell are required to act honestly, in good faith, and in the best interest of LiveWell.

RISKS AND UNCERTAINTIES

LiveWell is pursuing commercial business activities in hemp and cannabis that encompass the biotechnology and agricultural industries and accordingly LiveWell is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Commencing in 2019, as a result of its pending acquisition of Acenzia Inc., LiveWell is expected to have ongoing revenue from operations. However, LiveWell continues to have limited capital resources and relies significantly upon the sale of its common shares to finance its operations, large cannabis projects, and new investments.

The risks and uncertainties below are not the only ones facing LiveWell. Additional risk and uncertainties not presently known to us or that we currently consider immaterial may also impair LiveWell's business operations and cause the price of LiveWell's common shares to decline. If any of the following risks occur, LiveWell's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the valuation of LiveWell's common shares could decline, and an investor may lose all or part of his, her or its investment. Accordingly, potential investors are strongly recommended to consult an independent financial advisor before deciding to invest in LiveWell.

Risks Related to the Company

- Our ability to grow, store, process and sell cannabis in Canada is solely dependent on LiveWell's ability to obtain the cultivation, processing and sales licenses under the Cannabis Act for each location we anticipate having a cannabis operation. While we have submitted our final cultivation license application to Health Canada, there is no assurance that Health Canada will grant it to LiveWell.
- LiveWell is in the development stage with less little operating history with significant operating losses from inception.
- There is uncertainty about LiveWell's ability to continue as a going concern and there is no assurance that we will generate profit in the near turn and/or raise sufficient capital at acceptable terms, if any.

Further there is no assurance that LiveWell will realize the projected cash flows for the Artiva Cannabis Facility, which could result in a full or partial impairment of goodwill.

- We may not be able to secure all necessary financing in time to begin, continue and complete the Artiva Cannabis Project and the Litchfield Project.
- While the Government of Québec, through the Ministère de l'Économie, expressed an interest in financing 25% of our investment for our World-Class Innovation Centre at Litchfield, Québec, there is no assurance we will successfully secure financing from the government in the near term, if any.
- LiveWell's actual financial position and results of operations may differ materially from the expectations of LiveWell's management.
- The level of LiveWell's indebtedness from time to time could impair our ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise. Our inability to service LiveWell's debts as required may have a materially adverse impact on the results and operations of LiveWell.
- We expect to incur significant ongoing costs and obligations related to investment in infrastructure, growth, regulatory compliance and operations.
- While we have a signed a CBD supply agreement for distribution in Brazil, there is no assurance that the Brazilian buyer will honour its agreement of purchasing a minimum 5,000 kilograms at $7,000 per kilogram over 12 months starting from the receipt date of the first purchase order.
- We are subject to changes in laws, regulations, and guidelines which could adversely affect LiveWell's future business, financial condition, and results of operations.
- Given the fast pace environment in our emerging hemp and cannabis industry, our business plan and strategies may change in the short-term. Further, our business plan involves a number of strategic partnerships. If these partnerships do not materialize, we may be unable to achieve our strategic goals and profitability.
- We may not be able to develop our products, which could prevent us from ever becoming profitable.
- The price of production, sale and distribution of hemp and cannabis will fluctuate widely due to, among other factors, how young the cannabis industry is and the impact of numerous factors beyond the control of LiveWell including international, economic and political trends, 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.
- Our directors and officers control a large percentage of LiveWell's issued and outstanding common shares and therefore such directors and officers may have the ability to control matters affecting LiveWell and its business.
- Canopy Growth and Canopy Rivers collectively own 14% of LiveWell's total outstanding and issued common shares. As such, collectively they are in a position to influence the shareholder voting results at a special meeting that could delay or prevent a change in control of LiveWell that could otherwise be beneficial to LiveWell's shareholders.
- We may not be able to effectively manage LiveWell's growth and operations, which could materially and adversely affect LiveWell's business.
- We may not be able to adequately protect our proprietary and intellectual property rights. Further, we may be forces to litigate to defend our intellectual property rights, or to defend against claims by third parties against LiveWell relating to intellectual property rights.

- We may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on LiveWell's reputation, business, results from operations, and financial condition.
- Our operations are subject to environmental regulation in the various jurisdictions in which LiveWell operates.
- In October 2017, the TSX provided clarity regarding the Requirements to applicants and TSX and TSX-V listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the Requirements. These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the U.S., (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) commercial interests or arrangements with entities that, among other things, should the TSX find a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review. If the TSX were to initiate a delisting review in respect of LiveWell, there could be an adverse effect on the trading price of LiveWell's common shares.
- We face competition from other companies with larger capitalization, more experienced management or more mature as a business.
- If we are unable to attract and retain key personnel, we may not be able to compete effectively.
- Failure to successfully integrate acquired businesses, its products and other assets into LiveWell, or if integrated, failure to advance LiveWell's business strategy, may result in LiveWell's inability to realize any benefit from such acquisition.
- Given the new and emerging cannabis industry, the size of LiveWell's addressable market is difficult to quantify, and therefore investors should rely on their own estimates on the accuracy of the market data.
- Our industry is experiencing rapid growth and consolidation that may cause LiveWell to lose key relationships and intensify competition.
- We continue to sell common shares for cash to fund our operations, capital expansion, mergers and acquisitions that will dilute current shareholdings.
- We currently have insurance coverage; however, because we operate in the cannabis industry, there are additional difficulties and complexities associated such insurance coverage. There is no assurance that we will successfully renew future insurance coverage at reasonable commercial terms.
- The cultivation of industrial hemp and cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others.
- The cultivation of hemp and cannabis involves reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks.
- We may be subject to product recalls for product defects self-imposed or impose by regulators.
- We are reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on LiveWell's finances and operation results.
- Under Canadian regulations, a licensed producer of cannabis may have restrictions on the type and form of marketing it can undertake which could materially impact sales performance.

- We may be liable for fraudulent or illegal activity by our employees, contractors, and consultants resulting in significant financial losses to claims against LiveWell.
- We are reliant on information technology systems and therefore we may be subject to damaging cyber-attacks.
- We may be subject breaches of security at our facilities, or in respect of electronic documents and data storage, and may face risks related to breaches of applicable privacy laws.
- Our directors and officers may be engaged in a range of business activities resulting in conflicts of interest.

Risks Related to LiveWell Common Shares

- Given the current small number of free trading shares, future sales of common shares by existing shareholders could reduce the market price of our common shares.
- The market price for our common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control.
- We do not anticipate paying cash dividends in the foreseeable future.
- We are subject to uncertainty regarding legal and regulatory status and changes.

For additional description of the risk factors affecting LiveWell, refer to LiveWell's continuous disclosure documents on www.sedar.com.

Additional Information

Additional information related to LiveWell is available for view on our corporate website at www.livewellcorp.com and through our public filings on SEDAR.