



EMERALD HEALTH THERAPEUTICS, INC.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended December 31, 2015

Dated: April 15, 2016

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Forward-Looking Statements	2
Disclosure Controls and Procedures	3
Overview	4
Recent Developments and Events after the Reporting Period	4
Selected Annual Financial Information.....	6
Summary of Quarterly Results	6
Results of Operations	7
Disclosure of Outstanding Share Data	9
Additional Disclosure for Venture Issuers Without Significant Revenue	9
Liquidity and Capital Resources	9
Financial Risk Management.....	10
Measurement uncertainty and impairment assessments.....	11
Transactions with Related Parties	11
Proposed Transactions.....	11
Critical Accounting Policies and Estimates	11
Accounting Policies and Changes in Accounting Standards not yet Effective.....	11
Commitments	12
Off-Balance Sheet Arrangements.....	12
Risks and Uncertainties.....	12

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking information or forward-looking statements under applicable securities laws (collectively, “**forward-looking statements**”). These statements relate to future events or future performance, business prospects or opportunities of Emerald Health Therapeutics Inc.’s (the “Company”), (formerly T-Bird Pharma, Inc. and formerly Firebird Energy Inc.). Forward-looking statements include, but are not limited to: whether the number of the Company’s registered patients will increase; whether the Company’s sales will increase and whether the business of the Company will eventually be profitable; how and if the Company will benefit from its recent transaction with Emerald Health Sciences Inc. (“Sciences”) and what opportunities that transaction will provide; how the new management team will affect the Company; the terms of the loan from Sciences and whether Sciences will continue to provide loans to the Company and the terms of such loans; when and whether the Company will receive a Supplemental Licence under the *Marihuana for Medical Purposes Regulations* (the “MMPR”) to sell cannabis oils; whether the Company’s subsidiary, Emerald Health Botanicals Inc. (“Botanicals”) will be able to maintain the licence to produce medical marihuana issued to it under the MMPR or the supplemental Licence to produce cannabis oils and capsules; whether the Company will continue to purchase additional strains of dried medical marijuana from another Licenced Producer; whether the expansion at the current facility will allow the Company to increase its production capacity of dried product and oils; how the Company’s research and development project related to strains of medical cannabis will be used and how it will be funded; whether common shares of the Company will be issued upon the conversion of debt owed to Sciences and the number of common shares of the Company that will be issued; and the effect that each risk factor will have on the Company.

These risks and uncertainties may cause the Company’s actual results to differ materially from those contemplated by the forward looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company’s required financial statements and filings.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements involve risks and uncertainties relating to, among other things, the Company’s reliance on the Licence, regulatory risks relating to the Company’s compliance with the MMPR, changes in laws, regulations and guidelines relating to medical marihuana and the possible legalization of marihuana by the Federal government, the limited operating history of the Company, the Company’s reliance on a single production facility, its reliance on management, difficulties in securing additional financing, unfavourable publicity or consumer perception of the medical marihuana industry and restrictions of the TSX Venture Exchange on the Company’s business. Additional factors that could cause actual results to differ materially include, but are not limited to, the risk factors described herein. See “Risks and Uncertainties”. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. Actual results may differ materially from those expressed or implied by such forward-looking statements.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

The following Management Discussion and Analysis (“MD&A”) is prepared as of April 15, 2016 and is intended to assist the understanding of the results of operations and financial condition of Emerald Health Therapeutics, Inc.

This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2015 and December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All figures are in Canadian dollars unless otherwise noted.

Additional information related to the Company is available on its website at www.emerald.care and on the Canadian Securities Administrator’s website at www.sedar.com.

Disclosure Controls and Procedures

During the year ended December 31, 2015 there has been no significant change in the Company’s internal control over financial reporting since the last reporting period.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make.

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com. In contrast to the certificate under National Instrument (“NI 52-109”) (Certification of Disclosure in Issuer’s Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of the Company’s certifying officers to design and implement on a cost effective basis disclosure controls and procedures and internal controls over financial reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Overview

Emerald Health Therapeutics Inc. (the "Company"), (formerly T-Bird Pharma, Inc. and formerly Firebird Energy Inc.) was incorporated pursuant to the Business Corporations Act (British Columbia) on July 31, 2007 as Firebird Capital Partners Inc. and changed its name to Firebird Energy Inc. in December 2012. On September 4, 2014, the Company completed the acquisition of all of the issued and outstanding common shares of Thunderbird Biomedical Inc. ("Thunderbird"), by way of a reverse takeover (the "Transaction") under the rules of the TSX Venture Exchange (the "TSXV") and concurrently changed its name to T-Bird Pharma, Inc. Thunderbird became a wholly-owned subsidiary of T-Bird. In June 2015, the Company changed its name to Emerald Health Therapeutics, Inc. and Thunderbird changed its name to Emerald Health Botanicals Inc. ("Botanicals").

The Company is a publicly traded company with headquarters in Victoria, B.C. Canada. The Company's common shares are listed on the TSXV under the trading symbol "EMH". The Company is classified as a Tier 2 Venture Issuer on the TSXV. The Company is the parent of its wholly-owned subsidiary Botanicals.

Botanicals is a private, Victoria based company and was incorporated pursuant to the Business Corporations Act (British Columbia) on January 28, 2013. The principal business of Botanicals is the production and sale of medical marijuana pursuant to a license (the "License") issued to Botanicals under the Marijuana for Medical Purposes Regulations ("MMPR"). In November 2015, Botanicals received a Supplemental License from Health Canada authorizing Botanicals to produce cannabis oils and capsules (the "Supplemental License") and in April 2016, Botanicals applied for a Supplemental Sales License to sell these products.

Botanicals' goal is to be an exemplary Licenced Producer with rigorous quality standards for its products, processes and client services. Botanicals' fully developed production and quality systems, including standard operating procedures, are tested, scalable and transferable and comply with Health Canada regulations as established under the MMPR.

Recent Developments and Events after the Reporting Period

In April 2015, the Company, together with certain of its shareholders, completed a transaction with Emerald Health Sciences Inc. (formerly Medna Biosciences Inc.) ("Sciences") whereby Sciences acquired (the "Escrow Transfer") a total of 20,156,790 common shares of the Company (equal to 44% of the Company's issued and outstanding common shares) from five of its founding shareholders, including its former Chief Executive Officer and Chief Financial Officer, at a price of \$0.21 per share. The Company expects to benefit from the pharmaceutical expertise that Sciences brings and anticipates that the collaborative efforts of the two companies will provide opportunities for expansion in cultivation capacity and technology advancement in the medical cannabis industry.

Concurrent with the completion of the Escrow Transfer in April 2015, three new board members were appointed to the Company's Board of Directors (the "Board") and three existing Board members resigned. Dr. Avtar Dhillon was appointed as Executive Chairman of the Company and Mr. David Raffa, previous Executive Chairman, continued as a member of the Board. In January 2015, the Chief Executive Officer, Robert Gagnon, stepped down and was replaced by Dr. Bin Huang, who had previously been appointed as the Company's President and Chief Operating Officer. In February 2015, the Chief Financial Officer stepped down and was replaced as well. The changes in the management team represent the progression the Company is making from a development-stage company towards a commercially viable operation.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

In August 2015, the Company entered into a loan agreement with Sciences pursuant to which Sciences agreed to loan monies to the Company on a revolving basis, in amounts and at times agreed to by the parties. Amounts loaned to the Company will bear interest at 5% per annum and will be repayable on demand. As of December 31, 2015, the Company had borrowed \$939,003, including interest, through this agreement. In March 2016, the Company and Sciences agreed to convert outstanding debt of an aggregate of \$1,392,796 owed by the Company to Sciences as of February 26, 2016 into 8,097,651 Common Shares (the “Debt Shares”) at a deemed price of \$0.172 per share. Such debt consists of \$1,374,808 for loans from Sciences to the Company and \$17,988 outstanding for services provided by Sciences to the Company based on cost pursuant to a management agreement between the Company and Sciences (the “Management Agreement”). The Debt Shares will not be issued until receipt of final approval by the TSXV for the conversion of the debt.

The Company’s client service representative team started registering patients during the third quarter of 2015 and product sales commenced. As it takes time to register patients under the Health Canada regulations, the Company did not have significant revenue in 2015 but expects to see an increase in the number of registered patients ordering product in 2016. Marketing and promotional activities continue with a priority on physician and client education.

Internal production to date has been moderate as the Company has limited space to grow its products and was not able to build up large quantities of inventory prior to sales commencing. In November 2015 Health Canada approved two additional production rooms at Botanical’s facility and renewed its medical cannabis production and sales license under the MMPR for a period of one year. The two additional production rooms increased Botanical’s growing capacity. In addition, a new expanded vault was installed and approved by Health Canada in December 2015. The Company continues to purchase additional strains of dried medical marihuana from another Licenced Producer to supplement current inventory levels.

In November 2015, Botanicals also received a Supplemental License from Health Canada authorizing the production of cannabis oils. The Company began construction of lab space within its current facility and purchase of lab equipment in September 2015 in anticipation of receiving this license and started production of cannabis oils in the fourth quarter of 2015. Subsequent to the year-end, Botanicals applied for approval from Health Canada for the authority to sell cannabis oil with the goal of selling product by the second quarter of 2016. If the Company receives this authorization, it will allow the Company to expand its product offerings and is expected to further increase its number of registered patients.

Expansion at the current facility, including the extract lab, will allow the Company to increase its production capacity of dried product and oils. The Company aims to actively and prudently grow its production capacity to gain economies of scale and assess growth strategies based on market demand. As Botanicals reviews its growth strategy, effective October 31, 2015, it terminated the lease agreement on a facility in Victoria, BC that it was considering as a second cultivation facility. The Company is actively pursuing other options of expansion that would allow for more flexible space planning in a modular approach.

During 2015, the Company started a research and development project related to the Company’s strains of medical cannabis. The project will be used to characterize strains and utilize the data generated to assist in: identifying strains with specific compositions of cannabinoids, develop new strains using the Company’s range of genetic material and to ultimately match these strains with patients’ needs. The project will be partially funded through NRC-IRAP (National Research Council of Canada-IRAP). The Company has received an extension to the project through to June 2016 with additional funding approved by NRC-IRAP.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Selected Annual Financial Information

The following tables provide a brief summary of the Company's financial operations. For more detailed information, refer to the Audited Financial Statements:

	2015 (\$)	2014 (\$)	2013(\$)
Revenue	31,291	-	-
Gross margin	(172,511)	-	-
Operating expenses	2,148,359	1,170,317	14,660
Share-based payments	1,176,401	728,494	-
RTO costs	-	746,294	-
Net loss	(3,497,271)	(2,645,105)	(14,660)
Loss per share (basic and diluted)	(0.08)	(0.07)	(0.00)
Total assets	771,679	2,041,534	3,946

Summary of Quarterly Results

	2015			
	December 31	September 30	June 30	March 31
Revenue	23,902	7,389	-	-
Expenses	521,509	634,013	589,333	607,306
Share-based payments	37,751	90,406	876,420	171,824
Net Loss	(535,358)	(717,030)	(1,465,753)	(779,130)
Net Loss per share (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.02)

	2014			
	December 31	September 30	June 30	March 31
Expenses	612,555	326,950	197,642	33,170
Share-based payments	136,972	338,927	252,595	-
RTO costs	-	695,244	51,050	-
Net Loss	(749,527)	(1,361,121)	(501,287)	(33,170)
Net Loss per share (basic and diluted)	(0.02)	(0.04)	(0.01)	(0.00)

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Results of Operations

The Company commenced commercial operations in the third quarter of the year ended December 31, 2015. The prior year end and first two quarters of 2015 reflected early stage development of the Company.

The Company's net loss for the year ended December 31, 2015 was \$3,459,271 (loss of \$0.08 per share), compared to a net loss of \$2,645,105 (loss of \$0.07 per share) for the year ended December 31, 2014. Factors contributing to the net loss for the current year include the following:

Revenue

The Company commenced sales of medical marihuana in the third quarter of 2015 and revenue for the year ended December 31, 2015 was \$31,291 (2014 - \$ Nil). As registering patients under the Health Canada regulations requires diligence, it takes time to build up patient numbers. The Company was also waiting for Health Canada to approve two additional grow rooms and a larger vault which was received in November 2015 and January 2016 respectively. These approvals were required in order for the Company to produce larger volumes in order to meet patient requirements. The Company expects sales to increase in 2016 due to a full year of operations, the addition of two new grow rooms and availability of dried product, and the ability to sell cannabis oil products. The Company's focus is on obtaining Health Canada approval to sell cannabis oils and capsules in the first half of 2016. Revenue increased in the year ended December 31, 2015 over the year ended December 31, 2014 as a result of the Company commencing sales of medical marihuana in the third quarter of 2015.

Cost of goods sold

Cost of goods sold currently consist of three main categories: (i) cost of goods sold expensed to inventory (ii) production costs, and (iii) change in the fair value of biological assets.

- (i) Cost of goods sold expensed to inventory is the cost (or net realizable value) attributable to the goods sold. The costs include growing, cultivation and harvesting costs, as well as packaging and labelling. Also included in cost of goods sold is the direct cost incurred in purchasing product from other Licenced Producers. For the year ended December 31, 2015, the Company recognized \$27,314 of cost of goods sold (2014 - \$Nil).
- (ii) Production costs include all indirect production related costs, including security and stringent quality assurance and quality control costs and related overhead. In addition, all inventory costs in excess of net realizable value are expensed to production costs. The Company incurred \$362,424 of production costs in the year ended December 31, 2015 (2014 - \$Nil) including an adjustment of \$32,159 to write down inventory from cost to net realizable value. These costs were classified as pre-distribution growing costs before commencing sales.
- (iii) Change in the fair value of biological assets is part of the Company's cost of goods sold due to IFRS standards relating to agriculture and biological assets (i.e. living plants or animals). This line item currently represents the change in fair value in biological assets (medical marihuana) during the period. The change in biological assets for the year ended December 31, 2015 was a gain of \$185,936 (2014 - \$Nil). There were no changes in fair value in biological assets recognized prior to receiving the full license under the MMPR in May 2015.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Total cost of goods sold was \$203,802 for the year ended December 31, 2015 (2014 - \$Nil). Cost of goods sold increased in the year ended December 31, 2015 over the year ended December 31, 2014 as a result of the Company commencing sales of medical marihuana in the third quarter of 2015. Gross profit for the year ended December 31, 2015 was negative \$172,511 (2014 - \$Nil). As the production volumes to date have been small due to limitations on space available, the costs of goods sold have been greater than revenue.

Other expenses

Other expenditures have increased compared to the prior year as the Company did not begin significant production until September 2014 and therefor only incurred costs for four months in the prior year compared to the full year in fiscal 2015.

General and Administrative expenses - General and administrative costs were \$1,578,849 for the year ended December 31, 2015, compared to \$876,580 for the year ended December 31, 2014. The Company transitioned from a pre-revenue stage company to a fully Licenced Producer in 2015. The Company also became a publicly-traded company in September 2014, resulting in a full year of additional costs during 2015 compared to the prior year. General and administrative expenses includes senior management wages and benefits, consulting and legal services, insurance and investor relations. Also included in the current year amounts are rent costs of \$357,730 and consulting fees of \$85,969 related to a second facility that was not utilized for production and are not expected to be recurring in nature.

Pre-distribution growing costs – Pre-distribution growing costs were \$194,047 for the year ended December 31, 2015, compared to \$194,185 for the year ended December 31, 2014. These costs include direct and indirect production costs that were incurred prior to commencing sales in the third quarter of 2015.

Sales and marketing costs – Sales and marketing costs were \$166,739 for the year ended December 31, 2015, compared to \$39,298 for the year ended December 31, 2014. These costs include expenditures for medical outreach and educational programs, branding programs and the client services center, which interfaces directly with our clients. Several events were sponsored during the 2015 fiscal year that provided educational material on medical marihuana to healthcare practitioners and patients.

Net research and development costs – Research and development costs, net of government contributions, were \$162,316 for the year ended December 31, 2015 compared to \$40,066 for the prior year. Research and development projects include testing a variety of growing and production methodologies and the NRC-IRAP project to characterize medical cannabis strains which started in 2015. The expenses are net of \$62,973 in government contributions toward the NRC-IRAP project for the current year.

Share-based compensation – Share based compensation was \$1,176,401 for the year ended December 31, 2015 and \$728,494 for the year ended December 31, 2014. The amounts are primarily compensation expenses related to employee, director and consultant incentive stock options which are measured at fair value at the date of grant and expensed over the options' vesting period. Additional share-based compensation in the amount of \$273,900 was recorded during the year on the assignment of founders shares as compensation for a finders' fee on the Escrow Transfer.

Net loss for the year ended December 31, 2015 was \$3,497,271 compared to a net loss of \$2,645,105 for the year ended December 31, 2014. The basic and diluted loss per common share for the year ended December 31, 2015 was \$0.08 compared to \$0.07 for the year ended December 31, 2014. Diluted loss per

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

share is the same as basic loss per share as the outstanding options have an anti-dilutive effect on the loss per share.

Disclosure of Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares of which 46,070,841 were issued and outstanding as of December 31, 2015. Subsequent to the year-end, the Company agreed to issue 8,097,651 common shares upon the conversion of certain outstanding debt owing to Sciences. The shares will not be issued until receipt of final approval from of the TSXV for the conversion of the debt.

There were 3,950,000 stock options outstanding as of December 31, 2015 with a weighted average exercise price of \$0.44. Subsequent to the year-end, 250,000 options were forfeited and 300,000 options were granted to an employee, for a total number of stock options outstanding of 4,000,000 as of April 12, 2016.

Additional Disclosure for Venture Issuers Without Significant Revenue

As the Company had no significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	2015 (\$)	2014 (\$)
Expensed research and development costs, net	162,316	40,066
General and administrative expenses	1,578,848	876,580
Purchase of plant and equipment	270,461	218,951
Any material costs (capitalized, deferred or expensed) not referred to above or disclosed in the financial statements	-	-

Liquidity and Capital Resources

The Company continually monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at December 31, 2015, the Company had negative working capital, which includes the demand loan of \$955,067 owing to Sciences. Sciences has agreed to provide funds as needed in order for the Company to continue to meet its ongoing financial obligations. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. In March 2016, the Company and Sciences agreed to convert the outstanding debt of \$1,392,796 as of February 26, 2016 into 8,097,651 common shares at a deemed price of \$0.172 per share. Such shares will not be issued until receipt of final approval by the TSXV for the conversion of the debt.

While the Company has incurred losses to date, management anticipates eventual profitability of the business, though there can be no assurance that the Company will gain adequate market acceptance for its products or be able to generate sufficient gross margins to reach profitability.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Operating, Investing and Financing Activities

The chart below highlights the Company's cash flows during the year ended December 31, 2015:

Net cash (used in) provided by:	December 31, 2015	December 31, 2014
Operating activities	(2,277,550)	(1,254,890)
Investing activities	(312,235)	(218,951)
Financing activities	952,826	3,192,635
Decrease (increase) in cash during the year	(1,636,959)	1,718,794

Total net cash used was \$1,636,959 for the year ended December 31, 2015, compared with net cash generated of \$1,718,795 for the year ended December 31, 2014. Operating activities used cash of \$2,277,550 for the year ended December 31, 2015, compared with cash used of \$1,254,890 for the year ended December 31, 2014. The increase in cash outflow in the year ended December 31, 2015 was due to a full year of operations and an increase in activity compared to the prior year.

Cash used in investing activities in the year ended December 31, 2015 was \$312,235, compared to cash used of \$218,951 in the prior year. The cash was used to purchase equipment and leasehold improvements for the Company's production facilities, including addition of grow rooms, installation of a vault, build out of the extract lab and purchase of laboratory equipment.

Cash generated from financing activities in the year ended December 31, 2015 of \$952,826 was comprised of cash advances from Sciences. Cash generated of \$3,192,635 in the year ended December 31, 2014 was comprised of the net proceeds received on the private placement of shares in May and September 2014.

Historically, the Company's source of funding has been loans from shareholders and other related parties and issuance of equity securities for cash, primarily through private placements.

At December 31, 2015, the Company is dependent on cash advances from Sciences to continue as a going concern. At the Company's current stage, if the Company were not able to obtain additional sources of income through sales of its products, the Company may need to obtain additional financing or debt to continue to meet its obligations and generate sufficient cash to meet its operating expenses in the future.

Financial Risk Management

The Company's Board has overall responsibility for the establishment and oversight of the Company's risk management policies on an annual basis. Management identifies and evaluates the Company's financial risks and is charged with the responsibility of establishing controls and procedures to ensure financial risks are mitigated in accordance with the approved policies.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Measurement uncertainty and impairment assessments

As of December 31, 2015, management of the Company has determined that while no impairment indicators of its assets were present, no additional impairment write-downs in excess of those that had been previously recorded were required. Management continues to review each of its assets for indications of impairment.

Transactions with Related Parties

The balances due to related parties, with the exception of the demand loan owing to Sciences, are unsecured, non-interest bearing and have no specific terms of repayment.

A director was engaged to provide consulting services to the Company from May 2014 until August 2015. The total expense for the year ended December 31, 2015 was \$40,000 (2014 - \$31,370).

In April 2015, the incoming directors were granted a total of 1,500,000 options at an exercise price of \$0.45, with an expiry date of April 25, 2020 and immediate vesting. The two directors that stepped down surrendered 125,000 options each.

In August 2015, the Company entered into a loan agreement with Sciences pursuant to which Sciences agreed to loan monies to the Company on a revolving basis, in amounts and at times agreed to by the parties. Amounts loaned to the Company bear interest at 5% per annum and are repayable on demand. As of December 31, 2015, the Company owed Sciences \$939,003 on this loan, including \$8,433 in accrued interest. The Company also agreed to pay a fee for services provided by Sciences pursuant to the Management Agreement and as of December 31, 2015, the Company owed \$16,064 for these services. Amounts owing for services are due within 30 days and bear interest at 12% per annum if not paid within that time. As of March 2016, the Company and Sciences agreed to convert \$1,392,796 of debt owed to Sciences by the Company into 8,097,651 Common Shares at a price of \$0.172 per share. Such shares will not be issued until receipt of final approval by the TSXV for the conversion of the debt.

Proposed Transactions

There are no material decisions by the Board of the Company with respect to any imminent or proposed transactions that have not been disclosed.

Critical Accounting Policies and Estimates

Included in Note 2 of the 2015 Audited Consolidated Financial Statements are the accounting policies and estimates that are critical to the understanding of the business operations and results of operations.

Accounting Policies and Changes in Accounting Standards not yet Effective

Changes to accounting policies and new policies added in the current year are included in Note 2 to the Audited Consolidated Financial Statements for year ended December 31, 2015. Refer to Note 4 of the financial statements for additional information on several new standards, amendments to standards and interpretations, which are not effective yet, and have not been applied in preparing these consolidated financial statements but may affect the Company when applied in the future.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Commitments

The Company leases its premises for \$4,750 per month for an initial term from June 1, 2014 to May 31, 2019 with an option to renew for an additional two, five year terms.

The Company entered a purchase agreement with another Licenced Producer to supplement inventory. The former chief Executive Officer continued to provide consulting services to the company for a period of twelve months from February 1, 2015 to January 31, 2016 for \$10,000 per month.

The following table shows the Commitments of the Company over the next five years and onwards:

	Total	2016	2017	Due by year ending		
				2018	2019	2020 and thereafter
Production facility	\$ 194,750	\$57,000	\$57,000	\$57,000	\$23,750	-
Purchase agreement	198,000	198,000	-	-	-	-
Consulting services	10,000	10,000	-	-	-	-
	\$ 402,750	\$265,000	\$57,000	\$57,000	\$23,750	-

Off-Balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Risks and Uncertainties

Investment in the common shares of the Company must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. The following is a non-exhaustive list of certain risk factors associated with the Company:

Reliance on Licence

Botanicals' ability to grow, store and sell medical marijuana in Canada will be dependent on the Licence from Health Canada. Failure to comply with the requirements of the Licence or any failure to maintain this Licence would have a material adverse impact on the business, financial condition and operating results of Botanicals and the Resulting Issuer. The Licence was renewed on November 6, 2015 for a twelve month period ending November 7, 2016. Botanicals believes it will meet the requirements of the MMPR for further extensions or renewals of the Licence. However, should Health Canada not extend or renew the Licence or should it renew the Licence on different terms, the business, financial condition and results of the operation of Botanicals and the Company would be materially adversely affected.

Regulatory Risks

The activities of Botanicals are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of Botanicals and the Company.

Change in Laws, Regulations and Guidelines

Botanicals' operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While, to the knowledge of Botanicals' management, Botanicals is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of Botanicals may cause adverse effects to Botanicals' operations.

The constant evolution of laws and regulations affecting the marijuana industry could detrimentally affect the Company's operations. Federal medical marijuana laws and regulations and local and provincial laws and regulations that address aspects of the medical marijuana industry are broad in scope and subject to changing interpretations. These changes may require the Company to incur substantial costs associated with legal and compliance fees and ultimately require the Company to alter its business plan.

In addition, if the Federal Government were to enact laws and regulations that legalize marijuana or repeal or amend laws relating to the medical marijuana industry, it may decrease the size of, or eliminate entirely, the market for the Company's products and potentially materially and adversely affect the Company's business, its results of operations and financial condition.

Allard Decision

On February 24, 2016, the Federal Court released its decision in the case of Allard et al v. Canada. In 2014, the federal government enacted the MMPR in place of the Marijuana Medical Access Regulations ("MMAR"). Under the MMPR, only Health Canada licensed individuals or corporations are allowed to produce, sell and distribute dried marijuana to patients across the country. The plaintiffs in the Allard case argued that the MMPR violates their Charter rights to grow their own medical marijuana. The court ruled in favor of the plaintiffs and the government was given six months to amend the MMPR.

The impact of this decision could potentially decrease the size of the market for the Company's business, and potentially materially and adversely affect the Company's business, its results of operations and financial condition. However, it is not expected that the changes in MMPR regulations would have an effect on the Company's operations that are materially different than the effect on similar-sized companies in the industry.

Limited Operating History

Botanicals was incorporated in 2013 and has yet to generate significant revenue. Botanicals and the Company are 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 and lack of revenues. There is no assurance that the Company 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.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Reliance on a Single Facility

To date, Botanicals' activities and resources have been primarily focused on its first facility in British Columbia and Botanicals will continue to be focused on this facility for the foreseeable future. Adverse changes or developments affecting the facility could have a material and adverse effect on the Company's business, financial condition and prospects.

The facility requires regular maintenance on both the heating and cooling systems and regular power component maintenance on the generator and delivery systems. Failure of the heating and cooling systems or electrical delivery systems can have a material and adverse effect on the Company's business, financial condition and prospects.

Botanicals is currently planning an expansion into a second production facility which will require licensing by Health Canada and significant investment of capital. Neither the licensing nor the availability of capital are assured.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees indefinitely. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Factors which may Prevent Realization of Growth Targets

Botanicals is currently in the early development stage and its growth strategy contemplates outfitting its production facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- plant design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that Botanicals may not have product or sufficient product available for shipment to meet future demand that may arise.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Financial Losses

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

Additional Financing

The building and operation of Botanicals' facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Company will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Risks Inherent in an Agricultural Business

Botanicals' business involves the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

agricultural risks. Although Botanicals grows its products indoors under climate controlled conditions and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

Botanicals' medical marihuana growing operations consume considerable energy, making Botanicals and the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Transportation Disruptions

Due to the perishable and premium nature of Botanicals' products, Botanicals will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of Botanicals and the Company. Rising costs associated with the courier services used by Botanicals to ship its products may also adversely impact the business of Botanicals and the Company and their ability to operate profitably.

Unfavourable Publicity or Consumer Perception

The Company believes the medical marihuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marihuana produced. Consumer perception of Botanicals' products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marihuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marihuana 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 favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Botanicals' products and the business, results of operations, financial condition and cash flows of Botanicals and the Company. Botanicals' 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 Botanicals and the Company, the demand for Botanicals' products, and the business, results of operations, financial condition and cash flows of Botanicals and the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marihuana in general, or Botanicals' products specifically, or associating the consumption of medical marihuana 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 appropriately or as directed.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, Botanicals faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of Botanicals' products involve the risk of injury to consumers due to tampering by unauthorized third parties or product

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

contamination. Previously unknown adverse reactions resulting from human consumption of Botanicals' products alone or in combination with other medications or substances could occur. Botanicals and the Company may be subject to various product liability claims, including, among others, that Botanicals' products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Botanicals could result in increased costs, could adversely affect Botanicals' reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and the financial condition of Botanicals and the Company. There can be no assurances that Botanicals 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 Botanicals' 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 defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of Botanicals' products are recalled due to an alleged product defect or for any other reason, Botanicals could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Botanicals 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 Botanicals has detailed procedures in place for testing finished products, 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 Botanicals' significant brands were subject to recall, the image of that brand and Botanicals the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for Botanicals' products and could have a material adverse effect on the results of operations and financial condition of Botanicals and the Company. Additionally, product recalls may lead to increased scrutiny of Botanicals' operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

Botanicals' business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of Botanicals and the resulting issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, Botanicals might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to Botanicals in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of Botanicals and the Company.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Dependence on Suppliers and Skilled Labour

The ability of Botanicals and the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that Botanicals will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by Botanicals' capital expenditure program may be significantly greater than anticipated by Botanicals' management, and may be greater than funds available to Botanicals and the Company, in which circumstance Botanicals may curtail, or extend the time frames for completing its capital expenditure plans. This could have an adverse effect on the financial results of Botanicals and the Company.

Difficulty to Forecast

Botanicals must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Botanicals and the Company.

Operating Risk and Insurance Coverage

Botanicals has insurance to protect its assets, operations and employees. While Botanicals 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 Botanicals is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Botanicals' liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Botanicals were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Botanicals were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition of Botanicals and the Company could be materially adversely affected.

TSXV Restrictions on Business

As part of its conditional approval relating to the RTO, the TSXV required that the Company deliver an undertaking confirming that, while listed on the TSXV, the Company will only conduct the business of production, acquisition, sale and distribution of medical marijuana in Canada as permitted under the Licence. This undertaking could have an adverse effect on Botanicals' ability to export marijuana from Canada and on the Company's ability to expand its business into other areas including the provision of non-medical marijuana in the event that the laws were to change to permit such sales and the Company is still listed on the TSXV and still subject to such undertaking at the time. This undertaking may prevent the Company from expanding into new areas of business when the Company's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Litigation

The Company 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 the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

The Market Price of the Company's Common Shares May be Subject to Wide Price Fluctuations

The market price of the Company's Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of Botanicals and the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for Botanicals and the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's Common Shares.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Limited Market for Securities

The Company is listed on the TSXV, however, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

Environmental and Employee Health and Safety Regulations

Botanicals' operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Botanicals will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other

Emerald Health Therapeutics, Inc.
(Formerly T-Bird Pharma Inc. and formerly Firebird Energy Inc.)
Management Discussion and Analysis
For the year ended December 31, 2015

unanticipated events could require extensive changes to Botanicals' operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Botanicals and the Company.

A Substantial Number of Common Shares are Owned by a single Shareholder

A significant percentage of the Company's outstanding common shares are owned by a single shareholder. As such, the shareholder is in a position to exercise influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders, including the election and removal of directors, amendments to the Company's corporate governing documents and business combinations. The Company's interests and those of persons holding substantial numbers of common shares may at times conflict, and this conflict might be resolved against the Company's interests. The concentration of control by a small number of persons may practically preclude an unsolicited bid for the Company's common shares, and this may adversely impact the value and trading price of the common shares.

Future Sales by Significant Shareholders

Following release of common shares from the resale restrictions imposed by the terms of escrow agreements, entered into a part of the escrow transfer, should the shareholders holding substantial numbers of common shares determine to act in concert and sell such shares, the market price of the common shares may fall. This could result from the pressure on the market caused by such sales, or from concern that the sales signify problems in the Company's operations, or from some combination of the two. Mitigating this risk to some extent, though in no way eliminating it, is the fact that approximately 58.9% of the common shares are subject to surplus escrow agreements and releasable in tranches of 5% upon the date of completion of the private placement financing, September 4, 2014 ("Closing"), 5% six months from the date of Closing, 10% 12 months from the date of Closing, 10% 18 months from the date of Closing, 15% 24 months from the date of Closing, 15% 30 months from the date of Closing and 40% 36 months from the date of Closing.