Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of SpeakEasy Cannabis Club Ltd. (the "Company" or "SpeakEasy") for the period ended January 31, 2021. The following MD&A should be read in conjunction with the unaudited consolidated financial statements for the period ended January 31, 2021 and 2020, which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

This Management's Discussion and Analysis ("MD&A") is dated March 31, 2021 and discloses specified information up to that date. The condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise cited, references to dollar amounts are in Canadian dollars. This MD&A contains "forward-looking statements" that are subject to risk factors including those set out in the "Cautionary Statement" at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Company's Board of Directors as of March 31, 2021, unless otherwise indicated. Throughout this report we refer to "SpeakEasy", the "Company", "we", "us", "our", or "its". All these terms are used in respect of SpeakEasy Cannabis Club Ltd.. We recommend that readers consult the "Cautionary Statement" on the last page of this report. Additional information relating to the Company is available on the Company's website at www.speakeasygrowers.com and on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Overview

SpeakEasy is a publicly traded company with a foundation based on a 5 generations of family farming. Our goal is to be a producer of top tier cannabis and cannabis-derived extracts and derivative for the Canadian market. Our strategy is to continue to grow at a low cost, at scale, and build target brands for a variety of cannabis consumer segments. The Company's wholly-owned subsidiary, 10161233 Canada Ltd, is a Licence Holder under the Cannabis Regulations, licenced for cultivation, processing and medical sales of cannabis since November 8, 2019. The head office of the Company is located at 1520-6 Meyers Creek Road West, Rock Creek, BC, Canada, V0H 1Y0.

Our common shares are listed on the CSE under the symbol "Easy".

The Company, situated on 290 acres of fertile land in the Okanagan's renowned Golden Mile, has demonstrated adherence to the industry's rigorous compliance standards, and can now grow, process and sell its high quality, small-batch cannabis to certain markets.

In January 2021, the Company received an amendment to its Health Canada License which now allows us to sell flower into the recreational market and directly to medical patients. In November 2019, the Company announced that it had received Health Canada's licence for cultivation, processing and medical sales. In October 2020, the Company then received an amendment to its licence to include:

- an additional 13,300 sq ft of processing and secure storage space in the Company's newly licenced cannabis facility, to be used for extractions, concentrates and flower processing labs, occupying 1 of 4 floors in the complex,
- the remaining 39,900 sq ft of the facility, which is nearing completion and will be used for flower production, and, once fully operational, will provide an estimated 700 kilograms of high quality indoor craft cannabis per month,
- a fully enclosed SpeakEasy cannabis campus with the addition of 6 acres and a combined total of over 62,000 sq ft of production and processing space.

The Company expects that in 2021 there will be a shift in the global cannabis industry into a consumer-packaged goods industry with the introduction of new product categories and increased segmentation in existing ones. The Company continues to develop a business model to include core value add ons that amplify our brand differentiation in what is expected to be a flourishing market. Building on its solid foundation, the Company intends to identify multiple revenue sources and replicate its operations in emerging global cannabis markets.

Moving from speculation to reality, a correction in the industry has taken place as customer dissatisfaction with current product offerings from competitors impacts sales projections. By focusing on both indoor and outdoor cultivation, and following the proven business frameworks of successful multinational farming cooperatives, SpeakEasy is well positioned to cultivate premium BC cannabis and realize significant cost efficiencies.

DISCUSSION ON OPERATIONS

Outdoor Cultivation

The company is currently preparing for the 2021 Outdoor grow operation which it expects will yield another successful harvest. Speakeasy's completion of its first outdoor harvest highlighted the importance of 5 generations of family farming experience, combined with genetics and the perfect climate. British Columbia's spring was not a typical one and less than perfect, with wet and cold weather. The fall ended early in spectacular fashion with freezing temperatures and snow, however, the summer was exactly what we expected for this area. The unusual fall weather showcased how critical it was to choose an outdoor genetic that finished early. SpeakEasy experienced no harm from weather this year for a variety of reasons. Using three different genetics and three different planting methods allowed us to spread our harvest period over 35 days.

The Company received Health Canada's approval for the outdoor campus on April 3, 2020, enabling the harvest of approximately 72,000 kg of cannabis and biomass (see breakdown below) in fiscal 2020. The Company developed its Phase 1 outdoor grow facility on the remaining land suitable for growing cannabis on its 290 acre property. Due to the long summer, dry harvest season, and favorable growing conditions, internal estimates project that SpeakEasy is positioning itself to be one of Canada's largest cannabis producers of affordable products and to be one of the lowest cost producers in the industry for trimmed flower and biomass for extraction.

On October 13, 2020, the Company received a third amendment to its license to include 13,300 sq ft of its 53,300 sq ft new facility to be used to process the Company's outdoor crop. Outdoor harvest started in September 2020 and yielded over 72,000 kg of dried and fresh frozen biomass.

Harvest yield breakdown of 72,000 kg:

- Dried Flower yielded 11,400 kg and will be used for a multitude of products including flower as a finished product, pre-rolls, shatter, distillate and a range of additional value-added products.
- Fresh Frozen flower yielded 13,684 kg and was harvested and immediately frozen to minus 30 degrees Celsius thus allowing preservation of volatile terpenes. This method of harvest allows for the creation of certain types of high value extracts only possible when made from fresh frozen material.
- Biomass, which was received via a Letter of intent with a related party, yielded 47,250 kg and will be used for bulk extraction, the cannabinoids gleaned from that process will be the input material for many value added products.
- The Company entered into an agreement dated November 1, 2020 for the purchase of hemp biomass from a related party for consideration to be determined based on the ultimate selling price of the hemp. The seller retains a security interest in the hemp until paid in full.

Indoor cultivation
In November 2019, the Company received a cannabis license from Health Canada for its 10,000 sq. ft. purpose built indoor facility ("LP1").

In May 2020, we completed work on our processing building and expanded the perimeter. The Company submitted an evidence package and application for amendment to its licence to Health Canada in June 2020, receiving the amendment in October 2020. The amendment included 53,300 square feet of indoor production and processing space, an expanded perimeter fence that ties the first building, the outdoor field and the production and processing area together, bringing SpeakEasy's cannabis campus to over 66 acres.

Indoor Craft Grow to Scaleup
The process building will provide ample drying, processing and secure storage area for this year's outdoor harvest leaving the remaining 40,000 square feet for indoor production. With the amendment to our licence approved in October 2020, combined with the completion of our cannabis complex, SpeakEasy will be able to begin full scale indoor production beginning fiscal 2021.

Extraction processing
The Company, through an extraction agreement with RC Frontier Labs, is nearing the completion of one of its state-of-the-art 26,000 sq. ft processing and extraction facility. When completed, the Company expects to expand operations by processing up to 350,000 kilograms of cannabis products annually.

Upon receipt of appropriate amendments to its current licence, the Company intends to sell flower as a finished smokable product, made into pre-rolls and used in extractions for concentrates. Bulk biomass will be extracted on site and made into distillate for bulk sale and in-house value-added products.

OPERATION AND CORPORATE HIGHLIGHTS

Non-binding letter of intent for supply agreement

On March 27, 2021 the Company signed a Non-Binding Letter of Intent ("LOI") with a Canadian Licensed Producer whereby the Company agrees to supply and process cannabis for the LP with its value-added products, including extracts, pre-rolls and packaged flower from our indoor and outdoor facilities for an initial term of six (6) months with an option to extend for an additional six (6) month term upon mutual agreement of the parties. A Definitive Supply Agreement is expected to be completed on or about than April 2, 2021.

Completion of first of three 13,300 sq ft licensed indoor grow facilities for future production of craft style flower.

In March 2021, the company completed and opened one of its additional 13,300 square foot production facilities. Plants are currently being moved into the brand-new facility, which represents an increase of four times the flower production capacity from what we currently have. This is the first of three facilities all expected to be completed Q2-Q3 this year, resulting in a total of over 62,000 square feet of licensed indoor production/processing space.

Appointment of new director

In February, the Company announced the appointment of Dr. Charles Williams to the board of directors as an independent member. Dr. Williams currently holds full security clearance and obtained a Ph.D. from McGill university in organic chemistry. Charles brings extensive regulatory experience having over 25 years of direct regulatory experience. Charles operated a consulting firm for over 20 years serving clients in a wide variety of regulatory aspects from environmental regulations, food, compliance and pesticide registrations. Having served the past 3 plus years as Director of Quality Assurance he has overseen all regulatory aspects of Mernova Medicinal Inc.. He has overseen Mernova Medicinal Inc. from the initial Health Canada application under the Access to Cannabis for Medical Purpose Regulations (ACMPR) to Mernova being licensed for processing and sales under Health Canada's Cannabis Act and Regulations.

Charles also brings experience and training in Good Laboratory Practices, Good Manufacturing Practices, and Good Production Practices.

Close of $4.3M private placement equity financing

In February 2021, the Company closed a non-brokered private placement for $4.3M issuing a total of 8,605,000 units at a price of $0.50 per unit. Each unit consists of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire an additional Common Share at a price of $0.70 for a period of 36 months from the closing of the Offering.

Covid-19 Update

During the six months ended January 31, 2021, certain Canadian provinces re-enacted increased province wide restrictions and protocols as a response to the rapid increase in COVID 19 cases. As of the date of this MD&A, the cannabis industry remains to be deemed an essential service to Canadians. During the period, the Company's results, operations and financial position were not materially impacted by the COVID-19 global pandemic. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome, and duration, it is not possible to estimate the future impact on our business operations and financial results, however, the impact could be material. Refer to the "Risk Factors" section for further COVID-19 related risks to the business.

BCSC Settlement

In May 2020, SpeakEasy entered into a settlement agreement with the British Columbia Securities Commission ("BCSC") in connection with certain aspects of the Company's historical activities. This settlement resolves the BCSC's review of SpeakEasy's involvement in the ongoing BCSC investigation relating to, among other things, the use of the consultant exemption from prospectus requirements as part of financings conducted by CSE-listed companies in British Columbia (the "BCSC Matter"). Under the terms of the settlement, the BCSC will not seek any orders against the Company, including financial orders.

The Board of Directors and officers continue to develop and implement high standards for the Company, the Company's service providers, employees, consultants, officers and directors. There is a clear mandate on the importance of solid corporate governance policies. It is the duty of the Board of Directors and officers to be prudent in its fiduciary obligations to the shareholders and oversee the management of the Company's business. The Company works closely with independent advisors and follows the procedures and standards that are set forth in the guidelines by the relevant regulatory bodies.

Warrant Extension

On September 28, 2018, the Company issued an aggregate of 3,863,804 units. Each 2018 unit was comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitled the holder to acquire an additional common share at a price of $1.00 per share until September 28, 2020. In accordance with the policies of the Canadian Securities Exchange (the "CSE"), the Company has extended the expiry date of the warrants for an additional 12 month period, such that the new expiry date of the warrants will be September 28, 2021. The CSE granted the Company an exemption from the requirement set forth in Section 7.4.1(d) of CSE Policy 6 that 10 trading days remain prior to the original expiry date when applying to amend the terms of the warrants.

FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue its operations for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

To date, the Company's operations have been financed primarily by issuing common shares. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at January 31, 2021, the Company began generating revenues from operations however had a deficit of $32,894,528 (July 31, 2020 - $37,062,817). The Company is actively seeking additional sources of financing, although the Company also expects that future cash flow from operations will be sufficient to fund ongoing growth and continued operations of the business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern and that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these uncertainties do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.

Non-IFRS Measures

The Company uses certain non-IFRS performance measures in this MD&A. We employ these measures internally to measure our operating and financial performance. We believe that these non-IFRS financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate our operating results, underlying performance and future prospects in a manner similar to management. As there are no standardized methods of calculating these non-IFRS measures, our methods may differ from those used by other organizations, and accordingly, these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Gross profit before adjustments

This measure is utilized for those reasons as presented in "Gross profit before fair value adjustments" with the adjustment that this metric excludes biological assets. The Company has identified this metric as useful and relevant information as it represents the gross profit for operational purposes based on costs to produce, package and ship inventory sold, exclusive of impairments and other write downs due to changes to internal or external influences impacting the net realizable value of inventory and inventory disposal costs.

FINANCIAL RESULTS

Summary of Select Quarterly Results

(000's) Quarter ended	2020 Jan 31 Q2	2020 Oct 31 Q1	2020 Jul 31 Q4	2020 Apr 30 Q3	2020 Jan 31 Q2	2019 Oct 31 Q1	2019 Jul 31 Q4	2019 Apr 30 Q3
Revenue	$723,740	-	-	-	-	-	-	-
Net income (loss)	1,151,809	3,008,864	1,564,586	(233,971)	(2,091,141)	(1,917,396)	(5,982,395)	(5,377,260)
Earnings (loss) per share from all operations basic	$0.01	$0.03	$(0.03)	$(0.00)	$(0.02)	$(0.02)	$(0.20)	$(0.13)
Earnings (loss) per share from all operations - diluted	$0.01	$0.03	$(0.03)	$(0.00)	$(0.02)	$(0.02)	$(0.20)	$(0.13)
Total Assets	$35,208,328	$29,993,229	$23,804,245	$18,064,206	$14,315,504	$14,942,402	$17,308,129	$19,037,514

- Revenue was $723,400 during the current quarter. Q2 2021 is the first quarter that the Company has generated sales from the sale of cannabis flower. During the quarter the Company sold 205,882 grams of cannabis to another licenced LP with a retail sales license.

- Net income was $1,2M for the quarter. The quarterly net income figure will often fluctuate from quarter to quarter as the result of the changes in fair value of biological assets. Other factors affecting net income are operating expenses which the Company has decreased as part of cost reduction initiatives.

- Total assets were $35.2M as at January 31, 2021. The quarter over quarter increases are primarily the result of increases of biological assets and related inventory but also from the ongoing expansion of the Company's grow and processing operations.

Working Capital

	Jan 31, 2021	July 31, 2020
Current assets	$18,031,139	$7,187,463
Current liabilities	(6,237,481)	(5,146,209)
Working capital	$11,793,658	$2,041,254

Three months ended January 31, 2021, compared to the three months ended January 31, 2020:

	2021	2020	Note
Revenue from sale of goods	$ 723,740	$ -	**1**
Cost of sales	(80,294)	-	**2**
Gross profit before fair value adjustments	643,446	-	**2**
Changes in fair value of inventory sold	(640,294)	-	
Unrealized gain on change in fair value of biological assets	3,016,463	265,209	
Gross profit from the sale of goods	3,019,615	265,209	
Operating Expenses			
Accretion	24,000	-	
Advertising and promotion	46,670	43,415	
Amortization and depreciation	96,305	163,096	**3**
Automobile	17,402	23,103	
Consulting fees	146,872	369,360	**4**
Filing and listing fees	19,573	9,952	**5**
Interest expense	275,619	-	**6**
Interest income	-	(1,446)	
Legal and professional fees	249,478	135,891	**7**
Loss on settlement of debt	115,517	-	**8**
Meals and entertainment	-	4,196	
Other income	(213,679)	-	**9**
Office and general expenses	230,448	298,630	**10**
Repairs and maintenance	-	7,319	
Share-based compensation	642,035	99,350	**11**
Travel	7,202	12,611	
Salaries and wages	204,849	660,455	12
Write-off of right-of-use assets	5,513	-	
	(1,867,804)	(2,091,141)	
Income (loss) and comprehensive income (loss)	$1,151,811	$(2,091,141)	**13**
Basic and diluted income (loss) per share	$ 0.01	$ (0.00)	**13**
Weighted average number of ordinary shares outstanding – basic and diluted	118,628,789	97,685,116	**13**

1. Sales were $723,740 for the current quarter compared to $nil in the comparative period. The Company began sales of product in Q2 2021 as compared to no product available to sell in 2020.

2. Costs associated with the sale of 205,882 grams of flower was approximately $0.39/gram providing a gross profit for the period of $643,446. The change is also due to the related fair value changes in biological assets included in inventory sold. There we no sales or cost of sales in the comparative period.

3. Amortization and depreciation in the prior period was $163,096 compared to $96,305 in the current period. The decrease is due to higher "right of use" assets being amortized in the comparative quarter.

4. Consulting fees decreased to $146,872 during the quarter compared to $369,360. The Company employed fewer consultants as part of cost reduction initiatives. Further, some consulting fees were capitalized in connection to biological assets during the current period.

5. Filing and listing fees were higher during the current quarter due to an increase in regulatory activity.

6. Interest expense of $249,619 (2020 - $Nil) increased due to accretion of interest with the right-of-use assets and the convertible loan during the current period.

7. Legal and professional fees increased from $139,891 to $249,478. The increase is the result of legal fees associated with the class action suit.

8. Loss on settlement of debt of $243,897 (2020 - $Nil) from issuance of 4,799,583 common shares valued at $2,401,201 to settle debt of $2,157,304 during the current period.

9. Other income of $213,679 relates to the sale of planting material that is no longer needed and for "trimming services" provided to another licensed producer. There was no such sales or services provide in the comparable quarter.

10. Office and general expense decreased by $68,182 from $298,630 in the comparable quarter. The decrease is due to more efficient use of office materials and services.

11. Share-based compensation of $642,035 (2020 - $99,350) increased primarily as a result of more options granted during the current period.

12. Wages and salaries of $204,849 (2020 - $660,455) decreased primarily as a result of capitalization of certain wages and salaries costs in connection to biological assets during the current period.

13. As a result of the foregoing, net income from operations for the three months ended June 30, 2020, was $1,151,811 compared to a loss of $2,091,141 in the comparable quarter. The decrease in loss resulted in a basic and diluted earnings per share from continuing operations of $0.02 for the quarter ended June 30,2020, compared to $Nil in the comparative quarter.

Six months ended January 31, 2021, compared to the six months ended January 31, 2020:

	2021	2020	Note
Revenue from sale of goods	$ 723,740	$ -	1
Cost of sales	(80,294)	-	2
Gross profit before fair value adjustments	643,446	-	2
Changes in fair value of inventory sold	(640,294)	-	
Unrealized gain on change in fair value of biological assets	3,016,463	265,209	
Gross profit from the sale of goods	3,019,615	265,209	
Operating Expenses			
Accretion	48,000	-	3
Advertising and promotion	167,520	92,549	5
Amortization and depreciation	206,680	188,073	
Automobile	18,231	42,612	
Consulting fees	434,727	591,492	6
Filing and listing fees	27,304	25,402	5
Interest expense	555,416	-	7
Interest income	-	(12,570)	
Legal and professional fees	347,824	198,292	8
Loss on settlement of debt	243,897	-	9
Meals and entertainment	-	5,525	
Other income	(213,679)	-	10
Office and general expenses	316,203	623,400	11
Repairs and maintenance	-	7,859	
Share-based compensation	907,581	99,350	12
Travel	13,131	23,945	
Salaries and wages	293,699	1,857,399	13
Write-off of right-of-use assets	5,513	-	
	(3,372,047)	(4,008,537)	
Income (loss) and comprehensive income (loss)	4,160,673	(4,008,537)	14
Basic and diluted income (loss) per share	$ 0.04	$ (0.05)	14
Weighted average number of ordinary shares outstanding – basic and diluted	115,740,921	92,300,877	14

1. Sales for period were $723,740 for the period compared to $nil in the comparative period. The Company began sales of product in Q2 2021 as a result there was no product to sell in 2020.

2. Cost associated with sale of 205,882 grams of flower was approximately $0.39/gram providing a gross profit for the period of $643,446. The change is also due to the related fair value changes in biological assets included in inventory sold. There we no sales or cost of sales in the comparative period.

3. Accretion of $48,000 (2020 - $Nil) primarily as a result of the discount on the promissory note as finder's fee in connection with the convertible loan.

4. Advertising and promotion of $167,520 (2020 - $92,549) increased primarily as the result of increase in activities in the current period to raise awareness regarding the Company's activities.

5. Amortization and depreciation of $206,680 (2020 - $188,073) due to an amortization of right-of-use assets and addition equipment becoming available for use during the current period.

6. Consulting fees decreased to $434,727 during the period compared to $591,492. The Company employed fewer consultants as part of cost reduction review. Further, some consulting fees were capitalized in connection to biological assets during the current period.

7. Interest expense of $555,416 (2020 - $Nil) increased due to accretion of interest with the right-of-use assets and the convertible loan during the current period. There were no such debt instruments in the comparable period.

8. Legal and professional fees increased from $198,292 to $347,824. The increase is the result of legal fees associated with the class action suit and for general corporate matters.

9. Loss on settlement of debt of $243,897 (2020 - $Nil) related to issuance of 4,799,583 common shares valued at $2,401,201 to settle debt of $2,157,304 during the current period.

10. Other income of $213,679 relates to the sale of planting material that is no longer needed and for "trimming services" provided to another licensed producer. There was no such sales or services provide in the comparable period.

11. Office and general expense decreased by 307,197 from 623,400 in the comparable period. The decrease is due to more efficient use of office materials and services.

12. Share-based compensation of $907,581 (2019 - $99,350) decreased primarily as a result of fewer options granted during the current period. During the period the Company granted 2,427,162 options with a weighted average exercise price of $0.57 per option compared to 840,000 at weighted average exercise price of $0.53 per option in the comparable period.

13. Wages and salaries of $293,699 (2020 - $1,857,399) decreased primarily as a result of capitalization of certain wages and salaries costs in connection to biological assets during the current period.

14. As a result of the foregoing, net income from operations for the six months ended June 30, 2020, was $4,160,673 compared to a loss of $4,008,537 in the comparable period. Decrease in loss resulted in a basic and diluted loss per share from continuing operations of $0.04, compared to a loss per share of $0.01, for the quarter ended June 30,2020.

Statement of Financial Position

	Jan 31, 2021	July 31, 2020
Cash	$ 21,086	$ 125,887
Working capital	11,793,658	2,041,254
Accumulated Deficit	(32,894,528)	(37,62,817)

Cash Flow

	Jan 31, 2021	July 31, 2020
Cash used in operating activities	$ (1,624,054)	$ (3,979,988)
Cash generated by financing activities	2,519,518	1,253,750
Cash used in investing activities	(1,000,265	(991,737)
Decrease in cash	(104,801)	(3,717,975
Cash, beginning of period	125,887	3,922,921
Cash, end of period	$ 21,086	$ 204,946

Operating Activities

Cash used in operating activities was $1,624,054 (2020 - $3,979,988). Operating activities consist of cash used for items on the condensed interim consolidated statement of income (loss) and comprehensive income (loss), adjusted for timing/changes in non-cash working capital items.

Financing Activities

Cash provided by financing activities was $2,519,518 (2020 - $1,253,750). The cash provided in 2021 consisted of $2,572,318 in cash received for the issuance of shares net of share issuance costs, advance received of $197,200, and advance repayment of $250,000.

Financing Activities

Cash used in investing activities was $1,000,265 (2020 - $991,737). The cash used in both 2021 and 2020 consisted primarily of expenditures on property, plant and equipment and obligations to right-of-use assets.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2021, the Company had working capital of $11,793,658 (July 31, 2020 – $2,041,254).

The Company continues to use its cash resources to fund its administrative requirements and to complete its facility expansion plans. As the Company does not currently generate revenue, cash balances will continue to decline as funds are used to conduct its operations and on-going expansion plans, unless replenished by capital fundraising. The Company is actively seeking additional sources of financing. While the Company has been successful in the past, there is no guarantee that the Company will be successful at raising additional funding in the future.

The Company and the lender entered into a definitive agreement on April 22, 2020, with the aggregate principal amount revised to $2,000,000 but other terms unchanged, as described in the following paragraphs.

The Company has no operations that generate cash flow, and its long-term financial success is dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company's primary capital assets as at January 31, 2021 consist of property and equipment. Other than the ongoing Facility expansion plans, the Company has no other commitments for capital expenditure, and there are no known trends or expected fluctuations in the Company's capital resources.

Shares issued

During the period from August 1, 2020 to March 31, 2021, the Company:

i) closed the non-brokered private placement of 3,530,000 units at a price of $0.37 for gross proceeds of $1,306,100. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire an additional common share at a price of $0.60 for a period of 24 months from closing. In connection with the private placement, the Company paid cash finder's fees of $78,366 and issued 211,800 non-transferable broker warrants. Each broker warrant entitles the holder to acquire one common share at an exercise price of $0.60 per share for a period of 24 months following closing.

ii) closed the non-brokered private placement of 3,763,610 units at a price of $0.37 for gross proceeds of $1,392,536. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire an additional common share at a price of $0.60 for a period of 24 months from closing. In connection with the private placement, the Company paid cash finder's fees of $47,952 and issued 129,600 non-transferable broker warrants. Each broker warrant entitles the holder to acquire one common share at an exercise price of $0.60 per share for a period of 24 months following closing. The Company applied $100,000 in advances payable towards the financing.

iii) issued 4,799,583 common shares valued at $2,401,201 in settlement of debts in the amount of $2,157,304, which resulted in a loss of $243,897.

iv) issued 8,605,000 units at a price of $0.50 per unit for proceeds of $4,302,500. Each Unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into a common share at an exercise price of $0.70 for a period of 36 months following closing. In connection with the private placement, the Company paid finder's fees of $200,550 and issued an aggregate of 401,100 finder warrants. Each finder warrant entitles the holder to acquire one common share at a price of $0.70 for a period of 36 months following closing.

Escrowed shares

At March 31, 2021, there were 1,200,000 shares held in escrow.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

During the six months ended January 31, 2021, the Company:

i) incurred wages, labour and management fees of $110,000 (2020 - $Nil) to a former director and CEO of the Company, namely Marc Geen. 10,000,000 bonus shares valued at $5,000,000 were issued during the year ended July 31, 2020 that had fully vested as at July 31, 2019.

ii) incurred wages, labour and management fees of $Nil (2020 - $110,000) to the former CEO, namely Bin Huang, of the Company.

iii) incurred wages, labour, and management fees of $96,000 (2020 - $80,000) capitalized to biological assets to a director of the Company, namely Frey Garabagi.

iv) incurred consulting fees and wages of $60,000 (2020 - $Nil) to the corporate secretary of the Company for corporate secretary services, namely Deborah Cotter.

v) incurred wages, labour and management fees of $78,000 (2020 - $72,000) capitalized to biological assets to a director of the Company, namely Patrick Geen.

vi) incurred consulting fees of $90,000 (2020 - $Nil) to the CEO of the Company, namely Malcolm Davidson.

vii) incurred consulting fees of $Nil (2020 - $72,000) capitalized to biological assets to a company owned by a former director of the Company, namely Zreyas Consulting Inc., owned by Zena Prokosh. An additional $63,000 was paid as severance recorded through the statement of profit and loss during the year ended July 31, 2020.

viii) granted 845,000 (2020 - Nil) stock options to related parties with a value of $366,677 (2020 - $Nil) for options vested during the period.

As at January 31, 2021, the Company had balances due to related parties of:

i) $1,020 (July 31, 2020 –$8,858) which is due to the corporate secretary of the Company, namely Deborah Cotter.

ii) $713 (July 31, 2020 - $713) which is due to the president of the Company, namely Brian Peery. The amount has no set repayment term, is unsecured and is non-interest bearing.

iii) $Nil (July 31, 2020 - $24,107) which is due to the former CEO, namely Bin Huang, of the Company.

iv) $32,121 (July 31, 2020 - $20,351) which is due to a director of the Company, namely Frey Garabagi. The amount has no set repayment term, is unsecured and is non-interest bearing.

v) $Nil (July 31, 2020 - $33,712) which is due to a company owned by a former director of the Company, namely Hilliard Consulting LLC, owned by Alex Kaulins. The amount has no set repayment term, is unsecured and is non-interest bearing.

vi) $Nil (July 31, 2020 - $6,000) which is due to a director of the Company, namely Patrick Geen.

vii) $5,140 (July 31, 2020 - $Nil) which is due to the CEO of the Company, namely Malcolm Davidson.

viii) $250,198 (July 31, 2020 - $30,820), which is due from a former director and CEO of the Company, namely Marc Geen.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

CURRENT AND FUTURE ACCOUNTING POLICIES

Please refer to the condensed interim consolidated Financial Statements for the period ended January 31, 2021 on www.sedar.com.

FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND CAPITAL MANAGEMENT AND POLICIES

Please refer to the condensed interim consolidated Financial Statements for the period ended January 31, 2021 on www.sedar.com.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company, which factors investors should carefully consider when making an investment decision concerning the shares of the Company. The Company will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or which are currently deemed immaterial, may also impair the operations of the Company. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A.

Even though the Company. was successful in obtaining the Cultivation, Processing and Medical Sales Licence, the Licence will be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the Licence or any failure to maintain the Licence would have a material adverse impact on the business, financial condition and operating results of the Company.

Furthermore, the Licence has an expiry date. Prior to the expiration of the Licence, the Company would be required to submit an application for renewal to Health Canada containing the information prescribed under the Cannabis Regulations, and renewal cannot be assured.

Regulatory Risks

The Company operates in a new industry which is highly regulated and is in a market that is very competitive and evolving rapidly. The Company's ability to grow, store and sell cannabis in Canada is dependent on the Licence from Health Canada and the need to maintain the Licence in good standing. Failure to comply with the requirements of the Licence or any failure to maintain the Licence would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs, or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomical. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Change in laws, regulations, and guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of cannabis and hemp but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. 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 the Company.

Limited operating history

The Company is subject to many of the risks common to early-stage enterprises, including 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.

History of Net Losses

The Company has incurred operating losses since incorporation and may not be able to achieve or maintain profitability and may continue to incur significant losses into the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives 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.

Negative Operating Cash Flow

The Company has not generated operating revenue and historically has had negative cash flow from operating activities. It is anticipated that the Company will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

- increasing the Company's vulnerability to general adverse economic and industry conditions;
- limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limiting the Company's flexibility in planning for, or reacting to, changes in its business and the industry.

Reliance on a Single Site

The Company's activities and resources are focused in its Facilities in Rock Creek, British Columbia and are expected to continue to be focused on these Facilities for the foreseeable future. Adverse changes or developments affecting the existing Facilities could have a material and adverse effect on the Company's ability, if and when it acquires and/or sustains the Licences from Health Canada, to produce cannabis.

Factors Related to the Facilities

As of the date of this MD&A, the certain facilities at the Rock Creek site have been completed, others are still under construction. Any adverse changes or developments affecting the Facilities and commencement of production could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that these changes or developments could adversely affect the Facilities by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

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

It is also possible that the costs of commencing production may be significantly greater than anticipated by the Company's management and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Company.

Expansion

Expansion and licensing of additional Facilities are subject to approvals by Health Canada. While management does not anticipate significant issues receiving any necessary approvals in the future, the delay or denial of such approvals may have a material adverse impact on the business and may result in the Company not meeting anticipated or future demand when it arises.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the loss of any of senior management or key employees could materially adversely affect the Company's ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Restrictions on Sales Activities

The cannabis industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasigovernmental bodies or voluntary industry associations may adversely affect the Company's ability to conduct sales and marketing activities and could have a material adverse effect on the Company's business, operating results or financial condition.

Competition

The Company will face intense competition from other companies, some of which can be expected to have 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. To date, the Canadian government has only issued a limited number of licences under the Cannabis Regulations to cultivate, process and sell cannabis. The number of licences granted could have an impact on the business, financial condition and operating results 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. According to Health Canada, there are currently 279 Licence Holders as the date of this MD&A. If the number of users of cannabis 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 operating results of the Company.

Client Acquisition and Retention

The Company's success will depend on its ability to attract and retain clients. There are many factors which could impact the Company's ability to attract and retain clients, including but not limited to the Company's ability to continually produce desirable and effective product, the successful implementation of the Company's client-acquisition plan and the continued growth in the client base. The Company's failure to acquire and retain clients would have a material adverse effect on the business, financial condition and operating results of the Company.

Transportation Risks

Due to the perishable nature of some of the Company's proposed products, the Company will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the third-party transportation services which will be used by the Company to ship its proposed products may also adversely impact the business of the Company and its ability to operate profitably.

Risks Inherent in an Agricultural Business

The Company's business will involve the growing of cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as environmental control, plant diseases and similar agricultural risks. There can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Energy Costs

The Company's indoor growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Company and its ability to operate profitably.

Unfavorable Publicity or Consumer Perception

Management believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis products produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product. 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 the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical or recreational marijuana in general, or the Company's proposed products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

The Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its proposed products, either inhaled or ingested, are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the proposed products produced by the Company 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 the Company could result in increased costs, could adversely affect the Company's reputation with consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Company. There can be no assurances that the Company 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 proposed 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 the Company's proposed products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company 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 the Company intends to have detailed procedures in place for testing proposed 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 the Company's proposed products were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Company and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the operations of the Company by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Additional Financing

The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through 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. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. 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 Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating consistent positive cash flows. Continued negative cash flow may restrict the Company's ability to pursue its business objectives.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

Dilution

The Company may issue additional equity securities to finance its activities, including acquisitions. If the Company were to issue common shares, existing holders of such shares may experience dilution in the Company. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be materially adversely affected.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

CAUTIONARY FORWARD-LOOKING STATEMENTS

Statements contained in this MD&A that are not historical facts but are forward-looking statements (within the meaning of the Canadian securities legislation that involve risks and uncertainties). Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible” or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. The forward-looking statements may include statements regarding future financial conditions, results of operations, plans, objectives, performance or business developments, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation,

- the Company's lack of operating revenues;
- the ability to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the Company's business strategies, objectives and plans to pursue the commercialization of its products;
- expectations for expansion plans for the Facilities and their costs;
- the suitability of the Facilities;
- expectations regarding production costs, capacity and yields of the Company and growth thereof;
- the Company's intentions to develop its business and operations;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- statements relating to the business and future activities of, and developments related to the Company;
- risks related to the Company's dependence on key personnel;
- estimates used in the Company's financial statements proving to be incorrect; and
- other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at January 31, 2021 and are subject to change after this date. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements.

Consequently, all forward-looking statements made in this MD&A are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

NON-RELATED CONSULTING TRANSACTIONS

Pursuant to the BCSC decision dated January 15, 2019, the temporary order has not been extended against the Company. As at January 31, 2021, accounts payable and accrued liabilities of $320,000 (July 31, 2020 – $320,000) was owing to the above parties.

As at January 31, 2021 advances payable of $100,000 (July 31, 2020 - $100,000) is owing to above noted parties.

OUTSTANDING SHARES, OPTIONS AND WARRANTS

Common Shares

The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 130,211,622 are outstanding as of March 31, 2021. Holders of the issuer's common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

Stock Options

The following table sets out the details of the stock options granted and outstanding as at March 31, 2021:

Expiry date	Exercise price ($)	Number of options outstanding	Number of options exercisable
October 15, 2022	0.60	417,162	417,162
March 26, 2023	0.95	825,000	825,000
July 23, 2023	0.70	1,300,000	1,300,000
July 23, 2023	0.95	925,000	925,000
October 23, 2023	0.70	200,000	200,000
February 28, 2024	0.90	200,000	200,000
March 3, 2024	0.54	300,000	300,000
March 12, 2024	0.80	805,000	805,000
March 15, 2024	0.90	100,000	100,000
May 29, 2024	0.86	100,000	100,000
June 27, 2024	0.67	1,738,333	1,738,333
August 8, 2024	0.70	150,000	108,333
November 11, 2024	0.70	210,000	133,333
January 30, 2025	0.39	100,000	50,000
April 8, 2025	0.53	545,000	466,667

May 25, 2025	0.42	50,000	12,500
October 15, 2025	0.48	1,000,000	250,000
January 25, 2026	0.65	1,010,000	1,010,000
February 23, 2026	0.54	300,000	75,000
		10,275,495	**9,016,328**

Warrants

The following table sets out the details of the warrants issued and outstanding as at March 31, 2021:

Expiry date	Exercise price ($)	Number of warrants outstanding
April 24, 2021	1.00	9,778,463
April 24, 2021	1.00	14,500
April 25, 2021	1.00	1,745,385
April 25, 2021	1.00	86,500
September27, 2021	1.00	1,931,902
December 6, 2021	0.80	3,287,500
August 25, 2022	0.60	3,530,000
August 25, 2022	0.60	211,800
October 15, 2022	0.60	3,763,610
October 15, 2022	0.60	129,600
February 16, 2024	0.70	8,605,000
February 16, 2024	0.70	401,100
		33,485,360

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

The MD&A contains certain forward-looking information relating to the Company's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "intend", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "budget", "forecast", "should", "believe", "plans", "intends", "confident" and similar expressions are used to identify forward-looking information. In particular, but without limiting the foregoing, the MD&A may contain forward-looking information pertaining to the following:

i. Product sales expectations.
ii. Gross margin expectations and corresponding cost control and measurement.
iii. Expectations regarding production capacity, costs, yields and cannabis prices.
iv. Expectations regarding general and administrative cost levels.
v. The completion of construction of production facilities, associated costs, and receipt of related licenses from associated regulatory authorities.
vi. The successful completion and integration of historical and in-process acquisitions into the Company's operations.

vii.

viii. Expectations regarding regulatory and legislative uncertainties and potential changes in tax laws.

The forward-looking information is based on information available as of the date of the MD&A and the Company is under no obligation, and specifically disclaims any intention or obligation to update or revise such forward-looking information because of new information, future events or otherwise, except as expressly required by applicable law. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking information throughout the MD&A. The forward-looking information included in the MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking information is based on current expectations, estimates and projections that involve numerous risks and uncertainties which could cause actual results to differ materially from those anticipated and described in the forward-looking information.

COMMITMENTS AND CONTINGENCIES

The Company has entered into the following commitments:

i) A legal claim was brought against the Company during the year by a consultant. Management considers this claim to be unjustified and the probability that it will require settlement at the Company's expense to be remote. This evaluation is consistent with external independent legal advice.

ii) There is a petition proceeding in which the petitioners seek leave to commence claims under s. 140.3 of the Securities Act, R.S.B.C. 1996, c. 418 for alleged misrepresentations made by the Company and 10 other issuers. The petitioners wish to have those claims heard as part of the class action. The Petition to the Court was filed on February 24, 2020. The Company filed a Response to Petition on February 27, 2020.

iii) On July 11, 2019, a Notice of Civil Claim was filed against the Company along with 10 other issuers. The notice of claim alleges that the Company and the other defendants made certain misrepresentations and conspired with each other and certain consultants to injure the plaintiffs. Most defendants, including the Company, have yet to file a Response to Civil Claim. The plaintiffs have not yet delivered their materials for the certification application. Without these materials it is difficult for the Company to assess the likelihood of the case being certified or the likelihood of the plaintiffs ultimately succeeding on their claims. The Company intends to vigorously oppose the certification application if and when it is brought against the Company.

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, the market price for the Common Shares, and could use significant resources.

Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's name.