GTEC

— CANNABIS CO. —

March 3, 2021

Management Discussion & Analysis

For the Fourth Quarter
and Year Ended
November 30, 2020

(Expressed in Canadian Dollars)

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of GTEC Holdings Ltd. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended November 30, 2020. The MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended November 30, 2020 and 2019 together with the notes thereto. The results for the year ended November 30, 2020 are not necessarily indicative of the results that may be expected for any further period.

All financial information contained in this MD&A is current as of March 3, 2021 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in thousands of Canadian dollars ("$"), except for share and per share calculations, references to $ millions, per gram ("g") or kilogram ("kg") of dried flower, unless otherwise stated.

Cautionary Statement Regarding Forward-Looking Information

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive board, shareholder or regulatory approvals, where applicable and the state of the capital markets. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. For instance and among other things, the risk that the COVID-19 pandemic may disrupt the Company's operations and those of the Company's suppliers and distribution channels and negatively impact the use of the Company's products; and there can be no assurance that the Company will sustain its growth trajectory; that the Company will maintain adequate capital resources and liquidity, including but not limited to, availability of sufficient cash flow, to execute the Company's business plan (either within the expected timeframe or at all); or assurances regarding potential effects of judicial or other proceedings on the Company's business, financial condition, results of operations and cash flows; volatility in and/or degradation of general economic, market, industry or business conditions; compliance with applicable environmental, economic, health and safety, energy and other policies and regulations and in particular health concerns with respect to the use of cannabis; the anticipated effects of actions of third parties such as competitors, activist investors or federal, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; changes in regulatory requirements in relation to the Company's business and products*.* Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Accordingly, readers should not place undue reliance on forward-looking information.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on each of these assumptions. There can be no assurance that they continue to be valid. Given the rapid pace of change, it is premature to make further assumptions about these matters. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations. See "Risk Factors".

Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

The forward-looking statements contained herein are based on information available as of March 3, 2021.

Company Overview

GTEC Holdings Ltd. ("GTEC", "the Company") is a consolidated entity under the laws of the province of British Columbia with the principal business activity in the development and operation of cannabis related products in Canada. The Company's common shares trade under the trading symbol "GTEC" on the TSX Venture Exchange, under the trading symbol "GGTTF" on the OTCQB Venture Market and under the trading symbol "1BUP" on the Frankfurt Stock Exchange. The Company's head office is located in Kelowna, British Columbia and has operations in B.C., Alberta and Ontario.

Key Financial Highlights of the Fourth Quarter of 2020 and Fiscal 2020

- Gross revenue of $8.8 million (1,274 kg) in fiscal 2020 compared to $2.4 million (495 kg) in fiscal 2019. Q4 2020 gross revenue was $2.5 million (430 kg) compared to $1.15 million (280 kg) in Q4 2019.
- Recreational cannabis sales accounted for 79% of total sales during fiscal 2020, compared to 4% of total sales in fiscal 2019. Q4 2020 recreational cannabis sales accounted for 87% of total sales, compared to 9% of total sales in Q4 2019.
- Gross margin before fair value adjustments was $3.9 million, or 50% of net revenue in fiscal 2020 compared to $1.07 million, or 45% of net revenue in fiscal 2019. Q4 2020 gross margin before fair value adjustments was $686,000, or 30% of net revenue and $290,000, or 26% of net revenue in Q4 2019.
- Overall weighted average selling price increased by 43% to $6.90 per gram (with recreational cannabis average being $8.67, including excise tax) in fiscal 2020 compared to $4.81 per gram (with recreational cannabis average being $9.25, including excise tax) in fiscal 2019. Q4 2020 overall weighted average selling price increased by 50% to $6.14 per gram (with recreational cannabis average being $8.23, including excise tax), compared to $4.10 per gram (with recreational cannabis average being $9.25, including excise tax) in Q4 2019.
- Cash cost of production (excluding depreciation and amortization, packaging and freight) was $1.96 per gram in fiscal 2020 compared to $2.62 in fiscal 2019. Q4 2020 cash cost of production (excluding depreciation and amortization, packaging and freight) was $1.74 compared to $2.97 in Q4 2019. The primary driver of the variations were changes in production output.
- Production increased by 269% to 2,685 KG of cannabis compared to 727 KG in fiscal 2019. Q4 2020 produced 863 KG of cannabis compared to 434 KG in Q4 2019.
- Operating expenses from continuing operations decreased 40% in fiscal 2020 compared to fiscal 2019 as the Company continued its efforts to reduce corporate expenditures. Operating expenses decreased by 11% in Q4 2020 compared to Q4 2019 (excluding non-cash items such as depreciation, amortization and share-based payments).
- Net income from operations was $282,000 in fiscal 2020 compared to a net loss from operation of $8.3 million in fiscal 2019. Q4 2020 net income from operations was $1.28 million compared to a net loss from operations of $2.6 million in Q4 2019
- Adjusted EBITDA loss for fiscal 2020 was $206,000 compared to adjusted EBITDA loss of $5.7 million in fiscal 2019. Q4 2020 adjusted EBITDA loss was $263,000 and adjusted EBITDA loss of $646,000 in Q4 2019.
- Net loss and comprehensive loss for fiscal 2020 was $10.2 million compared to $9.8 million in fiscal 2019. Q4 2020 net loss and comprehensive loss was $7.9 million compared to $3.3 million in Q4 2019. The fiscal 2020 and Q4 2020 net loss included an impairment charge of $8.38 million, in relation to the Company's Alberta Craft Cannabis facility, described below.
- During the fiscal 2020 year, the Company impaired the infinite life asset at Alberta Craft Cannabis ("ACC") by $8.38 million. The impairment was made to bring the asset to its fair market value based upon a discounted cash flow model of the associated sales anticipated to be generated. The Company notes that the original strategic motivation for the ACC acquisition was to expedite its speed to market, via the acquisition of a Health Canada-licensed facility. In this regard, the Company is confident that this acquisition played a key role in accelerating its development of cultivation systems, B2B sales, brand launches and product listings at provincial liquor boards.

Key Operating Highlights of the Fourth Quarter of 2020 and Fiscal 2020

Q4 2020

- Grey Bruce Farms Inc. and Tumbleweed Farms Corp. received the necessary approvals from Health Canada for Provincial sales-related licence amendments. As a result, all three of the Company's licensed cultivation facilities are now authorized from Health Canada to sell recreational packaged cannabis into Canada's Provinces and Territories. Such sales remain subject to the Company complying with the respective regulations applicable in each such Province or Territory, as the case may be. The Company believes that this will play an instrumental role in decreasing COGS, improving logistical efficiencies, and streamlining recreational cannabis packaging processes.
- Increased its credit facility with NFS Leasing Canada Ltd. by $2.3 million, with a lower interest rate than its existing credit facility. See note 19 of the consolidated financial statements.
- Made an early repayment to NFS Leasing Canada Ltd. of $330,917 (principal and interest), reducing the $3.95 million credit facility to $3.6 million.
- Amended its unsecured Convertible Promissory Note with Invictus MD Strategies Corp. See note 18 of the consolidated financial statements.
- Sold a commercial property, which was not being utilized by operations for total gross proceeds of $1 million.
- Secured eight additional cannabis products listings at the Ontario Cannabis Store ("**OCS**").
- Signed a Cannabis Purchase and Sales Agreement with the Yukon Liquor Corporation and received first two purchase orders from the Yukon territory.

Q1-Q3 2020

- Tumbleweed Farms Corp. made its first harvests in December 2019, becoming the third cultivation facility of the Company.
- BLK MKT ™ established itself as the top selling premium cannabis brand in the province of British Columbia.
- Commenced selling BLK MKT ™ and Tenzo ™ cannabis products to the Ontario Cannabis Store ('OCS').
- Commenced selling BLK MKT ™ and Tenzo ™ cannabis products to Manitoba retailers – via Manitoba Liquor and Lotteries ('MBLL').
- Launched Pristine ™ branded cannabis seeds and secured listings in Ontario and across Western Canada.
- Closed a non-brokered senior secured debt financing $3.95 million with NFS Leasing Canada Ltd. Proceeds from the financing were used to repay MMCAP Canadian Fund LP, the existing senior secured convertible debenture. See note 19 of the consolidated financial statements.

Key Subsequent Events of Fiscal 2020

- The Company announced the launch of cannabis pre-rolls under the BLK MKT™ and Tenzo™ brands on December 16, 2020.
- Fully repaid the outstanding principal balance of the Convertible Promissory Note with Invictus MD Strategies Corp., by converting the principal balance to 3,650,648 common shares of the Company.
- The Company launched its GreenTec Medical Cannabis E-Commerce Website on February 2, 2021 and subsequently commenced acquiring medical cannabis patients and fulfilling orders.
- Tumbleweed Farms Corp. ("TWF") signed an agreement with Habitat Craft Cannabis Ltd. ('Habitat') under which TWF will provide co-pack and sales services to Habitat, commencing in March 2021.
- 3PL Ventures Inc. ("3PL") completed construction of its purpose-built indoor cultivation facility and subsequently submitted an evidence package to Health Canada on February 19, 2021. The 3PL facility is a purpose-built indoor cultivation facility located in Vernon, B.C., and is approximately 60,000 sq. ft.
- Launched the first blunt in the Canadian cannabis market, under the BLK MKT ™ brand and BLNT sub-brand.
- Increased SKU listings at both the BCLDB (22 products) and OCS (16 products).

Overview of Business

GTEC Holdings Ltd. is a specialized cannabis company which produces and distributes premium cannabis products in Canada. The Company has four licensed and operational assets and is currently distributing cannabis through medical and recreational sales channels.

GTEC's exclusive cultivar collection includes unique phenotypes, which are not currently available from other Licenced Producers. GTEC's premium product portfolio includes; BLK MKT™, Tenzo™, GreenTec™, Cognōscente™ and Treehugger™.

The Company wholly owns cultivation facilities in BC, Alberta and Ontario, and is licensed by Health Canada for sales into recreational supply chains, direct sales to medical patients, bulk sales to other Licenced Producers and analytical testing.

GTEC is a publicly traded corporation, listed on the TSX Venture Exchange (GTEC), OTCQB Venture Market (GGTTF) and Frankfurt Stock Exchange (1BUP). The Company's headquarters is based out of Kelowna, British Columbia.

Cultivation Facilities

	GTEC CONSOLIDATED	ALBERTA CRAFT CANNABI	GREY BRUCE FARMS INC.	TUMBLEWEED FARMS CORP.	GREENTEC BIOPHARM CORP	3PL VENTURES INC.
Location	**Canada**	Edmonton Alberta	Tiverton Ontario	Chase B.C.	Kelowna B.C.	Vernon B.C.
Total Size (Sq ft)	**119,000**	14,000	15,000	10,000	20,000	60,000
Production Capacity (KG) [1]	**Current: 3,840 Projected: 9,840**	1,200	1,640	1,000	2,150	6,000
Status		Complete	Complete	Complete	On hold	Complete
Licence(s)		Cultivation, Processing, Sales (Medical)	Cultivation, Processing	Cultivation Processing, Sales (Medical)	-	Evidence Package Submitted

Note (1) Total Capacity of all operating facilities is projected to increase from 3,840 KG to 9,840 KG in 2021 – coincident with the licensing of 3PL Ventures. This estimate is consistent with output of 200 to 236 grams per square foot of canopy space on an annualized basis (or approximately two pounds per light each harvest). The Company's share of the total output is 6,780 KG, due to its 49% ownership position in 3PL Ventures.

Alberta Craft Cannabis Inc. ("ACC")

Alberta Craft Cannabis Inc. received its updated license from Health Canada under the Cannabis Act, permitting business-to-business ("B2B") cannabis sales on November 28, 2018. ACC received its Standard Processing License and Medical Sales License from Health Canada on July 26, 2019. This provides ACC with the ability to sell into provincial recreational supply chains and facilitates direct sales to medical cannabis clients. *(Note: Federally licenced producers must obtain approval from the applicable provincial government entities to access provincial recreational cannabis supply chains).*

ACC has a fully built and operational 14,000 square foot cannabis production facility capable of producing 1.2 million grams of dried cannabis flower annually. ACC is located in Edmonton, Alberta.

Grey Bruce Farms Incorporated ("GBF")

Grey Bruce Farms Incorporated received its Standard Cultivation License pursuant to the *Cannabis Act and Regulations* by Health Canada on July 5, 2019. GBF has a fully built and operational 15,000 square foot cannabis production facility capable of producing 1.64 million grams of dried cannabis annually. GBF is located in Tiverton (Kincardine), Ontario and the property sits on 6 acres of land with significant future expansion capabilities.

During the year ended November 30, 2020, GBF received Health Canada approval on the *'Application to Amend a Licence to Add Sale of Classes of Cannabis'*, in order to facilitate direct sales of dried cannabis to provincial liquor boards.

Tumbleweed Farms Corp. ("TWF")

Tumbleweed Farms Corp. received its Standard Cultivation, Standard Processing and Medical Sales Licences from Health Canada on August 16, 2019. TWF has a fully built and operational 10,000 square foot cannabis production facility which is currently producing approximately 1 million grams of dried cannabis flower annually. TWF is located in Chase, British Columbia and the property sits on 23 acres of land with significant future expansion capabilities.

On October 21, 2020, TWF received Health Canada approval on the *'Application to Amend a Licence to Add Sale of Classes of Cannabis'* to Health Canada, in order to facilitate direct sales of dried cannabis to provincial liquor boards.

GreenTec Bio-Pharmaceuticals Inc. ("GBP")

The GBP facility was originally intended to be 80,000 square feet with the first phase of development to be 20,000 square feet ("GBP Phase One"). The facility is located in Kelowna, British Columbia and was intended to serve as GTEC's flagship cultivation facility.

Previously, the Company had anticipated completing the facility during the fourth quarter of 2019; however, after completing an extensive financial review, the Company suspended construction, in order to conserve capital for other priorities. The estimated cost to complete construction is approximately $4 million. As at the date of this MD&A, the Company has no specific timeline for re-starting the construction process.

3PL Ventures Inc. ("3PL")

The Company is in a joint venture with 3PL Ventures Inc., a privately-owned corporation incorporated in British Columbia. The Company owns 49% of 3PL, which is in development to become a licensed cultivation facility, under the Cannabis Act & Regulations. The first phase of this facility retrofit encompasses approximately 60,000 square feet. 3PL is projected to produce up to 6 million grams of cannabis annually.

This facility was completed in early 2021. Accordingly, 3PL submitted its evidence package to Health Canada on February 19, 2021.

Lab and Extraction Facilities

Zenalytic Laboratories Ltd. ("Zen Labs")

Zenalytic Laboratories Ltd. is a full-service chemical and microbiological diagnostics laboratory for soil, water, and cannabis. On July 13, 2018, Zen Labs received its Dealers License from Health Canada under the Narcotic Control Regulations. Under the Cannabis Act & Regulations Zen held both Analytical Testing and Processing Licences. However, Zen Labs elected to cancel its Processing Licence in October 2020.

Zen Labs conducts the following tests; Cannabinoids (THC, CBD, CBN, CBG); metals; residual solvents and terpenes; and Aflatoxins and Mycotoxin. Zen Labs utilizes the following equipment to test for the above-mentioned; HPLC (High Performance Liquid Chromatography); ICP-MS (Inductively Coupled Plasma Mass Spectrometry); GC-MS (Gas Chromatography-Mass Spectrometry); and LC-MS (Liquid Chromatography-Mass Spectrometry). In addition to cannabis testing, Zen Labs provides analytical testing services for non-cannabis clients. These packages can include, among other things, basic water quality testing, microbial testing, metals screening, agricultural contamination screening, organic contaminant testing, soil fertility testing, metals and heavy metals testing, and manure and compost testing. Zen Labs operates as an internal on-demand resource for the Company; however, it also provides commercial services to other cannabis and non-cannabis related operations.

Spectre Labs Inc. ("Spectre")

Spectre Labs Inc. was originally intended to be a cannabis extraction and processing facility. After a strategic review, the Company decided not to pursue this operation. On October 15, 2020, the Company sold the commercial land and building, which was intended to be used for the Spectre operations, for gross proceeds of $1,000,000.

Retail and Distribution

The Company has divested non-operational assets to strengthen its balance sheet, while focusing the organization's resources on the cultivation of premium indoor flower and its derivatives, with the mandate to establish long-term brand equity and consumer loyalty by marketing its premium quality cannabis products.

Following a strategic review, management concluded that the Company cannot generate adequate risk-adjusted returns in its retail cannabis operations. Moreover, the Company does not believe that it can achieve sustainable competitive advantage in the retail cannabis space, competing against larger competitors with a stronger presence in this sector. Accordingly, management has divested its retail assets.

1203648 B.C. Ltd. – 100% Ownership

In May 2019, the Company completed its acquisition of 1203648 B.C. Ltd. for an aggregate purchase price of $2,113,000, whereby the Company issued 3,438,333 common shares and paid $47,706 in cash consideration. Of the total common share issued, 1,719,167 were held in escrow and were to be released upon future events. As such, 1,719,167 common shares held in escrow were canceled during the year ended November 30, 2020.

Subsequent to the year ended November 30, 2020, the Company sold the assets of 1203648 B.C. Ltd. for gross proceeds of $500,000.

GreenTec Retail SK Inc. ("GTEC Sask") - 75% Ownership

On November 29, 2019, the Company sold 100% of its interest in GreenTec Retail SK Inc. for total proceeds of $365,000, of which $66,700 was received in cash and $298,300 was settled through the issuance of a promissory note receivable due on March 1, 2020.

During the year ended November 30, 2020, $290,000 was received in full satisfaction of the promissory note and a corresponding adjustment was made to the final purchase price to account for working capital adjustments after the close of the sale.

Market Update

The Company is providing the following updates, by Provincial and Territorial markets:

British Columbia

The B.C. Liquor Distribution Branch was the Company's first major recreational customer, and it currently carries 22 SKU's under the brand BLK MKT ™, Tenzo™ and Pristine ™.

Alberta

In Alberta, the Company was unsuccessful in the process to become an approved supplier. The Company is exploring alternative means of supplying the Alberta market, including but not limited to, wholesale B2B and co-packing. Further, as announced on February 2, 2021, the Company is now supplying the Alberta market via its on-line medical cannabis portal (www.greentecmedical.ca).

Saskatchewan

The Company is currently shipping products into the Saskatchewan market via two wholesale distributors, in a manner that complies with the regulatory regime established by the Saskatchewan Liquor and Gaming Authority ('SLGA').

Manitoba

In August 2020, the Company received its first purchase orders from the Province of Manitoba. It subsequently commenced shipping products direct to Manitoba cannabis retail stores under the regulatory framework established by the Liquor, Gaming and Cannabis Authority of Manitoba ('LGCA').

Ontario

In August 2020, the Company commenced shipping products into the Ontario market via the Ontario Cannabis Store ('OCS'), where by the Company has 16 SKU's under the brand BLK MKT ™, Tenzo™ and Pristine ™ .

Quebec

In September 2020, the Company applied to the Autorité des Marches Publics (the "AMP") to facilitate cannabis products listings via the Société québécoise du cannabis (the "SQDC"). On February 8, 2021, the AMP confirmed that the Company's submission was complete and would be transferred to another agency for review.

Yukon

In September 2020, the Company signed a Cannabis Purchase and Sale Agreement with the Yukon Liquor Corporation ('YLC') and subsequently commenced shipping into the Yukon territory.

Other Provinces & Territories

The Company is actively pursuing other markets in order to maximize sales and gross margin, while building brand equity on a national scale.

SELECTED FINANCIAL INFORMATION

	Three months ended November 30		Year ended November 30	
	2020	**2019**	**2020**	**2019**
Revenue	**$ 2,542**	$ 1,149	**$ 8,804**	$ 2,382
Excise taxes	**(284)**	(21)	**(897)**	(21)
Net revenue	**2,258**	1,128	**7,907**	2,361
Cost of sales	**(1,572)**	(838)	**(3,938)**	(1,293)
Gross margin before fair value changes	**686**	290	**3,969**	1,068
Unrealized gain (loss) on changes in fair value of biological assets	**1,915**	(989)	**2,183**	253
Gross margin	**2,601**	(699)	**6,152**	1,321
Operating expenses				
Administration and general	**83**	31	**533**	946
Business fees and licenses	**180**	46	**553**	308
Consulting fees	**-**	-	**-**	704
Depreciation and amortization	**297**	578	**897**	1,001
Depreciation, right-of-use asset	**(70)**	-	**194**	-
Management fees	**40**	108	**205**	691
Marketing and advertising	**7**	99	**208**	625
Professional fees	**232**	106	**742**	977
Salaries and wages	**271**	504	**1,731**	2,179
Share based payments	**266**	358	**722**	1,853
Travel	**18**	42	**85**	336
	(1,324)	(1,872)	**(5,870)**	(9,620)
Net income (loss) from operations	**1,277**	(2,571)	**282**	(8,299)
Other income (expense)				
Canadian emergency wage subsidy	**1,656**	-	**1,656**	-
Financing costs	**66**	-	**(94)**	-
Equity loss on investment in associate	**(187)**	(44)	**(426)**	(363)
Gain on sale of assets and investments	**78**	1,272	**331**	1,163
Impairment of deposits	**-**	-	**-**	(250)
Impairment of goodwill and intangible assets	**(8,384)**	-	**(8,384)**	-
Interest and accretion	**(546)**	(348)	**(1,500)**	(1,325)
Loss on debt modification	**(118)**	-	**(118)**	-
Provision of doubtful receivables	**(292)**	-	**(292)**	-
Unrealized loss on investments	**-**	(519)	**-**	(519)
Net loss before income tax	**(6,450)**	(2,210)	**(8,545)**	(9,593)
Deferred income tax (expense) recovery	**(1,199)**	74	**(1,199)**	19
Net loss from continuing operations	**(7,649)**	(2,136)	**(9,744)**	(9,574)
Net loss from discontinued operations	**(284)**	(195)	**(427)**	(195)
Net loss and comprehensive loss	**$ (7,933)**	$ (2,331)	**$ (10,171)**	$ (9,769)
Loss per common share				
Basic and fully diluted	**$ (0.06)**	$ (0.02)	**$ (0.08)**	$ (0.09)

Revenue and Gross Margin

Fiscal 2020

The Company recognized net revenue of $7.9 million in fiscal 2020 compared to $2.4 million in fiscal 2019, from the sale of 1,274 KG compared to 495 KG of cannabis. Gross margin before fair value adjustments was $3.9 million, or 50% of net revenue in fiscal 2020 compared to $1.07 million, or 45% of net revenue in fiscal 2019. The increase is due to the Company increasing its production output, where two of the Company's cultivation facilities (GBF and TWF) started production in Q4 2019. Production increased by 269% to 2,685 KG of cannabis in fiscal 2020 compared to 727 KG in fiscal 2019. Additionally, 79% of total sales during fiscal 2020 were from recreational cannabis sales into the provincial supply chain, compared to 4% of total sales in fiscal 2019. The remaining sales were to wholesale customers or other licensed producers. Further, the Company's overall weighted average selling price increased by 43% to $6.90 per gram (with recreational cannabis average being $8.67 per gram, including excise tax) in fiscal 2020 compared to $4.81 per gram (with recreational cannabis average being $9.25 per gram, including excise tax) in fiscal 2019.

Q4 2020

The Company recognized net revenue of $2.3 million in Q4 2020 compared to $1.12 million in Q4 2019 from the sale of 430 KG compared to 280 KG of cannabis. Gross margin before fair value adjustments was $686,000, or 30% of net revenue in Q4 2020 compared to $290,000, or 26% of net revenue in Q4 2019. The increase is due to the Company increasing its production output, where two of the Company's cultivation facilities (GBF and TWF) started production in Q4 2019. Production increased by 99% to 863 KG of cannabis in Q4 2020 compared to 434 KG in Q4 2019. Additionally, 87% of total sales during Q4 2020 were from recreational cannabis sales into the provincial supply chain, compared to 9% of total sales in Q4 2019. The remaining sales were to wholesale customers or other licensed producers. Further, the Company's overall weighted average selling price increased by 50% to $6.14 per gram (with recreational cannabis average being $8.07 per gram, including excise tax) in Q4 2020 compared to $4.10 per gram (with recreational cannabis average being $9.25 per gram, including excise tax) in Q4 2019.

Cost of Sales

Fiscal 2020

Cost of sales increased to $3.09 per gram sold in fiscal 2020 compared to $2.61 per gram in fiscal 2019. This increase is due to the increase in expenditures relating to selling into the recreational supply chain, such as packaging and labour. Further, the increase is related to the prior fiscal sales primarily consisting of wholesale customers and other licenced producers, whereby various expenditures such as packaging, freight and wages and salaries of additional employees related to recreational cannabis sales were not incurred. Cannabis operations cost of sales are comprised of the purchase of materials, testing, packaging, freight, wages and salaries including benefits, and an allocation of other operating expenses including facility overhead and depreciation costs. The weighted average cash cost of production decreased to $1.96 per gram (excluding depreciation and amortization, packaging and freight) compared to $2.62 per gram in fiscal 2019. This decrease is due to the Company increasing its production output, where two of the Company's cultivation facilities (GBF and TWF) started production in Q4 2019.

Q4 2020

Cost of sales increased to $3.66 per gram sold in Q4 2020 compared to $2.99 per gram in Q4 2019. This increase is due to the increase in expenditures relating to selling into the recreational supply chain, such as packaging and labour. Further, the increase is related to the prior quarter sales primarily consisting of wholesale customers and other licenced producers, whereby various expenditures such as packaging, freight and wages and salaries of additional employees related to recreational cannabis sales were not incurred. Cannabis operations cost of sales are comprised of the purchase of materials, testing, packaging, freight, wages and salaries including benefits, and an allocation of other operating expenses including facility overhead and depreciation costs. The weighted average cash cost of production decreased to $1.74 per gram (excluding depreciation and amortization, packaging and freight) compared to $2.97 per gram in Q4 2019. This decrease is due to the Company increasing its production output, where two of the Company's cultivation facilities (GBF and TWF) started production in Q4 2019.

Operating Expenses

For fiscal 2020, operating expenses from continuing operations decreased by 39% over fiscal 2019 and by 29% over Q4 2019. Management has made significant efforts to decrease operating and corporate expenses in order to achieve profitability. The changes in operating expenses during fiscal 2020 compared to fiscal 2019 are as follows:

- Administration and general decreased by $413,000 as the prior year expenses included such items as rent and facility costs, whereby the Company adopted IFRS 16 on December 1, 2019 (see note 17 of the consolidated financial statements). Additionally, the prior year included expenditures from two cultivation facilities that were not in production, whereby certain operating expenses were expensed versus capitalized;
- Business fees and licences increased by $245,000 as the Company had additional insurance requirements for its licensed cultivation facilities, which required additional coverage;
- Consulting fees decreased by $704,000 as the Company increased operational management positions, which are now included under salaries and wages. Additionally, during fiscal 2019, the Company incurred various consulting expenses related to the development and construction of its cultivation facilities.
- Depreciation and amortization decreased by $104,000 as there was a higher expense capitalized as part of inventory and cost of goods sold;

- Depreciation, right-of-use asset increased by $194,000 as the Company adopted IFRS 16, which resulted in the recognition of a right-of-use asset and corresponding depreciation over the term of the lease;
- Management fees decreased by $486,000 due to an increase in operational management positions, which are now included under salaries and wages;
- Corporate marketing and advertising expenses decreased by $417,000 as the Company executed various one-time corporate marketing initiatives around building the Company's presence in the cannabis space which did not occur in fiscal 2020;
- Professional fees decreased by $235,000 as the prior year included expenses related to financings and acquisition due diligence. Current fiscal 2020 expenses relate to general corporate activity and due diligence around debt financing;
- Salaries and wages decreased by $448,000 due to facility salaries and wages being capitalized as part of inventory and cost of goods sold;
- Share based payments decreased by $1.13 million due to a decrease in stock-based compensation grants and payments; and
- Travel decreased by $251,000 as the prior year expenses related to the operations team travelling between facilities during construction, as well as, certain travel related to M&A and related financings. Further, fiscal 2020 travel was substantially reduced due to travel restrictions related to the COVID-19 pandemic.

Other Income and Expense

Other income and expenses during fiscal 2020 were directly related to the Company's debt instruments and investments, as well as one-time non-reoccurring transactions, as follows:

- Equity loss on investment in associate, relates to the Company's 49% ownership over 3PL. The Company records its investment in 3PL on the equity basis (see note 13 of the consolidated financial statements);
- Gain on sale of assets and investments relate to:
    - On October 15, 2020, the Company sold a parcel of land and building located in Kelowna, British Columbia for net proceeds of $945,477. The Company recorded a gain of $78,352 as a result of this transaction.
    - On December 11, 2019, the Company transferred 585,436 common shares of Fire and Flower Holdings Corp. as a repayment of $800,000 principal payment for a convertible note (see note 18 of the consolidated financial statements). The company recorded a gain of $261,399 as a result of this transaction.
- Financing costs relates to the Company adopting IFRS 16, which resulted in the recognition of lease liabilities and corresponding interest expense (financing costs).
- Provision for doubtful receivables relates to the write-down of $292,000. The Company continually monitors all credit balances with customers and reviews them monthly for any potential impairment considering such factors as specific payment history of balances, discussions with associated customers and a review of the credit worthiness.
- Impairment of goodwill and intangible asset relates to the Company's license to sell cannabis at ACC. The Company completed its annual assessment of the recoverable amount of the goodwill and intangible asset during the year ended November 30, 2020. The recoverable amount of the cash generating unit ("CGU"), to which indefinite lived intangible assets and goodwill are allocated, was determined based on fair value less costs of disposal ("FVLCD") model using level 3 inputs in a discounted cash flow ("DCF") analysis. Management determined that the recoverable amount of the ACC CGU was lower than the carrying value as at November 30, 2020. Accordingly, allocated an impairment loss of $1,798,000 to the intangible asset and $6,586,000 to goodwill for the year ended November 30, 2020. (see note 12 of the consolidated financial statements).
- Interest and accretion relate to the convertible debentures and long term debt (see note 18 and 19 of the consolidated financial statements).
- The Company qualified to receive the Canada Emergency Wage Subsidy ("CEWS") and applied to receive $1.66 million.
- Loss on debt modification relates to the amended convertible debenture with Invictus, which resulted from additional shares being issuable upon conversion (see note 18 of the consolidated financial statements).

Selected Consolidated Statement of Loss

The following table presents certain financial information derived from the Company's audited consolidated financial statements for each of the below fiscal years:

	2020	2019	2018
Revenue	$ 8,804	$ 2,382	$ 58
Excise tax	(897)	(21)	-
Net Revenue	7,907	2,361	58
Gross margin before fair value adjustments	3,969	1,068	16
Gross margin % before fair value adjustments	50%	45%	28%
Gross margin	6,152	1,321	176
Operating expenses	5,870	9,620	10,617
Other expenses	8,827	1,294	2,509
Net loss before income tax	(8,545)	(9,593)	(12,951)
Adjusted EBITDA (1)	(206)	(5,698)	(7,798)

(1) Management has defined adjusted EBITDA as loss and comprehensive loss for the period before interest, taxes, depreciation and amortization adjusted for other one-time and non-cash items, which is a non-IFRS measure discussed in the "Non-IFRS Measures" section below.

Summary of Quarterly Results

	Q4 20	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18
Revenue	**$ 2,542**	$ 2,400	$ 1,507	$ 2,354	$ 1,149	$ 1,031	$ 109	$ 93	$ 58
Excise tax	**(284)**	(329)	(261)	(23)	(21)	-	-	-	-
Net Revenue	**2,258**	2,071	1,246	2,331	1,128	1,031	109	93	58
Cost of sales	**1,572**	627	373	1,366	838	392	34	68	42
Gross margin before fair value adjustments	**686**	1,444	873	965	290	639	75	25	16
Unrealized (loss) gain on changes in fair value of biological assets	**1,915**	(264)	654	(122)	(989)	(106)	1,120	520	(67)
Gross margin	**2,601**	1,180	1,527	843	(699)	533	1,195	545	(51)
Operating expenses	**1,324**	1,161	1,724	1,658	1,872	2,100	2,999	2,902	2,753
Net income (loss) from operations	**1,277**	19	(197)	(815)	(2,571)	(1,567)	(1,804)	(2,357)	(2,804)
Other income (expense)	**(7,727)**	(299)	(581)	(222)	361	(687)	(513)	(455)	(2,906)
Net loss before income tax	**(6,450)**	(280)	(778)	(1,037)	(2,210)	(2,254)	(2,317)	(2,812)	(5,710)
Deferred income tax	**(1,199)**	-	-	-	74	-	-	(54)	2,414
Net loss from continuing operations	**(7,649)**	(280)	(778)	(1,037)	(2,136)	(2,254)	(2,317)	(2,866)	(3,296)

LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summary of the Company's cash flows.

	Three months ended November 30		Year ended November 30	
	2020	**2019**	**2020**	**2019**
Cash from / used in operating activities				
- Before changes in non-cash working capital items	**$ 758**	$ (1,009)	**$ 1,363**	$ (6,300)
- After changes in non-cash working capital items	**(134)**	(1,834)	**(357)**	(8,565)
Cash flows from / used for investing activities	**(1,022)**	3,263	**(1,380)**	(2,498)
Cash flows from / used in financing activities	**1,290**	(26)	**393**	12,114
Net cash (outflows) inflows	**134**	1,403	**(1,344)**	1,051
Cash and cash equivalents	**$ 625**	$ 1,969	**$ 625**	$ 1,969

Management intends to finance operating costs over the next twelve months with current cash on hand, cash flow from operations, proceeds from the exercise of warrants and stock options, and potentially raising additional capital and/or entering into a financing. There is no assurance that the Company will be successful in raising additional capital or securing a financing on commercially reasonable terms or at all. See "Risks Factors".

Liquidity and Capital Recourses

The Company manages its capital structure based on the funds available to the Company for operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity. The Company has historically relied on the equity markets and debt financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Debt Transactions for the year ended November 30, 2020

During the year ended November 30, 2020, the Company fully repaid its $5,000,000 senior secured convertible debenture holder, MMCAP Canadian Fund LP, which at the time of repayment on June 8, 2020, had a principal and interest balance of $3,838,736.

On June 8, 2020, the Company closed a non-brokered senior secured debt financing of $3,950,000 with NFS Leasing Canada Ltd. Proceeds from the financing were used to repay MMCAP Canadian Fund LP, the existing senior secured convertible debenture (see notes 18 and 19 of the consolidated financial statements). The financing will bear an annual interest rate of 18%. In connection with the financing, 2,135,135 common shares were issued at $0.185 per share, which will be subject to a three-year release schedule, with 355,856 shares being released each six-month period. No other broker fees or broker warrants were issued in connection with the financing.

On October 16, 2020, the Company made an early principal repayment of $301,698 to NFS Leasing Canada Ltd., reducing the principal balance to $3,648,302.

On October 30, 2020, the Company closed a non-brokered senior secured debt financing with NFS Leasing Canada Ltd. in the amount of $2,300,000. The financing will bear an annual interest rate of 16%. In connection with the financing, the Company will issue common shares valued at $230,000, which will be subject to a three-year release schedule, with 403,508 shares being released each six-month period. In addition, the Company will issue 6,900,000 common share purchase warrants. The warrants will have an expiration date of three years from the date of issuance. The exercise price of the warrants will be as follows: (i) 2,300,000 warrants at an exercise price of $0.10; (ii) 2,300,000 warrants at an exercise price of $0.15; and (iii) 2,300,000 warrants at an exercise price of $0.25. No other broker fees or brokers warrants were issued in connection with the Financing

On October 30, 2020, the Company amended its unsecured Convertible Promissory Note with Invictus MD Strategies Corp., which was to mature on October 17, 2020. The amended principal terms of the note are as follows: (i) principal repayment of $510,000 due on October 30, 2020; (ii) annual interest rate to increase from 8% to 10% on the remaining principal balance of $1,990,000; (iii) amended maturity date to February 28, 2022, with certain months being interest-only payments and others being principal plus interest, such that the note will have been fully repaid upon the maturity date; (iv) amend price of conversion from $1.50 to (a) $0.35 per share on the first $250,000 of the outstanding principal balance and (b) $0.55 per share on the remaining principal balance outstanding at the time of conversion; (v) the Promissory Note will remain unsecured.

Subsequent to the year ended November 30, 2020, the Company fully repaid the outstanding principal balance of the Convertible Promissory Note with Invictus MD Strategies Corp., by converting the principal balance to 3,650,648 common shares of the Company.

As at the date of this MD&A, the Company had a cash balance of approximately $2.0 million.

FINANCIAL POSITION

The following table provides a summary of the Company's financial position as at November 30, 2020 and November 30, 2019.

	2020	2019
Total assets	**$ 40,800**	$ 45,315
Total liabilities	**12,380**	8,907
Share capital	**68,825**	66,093
Deficit	**(40,405)**	(29,685)

ADJUSTED EBITDA (non-IFRS measure)

This is a non-IFRS measure and the Company calculated adjusted EBITDA from continuing operations as net income (loss) before interest expense, income taxes, depreciation and amortization, unrealized gain (loss) on changes in fair value of biological assets, equity loss on investment in associate, loss on sale of assets, investment loss, share based payments and certain one-time or non-operating expenses.

Management determined that the exclusion of the fair value adjustment is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on fair market value less cost to sell. The most directly comparable measure to adjusted EBITDA (excluding fair value adjustment to biological assets and inventory) calculated in accordance with IFRS is net income (loss) from continuing operations.

The following table provides a summary of the Company's adjusted EBITDA for the year ended November 30, 2020 compared to the year ended November 30, 2019.

	Three months ended November 30		Year ended November 30	
	2020	**2019**	**2020**	**2019**
Net loss before income tax and discontinued operations	**$ (6,450)**	$ (2,210)	**$ (8,545)**	$ (9,593)
Depreciation and amortization	**297**	578	**897**	1,001
Depreciation, right of use asset	**(70)**	-	**194**	-
Equity loss on investment in associate	**187**	44	**426**	363
Financing costs	**(66)**	-	**94**	-
Gain on sale of assets or investments	**(78)**	(1,272)	**(331)**	(1,163)
Canadian emergency wage subsidy	**(1,656)**	-	**(1,656)**	-
Impairment of accounts receivable	**292**	-	**292**	-
Impairment of deposits	**-**	-	**-**	250
Impairment of goodwill and intangible assets	**8,384**	-	**8,384**	-
Interest and accretion	**546**	348	**1,500**	1,325
Share based payments	**266**	358	**722**	1,853
Unrealized loss on investments	**-**	519	**-**	519
Unrealized loss (gain) on changes in fair value	**(1,915)**	989	**(2,183)**	(253)
Adjusted EBITDA	**$ (263)**	$ (646)	**$ (206)**	$ (5,698)

PROPERTY, PLANT AND EQUIPMENT – SEGMENTED

The following table provides a summary of the Company's segmented property, plant and equipment as at November 30, 2020:

	ACC	Grey Bruce	Tumbleweed	GBP	Corporate	Laboratory	TOTAL
Land	-	195	160	19	974	-	**1,348**
Buildings	-	4,188	4,060	-	-	-	**8,248**
Growing & processing equipment	1,154	1,163	522	1,139	-	284	**4,262**
Other	575	4	22	-	67	30	**698**
Construction in process	-	-	-	2,915	-	-	**2,915**
	$ 1,729	**$ 5,550**	**$ 4,764**	**$ 4,073**	**$ 1,041**	**$ 314**	**$ 17,471**

SHAREHOLDERS' EQUITY

As of the date of this MD&A, the Company has 147,403,193 common shares issued and outstanding; 13,198,206 share purchase warrants and 8,861,113 share options vested and exercisable into common shares.

Escrow shares

As at November 30, there were 14,229,235 common shares held in escrow. The following is a summary of escrow shares to be released:

Escrow release date	Escrow shares released (000's)	Balance (000's)
December 8, 2020	356	13,873
December 18, 2020	2,628	11,245
April 30, 2021	404	10,841
June 8, 2021	356	10,485
June 18, 2021	6,176	4,309
October 31, 2021	404	3,905
December 8, 2021	356	3,549
April 30, 2022	404	3,145
June 8, 2022	356	2,789
October 30, 2022	404	2,385
December 8, 2022	356	2,029
April 30, 2023	404	1,625

Of the common shares held in escrow summarized in the table above, as at November 30, 2020 there were:

i. 1,628,571 common shares held in escrow pursuant to an agreement with a consulting firm to facilitate the acquisition and cultivation of cannabis genetics, which will be released contingent upon the occurrence of future events. Subsequent to the year ended November 30, 2020, the Company released 271,429 from escrow pursuant to the agreement.

ii. 1,779,279 common shares held in escrow pursuant to the debt financing described in note 19 of the consolidated financial statements, which will be subject to a three-year release schedule, with 355,856 shares being released each six-month period.

iii. 2,017,544 common shares held in escrow pursuant to the debt financing described in note 19 of the consolidated financial statements, which will be subject to a three-year release schedule, with 403,508 shares being released each six-month period.

Share purchase warrants

At November 30, 2020, the following share purchase warrants were outstanding:

Number of share purchase warrants (000's)	Exercise price per share	Expiry date
9,939	1.20	January 19, 2021
599	0.90	February 28, 2021
5,563	0.90	February 28, 2021
507	0.90	March 21, 2021
5,791	0.90	March 21, 2021
2,300	0.10	October 19, 2023
2,300	0.15	October 19, 2023
2,300	0.25	October 19, 2023
29,299	**0.83**	

During the year ended November 30, 2020, the Company recorded debt issuance and modification costs of $409,000 (2019: share issuance costs of $493,598) reflecting the fair value of 6,900,000 (2019: 1,104,488) warrants issued during the year. The fair value is estimated on the grant date using the Black-Scholes option pricing model.

Stock options

At November 30, 2020, the following stock options were outstanding:

Number of shares (000`s)	Vested (000`s)	Exercise price per share C$	Expiry date
5,224	5,174	0.60 – 1.20	Jan-Dec 2021
750	750	0.60	Jan 2022
430	415	0.17 – 0.70	Mar-Apr 2022
50	25	0.30	Dec 2023
3,106	1,793	0.34	Aug-Oct 2024
9,560	**8,157**		

The Company entered into several agreements with consultants for provision of services. As part of the agreements, the Company agreed to issue stock options in accordance with these contracts. The full terms of these contracts have been fulfilled, whereby $Nil (2019: $107,353) of the share-based compensation attributable to these consulting fees has been recorded as a prepaid expense (see note 7 of the consolidated financial statements).

RELATED PARTY TRANSACTIONS

Key management compensation

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers.

Key management compensation for the three months and year ended November 30, 2020 consists of the following:

	Three months ended November 30		Year ended November 30	
	2020	**2019**	**2020**	**2019**
Salaries and wages	$ **176**	$ 181	$ **663**	$ 373
Consulting fees		35	**-**	298
Director fees	**15**	-	**60**	-
Share-based payments (1)	**219**	120	**219**	835
	$ **410**	$ 336	$ **942**	$ 1,506

(1) Share-based payments are the fair value of options granted and vested to key management of the Company under the Company's stock option plan.

Related party balances

As at November 30, 2020, accounts payable included $46,831 (November 30, 2019: $30,000) which was due to the Company's Vice President and Director, Mr. Michael Blady ("Mr. Blady") in connection with management services.

As at November 30, 2020, accounts payable included $NIL (November 30, 2019: $10,000) which was due to the Company's Chief Financial Officer, Ms. Kendra Blackford ("Ms. Blackford") in connection with management services.

As at November 30, 2020, $60,000 (November 30, 2019: $Nil) was due to directors of the Company in connection with director's fees.

As at November 30, 2020, $213,646 (November 30, 2019: $Nil) was due to the Company's Vice President and Director, Mr. Blady, for advances made to the Company during the year. The amount is unsecured, non-interest bearing and due on demand.

As at November 30, 2020, $387,942 (November 30, 2019: $Nil) was due to the Company's Chief Executive Officer, Mr. Norton Singhavon ("Mr. Singhavon") for advances made to the Company during the year. The amount is unsecured, non-interest bearing and due on demand.

Related party transactions

During the year ended November 30, 2019, the Company settled $250,000 to Mr. Singhavon for reimbursement of funds that were used for general operating purposes, of which $145,979 was paid in cash and $104,021 was settled by issuance of 189,128 common shares at $0.55 of the Company.

During the year ended November 30, 2019, the Company settled $325,000 to Mr. Blady for reimbursement of funds that were used for general operating purposes, of which $50,000 was paid in cash and $275,000 was settled by issuance of 500,000 common shares of the Company.

During the period ended November 30, 2017, GreenTec Holdings Ltd. entered into share purchase agreements to purchase 100% interest in Grey Bruce Farms Incorporated ("Grey Bruce"), 1118157 B.C. Ltd. ("1118 BC"), Zenalytic Laboratories Ltd. ("Zenalytic") and GreenTec Bio-Pharmaceuticals Inc. ("Bio-Pharma"). Each one of these entities was under common control with Mr. Singhavon and/or Mr. Blady. Certain milestones within these agreements remain outstanding and are disclosed under note 26 of the consolidated financial statements for the year ended November 30, 2020.

COMMITMENTS

The Company has the following outstanding commitments based on achieving certain milestones.

Grey Bruce Farms

During the year ended November 30, 2020, the Company entered into an amending agreement dated March 13, 2020, amending certain terms and conditions of the definitive share purchase agreement, dated September 15, 2017, which have been replaced by the following achievement of certain milestones.

Trigger event		
Upon Grey Bruce's first harvest having passed quality assurance and quality control tests as set out by Health Canada **(Completed)**		105
Upon Grey Bruce's second harvest having passed quality assurance and quality control tests as set out by Health Canada **(Completed)**		105
Upon Grey Bruce's third harvest having passed quality assurance and quality control tests as set out by Health Canada **(Completed)**		105
Upon Grey Bruce's fourth harvest having passed quality assurance and quality control tests as set out by Health Canada **(Completed)**		105
Upon Grey Bruce's fifth harvest having passed quality assurance and quality control tests as set out by Health Canada, but no earlier than June 30, 2020 **(Completed)**		105
Upon Grey Bruce obtaining either a sales license (medical) or a processing license (standard), but no earlier than December 31, 2020		438
Upon Grey Bruce having sold 1,500 kg of dry cannabis		1,000
	$	**1,963**

During the year ended November 30, 2020, Grey Bruce has completed five harvests that have passed quality assurance and quality control tests as set out by Health Canada, thereby triggering the contingent consideration which became payable at period end. The Company has issued 954,545 common shares valued at $136,500 in satisfaction with the above mentioned five harvests.

Additionally, the Company intends to issue the Company's Chief Executive Officer and Director, Mr. Singhavon such number of common shares equivalent to a value of $1,000,000, upon the sale of 1,500 kg of dry cannabis, in lieu of the original entitlement of $1,787,500. This reduces the amount owing as Mr. Singhavon was owed approximately 65% of the remaining contingent consideration.

In connection with the achievement of certain milestones under the original agreement, the Company paid $250,000 to the vendors of Grey Bruce on May 6, 2019, and also issued 2,222,222 common shares valued $1,000,000 on July 8, 2019.

In addition to the above, the amending agreement raised the floor price of the common shares in the capital of the Company to be issued to the vendors of Grey Bruce Farms (excluding Mr. Singhavon).

Subsequent to the year ended November 30, 2020, the company issued 795,454 common shares at a deemed price of $0.55 per common share in connection with the achievement of certain milestones.

The number of common shares issuable upon the occurrence of future events are to be based on the greater of (A) the then ten-day volume-weighted average trading price of the Company's common share and (B) the last commercial financing undertaken by the Company, currently $0.55 per common share of the Company. Mr. Singhavon has also agreed to raise the floor price of the Common Shares to be issued in connection with the Cannabis Sales Milestone to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Common Shares, and (B) $1.00. In consideration for entering into the Amending agreement the Company has agreed to pay the vendors a one-time cash payment of $25,010 of which Mr. Singhavon will receive $10.

GreenTec Bio-Pharmaceuticals Inc.

As at November 30, 2020, the Company has committed to issue common shares valued at $2,500,000 contingent on future events as follows:

Trigger event		
Completion of GBP construction of a Health Canada approved cannabis production facility in compliance with the CA&R		500
GBP obtaining a license to sell cannabis under the CA&R		500
GBP having sold an aggregate of 3,000 kg of dried cannabis		750
GBP completing construction of an expansion to its production facility to increase production by at least 8,500 kg per annum and receiving an amendment to its production and sales licenses		750
	$	**2,500**

During the year ended November 30, 2020, on March 13, 2020, the Company entered into an amending agreement with the vendors of GBP amending certain terms and conditions of the definitive share purchase agreement, dated November 15, 2017.

The vendors of GBP agreed to reduce their entitlement to a portion of the purchase price such that the remaining payment obligations of the Company in connection with the acquisition of GBP are reduced by $5,750,000. In addition to reducing the milestone payments, the vendors of GBP agreed to restructure the remaining milestones, as shown in the above table and raise the floor price of the Common Shares to be issued in connection with the new milestones to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Company's common shares, and (B) $1.00. Of the $5,750,000 reduction to the Company's payment obligations, $5,615,000 of the remaining milestone payments was waived by Mr. Singhavon.

1118157 B.C. Ltd. ("1118 BC") and Tumbleweed Farms Corp. ("Tumbleweed)

During the year ended November 30, 2020, the Company entered into an amending agreement dated March 13, 2020, amending certain terms and conditions of the definitive share purchase agreement, dated November 22, 2017. As such, the Vendors of 1118157 B.C. Ltd. ("1118 BC"), Mr. Blady and Mr. Singhavon have agreed to waive all entitlement to the remaining milestone payments, which totalled $500,000 in common shares based on future events.

In connection with the share purchase agreement, the Company assumed certain commitments of 1118 BC through its acquisition of Tumbleweed, consisting of the following:

On March 4, 2019, the Company entered into an agreement with the vendors (the "Amending Agreement"), amending certain terms and conditions of the definitive share purchase agreement, dated August 12, 2017, as amended. In connection with the Amending Agreement, on March 22, 2019 the Company issued an aggregate of 3,759,319 common shares valued at $2,250,000 and paid $250,000 in satisfaction of achieving certain milestones to the vendors of Tumbleweed.

On February 4, 2020, the Company entered into a further amending agreement, amending certain terms and conditions of the definitive share purchase agreement, dated August 12, 2017. As such, the Company issued 7,500,000 common shares valued at $1,012,500 in satisfaction of achieving certain milestones, of which 3,750,000 are held in escrow and are due from release on August 28, 2020. As per the amended terms, the revised milestone payments for each of the first four harvests were valued at $300,000 each and the milestone payment for the fifth harvest was valued at $150,000. The issuance of these shares will be the final share issuance relating to milestone payments for the Tumbleweed acquisition and there will be no further payments, whether in cash or shares.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

The areas involving higher degrees of judgement, or areas where assumptions and estimates are significant to the financial statements are:

Biological assets and inventory
In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

Estimated useful lives and impairment considerations
Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combinations
Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Investments in associates
Management exercises judgment in determining whether the Company has acquired significant influence over an entity. An assessment of significant influence is performed at the inception of a relationship between any entity and the Company. When performing this assessment, the Company considers all facts and circumstances, and it must reassess whether it still has significant influence over an investee if facts and circumstances indicate there are changes to one or more of the conditions of significant influence.

Share-based compensation and warrants
In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

Deferred tax assets and liabilities
The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assess whether it is probably that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Discount rate used for convertible debentures
The carrying value of the convertible debentures is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Going concern
Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

ADOPTION OF NEW ACCOUNTING POLICIES

(i) *Adoption of IFRS 16 Leases ("IFRS 16")*

Effective January 1, 2019 IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. For leases where the Company is the lessee, it recognizes a right-of-use asset and a lease liability for its office premises leases previously classified as operating leases.

The Company chose to adopt the modified retrospective approach on transition to IFRS 16 on December 1, 2019 and has chosen not to restate comparative information in accordance with the transitional provisions in IFRS16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

The adoption of IFRS 16 resulted in the recognition of a right-of-use asset and a lease liability measured at the present value of the future lease payments on the consolidated statements of financial position. An amortization expense on the right-of-use asset and an interest expense on the lease liability has replaced the operating lease expense. IFRS 16 has changed the presentation of cash flows relating to leases in the Company's unaudited condensed consolidated interim statements of cash flows, however, it does not cause a difference in the amount of cash transferred between the parties of the lease. In accordance with the transition of IFRS 16, as at December 1, 2019 the Company recognized the right-of-use asset of $1,851,180 and lease liabilities of $1,851,180. When measuring lease liabilities, the Company incremental borrowing rate applied was 18% per annum.

Operating lease commitments as at November 30, 2019	$	2,592
Discount of future commitments as at December 1, 2019		(741)
Lease liabilities recognized as at December 1, 2019	**$**	**1,851**

Lease Agreements

As at November 30, 2020, the minimum lease payments for the lease liabilities are as follows:

Year ending:		
2021		404
2022		421
2023		305
2024		31
		1,161
Less: Interest expense on lease liabilities		(245)
Total present value of minimum lease payments	**$**	**916**

As at November 30, 2020, the minimum lease payments for the lease liabilities, assets held for sale are as follows:

Year ending:		
2021		225
2022		231
2023		238
2024		100
		794
Less: Interest expense on lease liabilities		(198)
Total present value of minimum lease payments	**$**	**596**

From time to time, the Company enters into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice.

(ii) *IAS 20 – Accounting for government grants and disclosure of government assistance*

The Company applied for COVID-19 financial relief in Canada under the Canada Emergency Wage Subsidy ("CEWS") program. The CEWS program is a wage subsidy program launched by the Canadian federal government to qualifying employers to subsidize payroll costs during the COVID-19 pandemic. The qualified subsidy amounts received under the CEWS program are non-repayable.

Government grants and assistance are recognized as a reduction in the related expense in the period in which there is reasonable assurance that the grant or assistance has become receivable and all conditions, if any, have been satisfied.

As at November 30, 2020, the Company qualified to receive the CEWS, and of the $1.66 million applied for, $1.09 million has been received and $566,445 is accrued for under trade and other receivables.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk).

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Company's financial instruments consist of cash, receivable and accounts payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

Market Risk
Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk
The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Interest Rate Risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in certificates of deposit or interest-bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported consolidated net loss and comprehensive consolidated net loss for the period.

Commodity Price Risk
The Company is exposed to price risk with respect to commodity prices of cannabis. As a result, commodity price risk may affect the Company's ability to operate profitably, completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Credit Risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

As at November 30, 2020, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Currency Risk
The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Maturity Risk

1. The Company's cash and cash equivalents balance at November 30, 2020 was in the amount of $625,007. At November 30, 2020, the Company had accounts receivable of $2,066,587, accounts payable and accrued liabilities of $2,487,589, current lease liabilities of $266,789, lease liabilities associated with assets held for sale of $596,286, short term convertible note of $276,278, short term debt of $1,686,092, long term lease liabilities of $648,850, long term convertible note of $1,591,699 and long term debt of $3,024,810. All accounts payable and accrued liabilities are current.
2. As at November 30, 2020, the Company did not have derivative financial liabilities with contractual maturities.
3. Management of liquidity risk: Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The following table summarizes the maturities of the Company's financial liabilities as at November 30, 2020 based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 - 5 years
Accounts payable	**$ 2,488**	$ 2,488	$ 2,488	$ -
Due to related parties	**602**	602	602	-
Lease liabilities	**916**	1,161	404	757
Lease liabilities, assets available for sale	**596**	795	225	570
Convertible note	**1,868**	1,990	1,205	785
Long term debt	**4,711**	5,948	521	5,427
	$ 11,181	$ 12,984	$ 5,445	$ 7,539

NON-IFRS PERFORMANCE MEASUREMENT

The financial information in this MD&A contains certain financial performance measures that are not defined by and do not have any standardized meaning under IFRS; and are used by management to assess the financial and operational performance of the Company. These include, but are not limited to, the following:

- Yield per plant (in grams)
- Target production capacity
- Cost of cultivation or production (both “cash” and “all-in”)
- Adjusted gross margin (excluding fair value adjustments)
- Adjusted EBITDA

Cash cost of production is a financial performance measure used by the Company, which is not defined by and does not have any standardized meaning under IFRS. Cash costs to produce dried cannabis per gram is equal to production costs of dried cannabis less amortization, packaging costs and distribution costs divided by gram equivalents of cannabis produced in the quarter. Management believes this measure provides useful information as it removes noncash amortization and packaging costs and provides a benchmark of the Company against its competitors.

The Company believe that these non-IFRS financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company’s operating results, underlying performance and prospects in a similar manner to the Company’s management.

As there are no standardized methods of calculating these non-IFRS measures, the Company’s approaches may differ from those used by others, and accordingly, the use of these measures may not be directly comparable. 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.

RISK FACTORS

This section discusses factors relating to the business of the Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company’s business have the potential to influence its operations in a materially adverse manner.

COVID-19

The Company’s business is dependent on a number of key supply chains which could be adversely disrupted by a number of factors including, among others, major health issues or pandemic. In particular, major health issues and pandemics, such as the global impact of COVID-19. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 outbreak on the Company’s business, which may be adversely affected or cause disruption. These risk factors are out of the Company’s control.

Liquidity and Additional Financing

The Company has limited financial resources and revenues. There can be no assurance that additional funding will be available to it for further development of its assets or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Reliance on Licenses

The Company's ability to grow, store cannabis in Canada is dependent on maintaining its license with Health Canada. All licenses are, or will be, subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licenses, to maintain its licenses, and to renew the licenses after their expiry dates would have a material adverse impact on the business, financial condition and operating results of the Company.

Although the Company believes that it will meet the requirements of the CA&R for future extensions or renewals of any required licenses, there can be no assurance that Health Canada will extend or renew the licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew existing licenses should it renew existing license on different terms, or should it refuse applications for new licenses, the business, financial condition and operating results of the Company would be materially adversely affected.

Regulatory Risks
The activities of the Company 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 future sale of its products. The Company cannot predict the time required to secure all 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 Company's business, results of operations and financial condition.

Change in Laws, Regulations and Guidelines
The Company's business is subject to particular laws, regulations, and guidelines. The production and distribution of cannabis is a highly regulated field, and although the Company intends to comply with all laws and regulations, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Limited Operating History, History of Losses, and No Assurance of Profitability
The Company was incorporated and began operations in June 2017 and as of the date of this MD&A had not generated material revenue from the sale of its products or services. The Company is subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenues.

The Company has incurred operating 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. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Unfavourable Publicity or Consumer Perception
The success of the cannabis industry may be significantly influenced by the public's perception of cannabis's medicinal and recreational applications. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of cannabis may have a material adverse effect on our operational results, consumer base and financial results.

Competition
Health Canada has issued numerous licences under the Cannabis Act & Regulations. Accordingly, a large number of licensed cannabis companies are currently operating in the Canadian recreational and medical cannabis markets. This has resulted in a highly competitive marketplace, with a significant number of companies dealing with major solvency issues. Moreover, legal cannabis companies face ongoing competition from illicit cannabis operations (commonly referred to as the 'black market' and/or 'grey market'). In summary, the Company faces intense competition from various sources, and recognizes that many of its competitors are larger and better financed.

Uninsured or Uninsurable Risk
The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel
The Company's success will depend on its directors' and officers' ability to develop and execute on the Company's business strategies and manage its ongoing operations, and on the Company's ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest
Certain of the Company's directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers' conflict with or diverge from the Company interests. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Litigation
The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert

management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Agricultural Operations

Since the Company's business will revolve mainly around the growth of agricultural products, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although the Company expects to grow its product in climate controlled, monitored, indoor locations, there is no guarantee that changes in outside weather and climate will not adversely affect production.

Transportation Disruptions

The Company will depend on fast, cost-effective and efficient transportation services to distribute its product. Any prolonged disruption of these services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with transportation services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Fluctuating Prices of Raw Materials

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

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water and air, the handling and disposal of hazardous and nonhazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain required environmental approvals or otherwise 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 unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

In accordance with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the establishment and maintenance of Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR") 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 accompanying financial statements.

NI 52-109 requires the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Proposed Transactions
There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of potential business relationships.

Approval
The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A.

Other Requirements
Additional disclosure of the Company's material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.