FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: BevCanna Enterprises Inc. (the "Issuer").

Trading Symbol: BEV

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. **Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

Disclosure regarding the transactions with Related Persons has been disclosed in the notes to the Financial Statements for the three month period ended March 31, 2021.

2. **Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

A summary of the securities issued and options granted has been disclosed in the Condensed Interim Financial Statements and in the notes to the Financial Statements for the three month period ended March 31, 2021.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

A summary of the securities issued and options granted has been disclosed in the Condensed Interim Financial Statements and in the notes to the Financial Statements for the three month period ended March 31, 2021.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director and Officer	Position(s) Held
Marcello Leone	Chairman, Chief Executive Officer and Director
Melise Panetta	President
Martino Ciambrelli	Director
John Campbell	Chief Financial Officer, Chief Strategy Officer, Corporate Secretary and Director
Phil Fontaine	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

See the attached Management's Discussion & Analysis for the period ended March 31, 2021.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated June 1, 2021.

Marcello Leone
Name of Director or Senior Officer

"Marcello Leone"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer **BevCanna Enterprises Inc.**	For Quarter Ended **March 31, 2021**	Date of Report YY/MM/D **21/06/01**
Issuer Address **PO Box 33957 Vancouver D CSC**		
City/Province/Postal Code **Vancouver, BC V6J 4L7**	Issuer Fax No. **N/A**	Issuer Telephone No. **604.569.1414**
Contact Name **Marcello Leone**	Contact Position **Chief Executive Officer**	Contact Telephone No. **604.569.1414**
Contact Email Address **info@bevcanna.com**	Web Site Address **www.bevcanna.com**	

SCHEDULE A

Financial Statements

[see attached]

BEVCANNA ENTERPRISES INC.

Condensed Interim Consolidated Financial Statements

(unaudited)

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity’s auditor.

May 31, 2021

BevCanna Enterprises Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)
(Expressed in Canadian dollars)

	Notes	March 31, 2021	December 31, 2020
		$	$
ASSETS			
Current			
Cash		3,614,120	1,034,539
Amounts receivable	3	373,082	429,547
Inventory	4	360,594	-
Marketable securities	5	371,060	-
Prepaid expenses and deposits	6	5,707,670	944,423
Due from related parties	15	2,193,946	-
		12,620,472	2,408,509
Property and equipment	7	16,658,244	5,693,361
Right of use asset	8	14,265	-
Licence agreement	9	-	9,234,223
Intangible assets	10	23,146,092	3,788,831
Goodwill	10,11	36,766,344	3,209,198
		89,205,417	24,334,122
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Trade payable and accrued liabilities	12	1,978,555	1,732,761
Deferred revenue		24,832	-
Due to related parties	15	18,810	66,342
Promissory note	14	2,518,630	-
		4,540,827	1,799,103
Non-Current			
Convertible debentures	16	1,866,934	510,090
CEBA loan	17	84,602	24,787
Lease obligation	13	14,733	-
Deferred income tax liability	10	3,931,378	-
		5,897,647	534,877
Shareholders' equity			
Share capital	18	89,657,055	44,834,949
Common shares held in treasury	18	(4,497,570)	-
Obligation to issue shares	18	1,075,000	2,046,500
Reserve	18,19,20	25,972,491	6,524,418
Accumulated other comprehensive income		(2,353)	3,374
Deficit		(33,428,575)	(31,409,099)
Non-controlling interest		(9,105)	-
		78,766,943	22,000,142
		89,205,417	24,334,122

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 23)
Subsequent events (Note 25)

Approved and authorized for issue on behalf of the Board of Directors on May 31, 2021

"Marcello Leone"	*"John Campbell"*
Director, Marcello Leone	Director, John Campbell

The accompanying notes are an integral part of these condensed interim consolidated financial statements

BevCanna Enterprises Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (unaudited)
(Expressed in Canadian dollars)

Three months ended March 31,	Notes	2021	2020
		$	$
Revenue		630,747	-
Cost of revenue		(552,082)	-
Gross profit		78,665	-
Administration expenses			
Amortization	7,8,9,10	681,751	314,277
Filing, listing and compliance		34,289	7,362
Investors relations		91,068	30,000
Marketing		44,831	67,010
Management fee	15	135,000	75,500
Legal fee		143,495	117,074
Plant operations and facilities		218,029	19,115
Professional and consulting fee		460,142	475,502
Rent		5,250	28,894
Research and development		33,245	160,776
Salaries		113,925	115,825
Share-based payments	15,19	31,416	515,184
Travel		542	10,698
		1,992,983	1,950,346
Other expenses (income):			
Accretion expense	16,17	19,691	-
Finance cost		-	13,129
Foreign exchange loss (gain)		(6,274)	56,632
Interest expense		32,019	-
Loss on marketable securities	5	214,655	91,967
Loss on acquisition	10	-	207,353
Gain on debt settlement	18	(145,828)	(88,624)
		114,263	267,328
Net loss for the period		(2,028,581)	(2,217,674)
Other comprehensive income			
Item that may be reclassified subsequently to income or loss:			
Exchange differences on the translation of foreign operation		(5,727)	-
Comprehensive loss		(2,034,308)	(2,217,674)
Total comprehensive loss attributable to:			
Shareholders of BevCanna		(2,025,203)	(2,217,674)
Non-controlling interest		(9,105)	-
Loss per share (basic and diluted)		(0.01)	(0.04)
Weighted average number of shares outstanding (basic and diluted)		139,843,812	56,520,723

The accompanying notes are an integral part of these condensed interim consolidated financial statements

BevCanna Enterprises Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)
(Expressed in Canadian dollars)

	Common shares		Common shares held in treasury	Reserve	Obligation to issue shares	Accumulated other comprehensive income	Deficit	Non-controlling interest	Total
	Number of shares	Amount ($)	$	$	$	$	$	$	$
Balance, December 31, 2019	47,914,886	24,751,580	(300,858)	5,220,238	1,000,000	-	(17,164,267)	-	13,506,693
Shares issued for services	1,000,000	460,000	-	-	-	-	-	-	460,000
Shares issued for debt settlement	3,389,175	1,466,776	-	-	-	-	-	-	1,466,776
Shares issued for acquisition	8,941,176	3,442,353	-	-	-	-	-	-	3,442,353
Share issuance costs	-	(9,793)	-	-	-	-	-	-	(9,793)
Share-based compensation	-	-	-	15,184	-	-	-	-	15,184
Funds received for share subscription	-	-	-	-	225,000	-	-	-	225,000
Net loss	-	-	-	-	-	-	(2,217,674)	-	(2,217,674)
Balance, March 31, 2020	61,245,237	30,110,916	(300,858)	5,235,422	1,225,000	-	(19,381,941)	-	16,888,539
Balance, December 31, 2020	110,467,627	44,834,950	-	6,524,418	2,046,500	3,374	(31,409,099)	-	22,000,142
Shares issued for cash	2,433,334	2,596,666	-	1,003,333	(696,250)	-	-	-	2,903,750
Shares issued for debt settlement	58,810	54,105	-	-	-	-	-	-	54,105
Shares issued for services	25,000	37,500	-	-	-	-	-	-	37,500
Shares issued for options exercised	7,624,000	5,008,757	-	(1,822,257)	(350,250)	-	-	-	2,836,250
Shares issued for warrants exercised	1,348,000	708,000	-	(190,000)	-	-	-	-	518,000
Shares issued for conversion of convertible debt	20,000	18,754	-	(3,754)	-	-	-	-	15,000
Shares issued for acquisitions	50,000,000	36,398,323	-	20,429,335	-	-	-	-	56,827,658
Shares acquired	-	-	(4,497,570)	-	-	-	-	-	(4,497,570)
Share-based compensation	-	-	-	31,416	-	-	-	-	31,416
Subscriptions received	-	-	-	-	75,000	-	-	-	75,000
Translation difference	-	-	-	-	-	(5,727)	-	-	(5,727)
Net loss	-	-	-	-	-	-	(2,019,476)	(9,105)	(2,028,581)
Balance, March 31, 2021	171,976,771	89,657,055	(4,497,570)	25,972,491	1,075,000	(2,353)	(33,428,575)	(9,105)	78,766,943

The accompanying notes are an integral part of these condensed interim consolidated financial statements

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian dollars)

Three months ended March 31,	2021	2020
	$	$
Operating activities		
Net loss	(2,028,581)	(2,217,674)
Items not affecting cash:		
Amortization	681,751	314,277
Accretion expense	19,691	-
Loss on marketable securities	214,655	91,967
Gain on debt settlement	(145,828)	(88,624)
Loss on acquisition of Carmanah	-	207,353
Share-based payments	31,416	515,184
Shares issued for services	37,500	-
Unrealized foreign exchange loss (gain)	(6,274)	56,632
	(1,195,670)	(1,120,885)
Changes in non-cash working capital items:		
Amounts receivable	186,660	(304,390)
Prepaid expenses and deposits	(1,985,482)	(16,814)
Inventory	6,034	-
Deferred revenue	24,832	-
Trade payable and accrued liabilities	(1,025,970)	846,099
Due to/from related parties	119,665	549,949
Cash (used in) provided by operating activities	(3,869,931)	(46,041)
Investing activities		
Purchase of property and equipment	(107,469)	(599,693)
Proceeds from sale of marketable securities	-	42,273
Cash from acquisition of Carmanah	-	300,000
Cash from acquisition of Naturo	152,352	-
Cash (used in) provided by investing activities	44,883	(257,420)
Financing activities		
Proceeds from issues of shares	2,903,749	-
Proceeds from options exercised	2,836,250	-
Proceeds from warrants exercised	518,000	-
Share subscriptions received	75,000	225,000
Promissory note payments	(26,849)	-
Lease payments	(1,459)	-
Repayment of convertible debt	(115,000)	-
Share issuance costs	-	(9,793)
Cash provided by financing activities	6,189,691	215,207
Increase (decrease) in cash	2,579,581	(88,254)
Effect of change in foreign exchange rate	(5,727)	-
Cash, beginning	1,034,539	88,983
Cash, ending	3,614,120	729
Supplemental non-cash information		
Shares issued for acquisition of intangible assets	19,812,000	3,442,353
Shares issued for acquisition of goodwill	33,557,146	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1) Nature of operations

BevCanna Enterprises Inc. (the “Company”) was incorporated under the Business Corporations Act in British Columbia on July 13, 2017. On July 2, 2019, the Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “BEV”, in the United States on the OTCQB under symbol “BVNNF”, and in Germany on the Frankfurt Stock Exchange under the symbol “7BC”. The registered record office of the Company is 900 – 885 West Georgia Street, Vancouver, BC, V6C 3H1.

The Company develops and manufactures cannabidiol (“CBD”) and tetrahydrocannabinol (“THC”) beverages and supplements for both in-house brands and white-label customers. It also provides direct-to-customer sales of natural health products including nutraceutical and hemp-based CBD products.

The Company has incurred losses and negative cash flows from operations that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, convertible debentures and through private placements of common shares. These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the condensed interim consolidated statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The outbreak of the coronavirus, also know as “COVID-19”, continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2) Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2020, which have been prepared with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These condensed interim consolidated financial statements were approved by the Company’s Board of Directors on May 31, 2021.

2. Basis of presentation (continued)

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Basis of consolidation

These condensed interim consolidated financial statements include those of the Company and of the entities it controls (the "subsidiaries"). Control over an investee is achieved when the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. Convertible securities that give the Company voting rights or reduce another party's voting rights to direct the relevant activities of another entity are considered when determining control. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interest. The subsidiaries' total comprehensive income is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Entities are consolidated from the date on which control is acquired by the Company and consolidation ends when control no longer exists. The Company must reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Intercompany transactions, balances and unrealized gains and losses on intercompany transactions are eliminated on consolidation.

Name of subsidiary or controlled entity	Principal activity	Place of incorporation	Ownership interest
BevCanna Enterprises Inc.	Holding company	Canada	100%
BevCanna Operating Corp.	THC/CBD beverages	Canada	100%
Naturally Pure Therapy Products Corp. ("Pure Therapy")	Direct-to-consumer e-commerce	Canada	100%
La Fortuna Ventures LLC	E-commerce merchant	U.S.A.	-
Naturo Group Enterprises Inc. (Formerly Naturo Group Investments Inc.)	Wellness beverages	Canada	100%
Naturo Springs Ltd.	Bottled spring water	Canada	79%

The Company consolidates La Fortuna through Pure Therapy. The Company has an arrangement with La Fortuna Ventures LLC ("La Fortuna") that gives the Company power over La Fortuna to affect the amount of its returns and has exposure and rights to variable returns from La Fortuna.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The Company measures goodwill as fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets and liabilities assumed, all measured as of the acquisition date.

2) Basis of presentation (continued)

(c) Basis of consolidation (continued)

Consideration transferred includes the fair value of the assets transferred (including cash), the liabilities incurred by the Company on behalf of the acquiree, any contingent consideration and any equity interests issued by the Corporation. Transaction costs, other than those associated with the issuance of debt or equity securities that the Company incurs in connection with a business combination, are expensed as incurred.

The acquisition date is the date when the Company obtains control of the acquiree. 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 a liability is re-measured at subsequent reporting dates in accordance with the criteria and guidance provided under IFRS with corresponding gain or loss recorded in the statements of comprehensive loss.

(d) Functional and presentation currency

The condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of the Company, BevCanna Enterprises Inc., BevCanna Operating Corp., Naturo Group Investments Inc., and Naturo Springs Ltd. is the Canadian dollar. The functional currency of Pure Therapy and Naturo Investments (USA) Inc. is the US dollar.

(e) Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Actual results could differ from these estimates.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company makes estimates on the useful lives when determining depreciation of property and equipment and the amortization of intangible assets are dependent on 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 consider factors such as economic and market condition and useful lives of assets.

ii. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

2) Basis of presentation (continued)

(e) Use of estimates and judgments (continued)

iii. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Significant Judgments

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to consider all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. The Company evaluated cash-generating units ("CGU") at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible assets and goodwill. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider various factors such as economic and market condition and future use of these assets.

iii. The determination of whether a set of assets acquired and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits.

iv. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

v. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

2) Basis of presentation (continued)

(f) Significant accounting policies

Refer to the audited consolidated financial statements for the year ended December 31, 2020 for a full list of significant accounting policies. Additional significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below.

Inventory

Inventory consists primarily of finished goods, raw ingredients and packaging. Inventory is valued at the lower of cost and net realizable value with cost based upon the weighted average method of inventory costing. The realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventory is based on landed cost, which includes all costs incurred to bring inventory to the Company's distribution centers. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records it as a charge to cost of sales.

Non-controlling interest ("NCI")

NCI is measured at its proportionate share of the acquiree's identifiable net assets or liabilities. Net income or loss and comprehensive income or loss for the period are allocated between NCI and shareholders of the parent. NCI in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

New accounting standards not yet adopted

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of a liability as either current or non-current. On July 15, 2020, the IASB issued an amendment deferring the effective date by one year. Currently the amendments are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

The amendments eliminated the requirement that the right to defer settlement or transfer of a liability for at least 12 months be unconditional to classify a liability as non-current. Instead, the right must be substantive and exist at the end of the reporting period.

The amendments also clarify how an entity classifies a liability that is convertible at the option of the counterparty. The amendments state that:

- The settlement of a liability includes the transfer of the entity's own equity instruments to the counterparty.
- When classifying a liability as current or non-current, an entity may only omit conversion options recognized as equity.

(Expressed in Canadian dollar, unless otherwise noted)

2) Basis of presentation (continued)

(f) Significant accounting policies (continued)

Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16)

On May 14, 2020, the IASB published *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The amendments provide guidance for the recognition of proceeds from selling items that an entity produces and sells in the process of making an item of property, plant and equipment available for its intended use, as well as the associated production costs. Specifically, the proceeds from selling items produced before the related asset is available for use, as well as the related production costs, must be recognized in profit or loss.

3) Amounts receivable

	March 31, 2021 $	December 31, 2020 $
Reserve income asset	175,330	76,392
GST receivable	41,687	323,155
Other receivable	156,065	30,000
	373,082	429,547

Reserve income asset balance comprises amounts being processed by banks and not released yet as at March 31, 2021.

During the three months ended March 31, 2021 there is $nil (2020 - $nil) bad debt expense recognized on the condensed interim consolidated statement of comprehensive loss.

4) Inventory

	March 31, 2021 $	December 31, 2020 $
Bottles and packaging	6,319	-
Finished goods	269,098	-
Raw materials	85,177	-
	360,594	-

(Expressed in Canadian dollar, unless otherwise noted)

5) Marketable securities

	March 31, 2021 $	December 31, 2020 $
Balance, beginning of the year	-	149,460
Acquired (Note 10)	585,715	-
Purchases	-	-
Disposition	-	(42,273)
Remeasurement loss [1]	(214,655)	(91,745)
Realized loss	-	(15,442)
Balance, end of the year	371,060	-

(1) The fair value of the warrants was estimated using the Black Scholes Option Pricing Model with the following weighted average assumptions: risk-free rate of 0.49% (December 31, 2020 - 0.20%), expected life of 0.9 years (December 31, 2020 - 0.2 years), expected volatility of 300% (December 31, 2020 - 70%), and dividend yield of $nil (December 31, 2020 - $nil).

During the year ended December 31, 2020, the Company disposed of its marketable securities for $42,273 and recognized a loss of $15,442.

6) Prepaid expenses and deposits

	March 31, 2021 $	December 31, 2020 $
Prepaid expenses	2,489,194	414,264
Deposit on investment [1][2]	530,159	530,159
Prepaid third-party consulting fees	1,170,000	-
Prepaid related party consulting fees	1,518,317	-
	5,707,670	944,423

(1) $197,866 was deposit on investment made towards convertible debentures with Serovita under an exclusive license Agreement (note 23).

(2) $332,293 was deposit for a private placement of 600,000 common shares of Capna under an intellectual property and trademark license agreement (note 23).

(Expressed in Canadian dollar, unless otherwise noted)

7) Property and equipment

	Land $	Furniture and equipment $	Construction in progress $	Buildings and warehouse $	Leasehold improvements $	Computers $	Total $
Cost							
At December 31, 2019	-	167,083	4,360,824	-	34,917	11,980	4,574,804
Additions	-	65,404	1,077,221	-	-	964	1,143,589
At December 31, 2020	-	232,487	5,438,045	-	34,917	12,944	5,718,393
Acquired (Note 10)	1,550,000	1,531,475	-	9,427,274	-	-	12,508,750
Additions	-	13,040	94,429	-	-	-	107,469
At March 31, 2021	1,550,000	1,777,003	5,532,474	9,427,274	34,917	12,944	18,334,612
Accumulated amortization							
At December 31, 2019	-	5,749	-	-	-	2,072	7,821
Depreciation	-	14,130	-	-	-	3,081	17,211
At December 31, 2020	-	19,879	-	-	-	5,153	25,032
Acquired (Note 10)	-	917,295	-	677,274	-	-	1,594,570
Depreciation	-	17,891	-	38,356	-	519	56,766
At March 31, 2021	-	955,065	-	715,630	-	5,672	1,676,368
Net book value							
At December 31, 2020	-	212,608	5,438,045	-	34,917	7,791	5,693,361
At March 31, 2021	1,550,000	821,937	5,532,474	8,711,644	34,917	7,271	16,658,244

8) Right-of-use assets

	Vehicles $	Equipment $	Total $
Cost			
At December 31, 2020	-	-	-
Additions	18,867	14,755	33,622
At March 31, 2021	18,867	14,755	33,622
Accumulated depreciation:			
At December 31, 2020	-	-	-
Additions	12,749	5,142	17,891
Amortization	1,019	447	1,466
At December 31, 2020	13,768	5,589	19,357
Net book value:			
At December 31, 2020	-	-	-
At March 31, 2021	5,099	9,166	14,265

(Expressed in Canadian dollar, unless otherwise noted)

9) Licence agreement

On September 12, 2018, the Company entered a 10-year licence agreement (the "Licence Agreement") with two 10-year renewal options with Naturo Group Investments Inc. ("Naturo") and Naturo Springs Ltd. ("Springs"), both related parties. Pursuant to the agreement, the Company entered into a lease agreement with Naturo and Springs to lease a portion of the land, aquifer and facilities controlled by Naturo and/or Springs in order to facilitate the development of the Company's business, and Naturo will provide the Company with certain manufacturing and quality assurance services for manufacturing beverages in Naturo's facility. The Company paid Naturo $12,400,000 pursuant to the Licence Agreement, 50% of which was paid in common shares and the remaining portion in cash.

On February 14, 2020, the Company entered into an amended second lease agreement with Naturo to increase the premises for permitted use by the Company from 5,500 square feet to 12,289 square feet for the remaining term of the lease. The Company agreed to pay $1,253,400 for the additional space and displacement fee to Naturo. $600,000 was paid in cash during the year ended December 31, 2019. On March 6, 2020, the Company issued 1,537,411 common shares at a price of $0.425 per share for the remaining displacement fee.

On February 18, 2021, the Company acquired Naturo (Note 10) and therefore the license agreement is eliminated on consolidation. Prior to the acquisition, the Company recorded amortization of $168,778 related to the license agreement.

10) Intangible assets

	Cannabis genetics library (a) $	Distribution network (b) $	IBO relationships (c) $	Marketing intangibles (c) $	Brand (d) $	Water rights (d)	Total $
Cost							
At December 31, 2019	-	-	-	-	-	-	-
Additions	2,959,600	540,063	3,340,000	590,000	-	-	7,429,663
At December 31, 2020	2,959,600	540,063	3,340,000	590,000	-	-	7,429,663
Additions	-	-	-	-	3,540,000	16,272,000	19,812,000
At March 31, 2021	2,959,600	540,063	3,340,000	590,000	3,540,000	16,272,000	27,241,663
Accumulated amortization							
At December 31, 2019	-	-	-	-	-	-	-
Depreciation	-	62,132	119,976	21,193	-	-	203,301
Impairment	2,959,600	477,931	-	-	-	-	3,437,531
At December 31, 2020	2,959,600	540,064	119,976	21,193	-	-	3,640,832
Depreciation	-	-	419,178	16,164	19,397	-	454,739
At March 31, 2021	2,959,600	540,064	539,154	37,357	19,397	-	4,095,571
Net book value							
At December 31 2020	-	-	3,220,024	568,807	-	-	3,788,831
At March 31, 2021	-	-	2,800,846	552,643	3,520,603	16,272,000	23,146,092

(Expressed in Canadian dollar, unless otherwise noted)

10) Intangible assets (continued)

(a) *Acquisition of Carmanah Craft Corp.*

On January 14, 2020, the Company concluded a share exchange agreement with Carmanah Craft Corp. ("Carmanah"), and issued 8,941,176 common shares to the shareholders of Carmanah to acquire 100% of the issued and outstanding shares of Carmanah. The acquisition of Carmanah included $300,000 in cash and intangible assets consisting of a library of cannabis genetics and strains. The acquisition of Carmanah has been accounted for as asset acquisition and was recorded with the consideration as detailed in the table below:

Consideration:		
Fair value of common shares issued (8,941,176 @ $0.385 per share)	$	3,442,353
Transaction costs paid		24,600
Total consideration		3,466,953
Net assets acquired:		
Cash		300,000
Intangible assets – cannabis genetics library		2,959,600
Total net assets		3,259,600
Loss on acquisition	$	207,353

As at December 31, 2020, the Company determined the cannabis genetics library was impaired due to the uncertainty in realizing future benefit from the intangible assets. Accordingly, a $2,935,000 impairment loss was charged to the consolidated statements of comprehensive loss, and the carrying value of the intangible asset of cannabis genetics library were reduced to $nil.

(b) Acquisition of Exceler Holdings Ltd.

On June 15, 2020, the Company concluded a share exchange agreement with Exceler Holdings Ltd. ("Exceler"), and issued 2,000,000 common shares to the shareholders of Exceler to acquire 100% of the issued and outstanding shares of Exceler. The acquisition was completed on June 18, 2020 and includes intangible assets consisting of Exceler's distribution network across Europe and Asia. The acquisition has been accounted for as an acquisition of assets and liabilities. Upon closing of the acquisition, Exceler became a wholly-owned subsidiary.

Consideration:		
Fair value of common shares issued (2,000,000 @ $0.265 per share)	$	530,000
Transaction costs paid		10,063
		540,063
Assets acquired:		
Intangible asset – distribution network		540,063
		540,063

During the year ended December 31, 2020, the Company determined the distribution network was impaired due to the uncertainty in realizing future benefit from the intangible assets. Accordingly, a $477,931 impairment loss was charged to the consolidated statements of comprehensive loss, and the carrying value of the distribution network was reduced to $nil.

(Expressed in Canadian dollar, unless otherwise noted)

10) Intangible assets (continued)

(c) *Acquisition of Naturally Pure Therapy Products Corp.*

On September 4, 2020, the Company concluded a share exchange agreement with Pure Therapy and acquired all of the issued and outstanding common shares of Pure Therapy who operates direct-to-consumer e-commerce product sales. The intangible assets acquired includes a list of customers acquired through contracts of partnership with Independent Business Owners (“IBOs”) to sell Pure Therapy products through online campaigns, brands and websites and associated marketing intangibles (the “Marketing Intangibles”).

The acquisition has been accounted for as a business combination in accordance with IFRS 3 *Business Combinations*, using the acquisition method whereby the net assets acquired are recorded at fair value. The following table presents the fair value of the assets acquired at the date of the acquisition:

Consideration:		
Fair value of common shares issued (30,000,000 @ $0.245 per share)	$	7,350,000
Net assets acquired:		
Cash		210,802
Intangible asset – IBO relationships		3,340,000
Intangible asset – Marketing intangibles		590,000
Total net assets		4,140,802
Goodwill (note 11)	$	3,209,198

For the three months ended March 31, 2021, Pure Therapy has contributed a net loss of $1,930 (2020 - $nil) to the consolidated statements of comprehensive loss of the Company.

(d) *Acquisition of Naturo Group Investments Inc.*

On December 11, 2020, and as amended on January 31, 2021, the Company entered into an amalgamation agreement to complete the acquisition of all issued and outstanding securities of Naturo Group Investments Inc. (“Naturo”). Naturo develops and manufactures beverages and consumer products for in-house brands and private label clients and is based in BC. The acquisition closed on February 18, 2021.

In accordance with IFRS 3, the substance of a transaction constitutes a business combination as the business of Naturo meets the definition of a business under the standard. Accordingly, the assets acquired and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date.

(Expressed in Canadian dollar, unless otherwise noted)

10) Intangible assets (continued)

(d) *Acquisition of Naturo Group Investments Inc. (continued)*

The purchase price is based on management's estimate of fair value of the following transactions:

a) 50,000,000 common shares of the Company were issued to the former shareholders of Naturo with a fair value of;
b) The Company assumed the obligation to issue:
   (i) 450,000 common shares in the capital of the Company pursuant to outstanding options in Naturo exercisable at $0.25 until July 31, 2024,
   (ii) 26,250,000 common shares in the capital of the Company pursuant to outstanding warrants in Naturo exercisable at $0.50 until August 19, 2021, and
   (iii) Such common shares in the capital of the Company as may be issuable pursuant to a convertible debenture in Naturo in the principal amount of $1,468,373 convertible at $0.40 per share, maturing on January 27, 2023 and accruing interest at an annual rate of 10% which is also convertible into shares.

Consideration:	$
Fair value of common shares issued (50,000,000 @ $1.17)	36,398,323
Fair value of warrants	19,941,995
Fair value of options	487,340
Remaining balance of purchased License Agreement (note 9)	9,046,361
	65,874,019
Net assets acquired:	
Cash and cash equivalents	7,466,585
Other current assets	3,414,848
Property and equipment	10,914,182
Right of use asset	15,731
Liabilities assumed	(779,198)
Debt assumed	(4,595,897)
Deferred income tax	(3,931,378)
Intangible asset – water source	16,272,000
Intangible asset – brand	3,540,000
Total net assets	32,316,873
Goodwill (note 11)	33,557,146

For the three months ended March 31, 2021, Naturo has contributed a net loss of $462,852 (2020 - $nil) to the consolidated statements of comprehensive loss of the Company.

(Expressed in Canadian dollar, unless otherwise noted)

11) Goodwill

As at March 31, 2021, the Company recognized goodwill of $36,766,344 (December 31, 2020 - $3,209,198) upon the completion of the acquisition of Pure Therapy and Naturo. This goodwill represents the excess purchase price paid by the Company over the fair value of net tangible and intangible assets identified in the calculated purchase price. The goodwill recognized on acquisition is attributable mainly to the expected future growth potential and expanded customer base as a result of the completion of the acquisitions.

The Company tests the recoverability of its goodwill annually, or more frequently if events or changes in circumstances indicate that they might be impaired. As at March 31, 2021, the Company recorded $nil impairment charge related to its goodwill.

12) Accounts payable and accrued liabilities

	March 31, 2021 $	December 31, 2020 $
Trade payables	1,371,510	1,505,218
Capital expenditures payable	446,118	206,894
Accrued liabilities	160,927	20,649
Total	1,978,555	1,732,761

13) Lease obligation

The following table details the movement in the Company's lease obligations for the three months ended March 31, 2021:

	Vehicles $	Equipment $	Total $
At December 31, 2020	-	-	-
Acquired (Note 10)	6,385	9,807	16,192
Lease payments	(1,106)	(489)	(1,595)
Interest	48	88	136
At March 31, 2021	5,327	9,406	14,733

14) Promissory notes

On August 5, 2017, Naturo entered into a promissory note for $2,500,000 with an effective interest rate of 8%, payable quarterly, and due on August 5, 2020. On August 5, 2020, the promissory was extended for one year. As at March 31, 2021, the outstanding balance of the loan and accrued interest was $2,518,630. The loan is secured by the land of the Company and the personal property of the CEO under the general security agreement ("GSA").

(Expressed in Canadian dollar, unless otherwise noted)

15) Related party transactions and balances

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

The remuneration of directors and key management personnel was as follows:

Three months ended	March 31, 2021 $	March 31, 2020 $
Management fees		
Chief Strategic Officer ("CSO")	60,000	67,500
Chief Executive Officer ("CEO")	75,000	-
	135,000	67,500
Professional and consulting fee		
President	50,001	-
Past President	5,000	-
Company controlled by former President	41,389	-
Company controlled by a person related to the CEO	21,833	-
Company controlled by a person related to the CEO	77,381	-
	195,604	-
Share-based payments		
Director	15,708	-
	346,312	67,500

Accounts payable and accrued liabilities:

At March 31, 2021, the following amounts were included in accounts payable and accrued liabilities in relation to transactions with related parties, which were non-interest bearing, unsecured and due on demand:

- $26,012 (December 31, 2020 - $15,565) for services provided and expenses paid by the CEO of the Company;
- $3,245 (December 31, 2020 - $3,245) for expenses paid by the CSO of the Company; and
- $15,000 (December 31, 2020 - $nil) for services provided by a person related to the CEO.

Due from related parties:

As at March 31, 2021, the Company has receivable of $1,902,431 from the CEO of the Company. The amount is non-interest bearing, unsecured and due on demand. As at March 31, 2021, the Company has $250,000 due from a person related to the CEO.

Convertible debenture:

As at March 31, 2021, the Company has convertible debenture owing of $1,496,376 to a person related to the CEO of the Company. The loan bears a 10% interest payable monthly and due on Jan 27, 2023. As at March 31, 2021, $25,084 accrued interest remain unpaid.

(Expressed in Canadian dollar, unless otherwise noted)

16) Convertible debentures

On April 14, 2020, the Company completed a non-brokered financing of $630,000 by issuing convertible debentures ("Debentures"). The Debentures carry interest at the rate of 8% per annum payable semi-annually and mature on April 14, 2023. The Debentures are convertible to common shares of the Company at $0.75 per share.

The Company estimates 16% to be the market interest rate for a similar debt instrument without a conversion option. The initial liability component of the Debentures was calculated at the present value of interest payments and expected return using a discount rate of 16%. The equity component was determined using the residual method whereby, the fair value of the equity component is arrived at by deducting the amount determined separately for the liability from the face value of the instrument. Using this method, the Company determined that the fair value of the conversion feature was $118,252 which was recorded in the Company's equity reserve.

The holders of the Debentures are entitled to convert the unpaid principal and interest into common shares of the Company at a conversion price of $0.75 per common shares. If any time the daily weighted average trading price of the Company's shares is greater than $1.00 for the preceding 10 days, the Company will have the option to convert the outstanding principal amount at the price of $0.75 per common shares.

On January 27, 2021, Naturo completed a debt settlement with a related party (note 15) by issuing a convertible debenture of the Company for $1,505,021 with an interest bearing at 10% per annum, payable monthly and maturing in 24 months. The debenture is convertible at $0.40 per common share of the Company at any time at the discretion of the debenture holder.

On February 8, 2021, the Company exercised the right to early redeem $115,000 of the debenture and paid a total of $124,532 consisting of the principal balance and accrued interest.

On February 8, 2021, the Company converted $15,000 of its outstanding debentures into common shares by issuing 20,000 common shares of the Company. The Company reclassified $3,754 of the equity component from reserves to share capital related to the conversion.

	$
Balance, December 31, 2019	-
Addition	630,000
Transaction cost	(35,126)
Allocation of equity component	(118,252)
Accretion expense	33,468
Balance, December 31, 2020	510,090
Acquisition (Note 10)	1,468,373
Accretion expense	18,471
Conversion to shares (Note 18)	(15,000)
Early redemption	(115,000)
Balance, March 31, 2021	1,866,934

(Expressed in Canadian dollar, unless otherwise noted)

17) CEBA loans

In April 2020, the Company received a loan of $40,000 under Canada Emergency Business Account ("CEBA") program funded by the Government of Canada, of which $30,000 are non-forgivable and $10,000 are forgivable if the non-forgivable $30,000 is repaid prior to December 31, 2022. The CEBA loan is non-interest bearing, subject to restriction on disbursements for non-deferrable expenditures of the Company, and are repayable at any time without penalty, but amounts repaid cannot be readvanced.

The CEBA loan was initially due on December 31, 2020, and as it was not repaid at that time it converted to a non-interest-bearing term loan with a maturity date of December 31, 2022. If the term loan is not repaid by that time, the term loan will automatically renew with a maturity date of December 31, 2025, subject to interest at 5% per annum, with payments of interest due monthly. In the event of default, the loan payable becomes due immediately.

	$
Balance, December 31, 2019	-
Addition	23,202
Accretion expense	1,585
Balance, December 31, 2020	24,787
Acquisition (Note 10)	58,595
Accretion expense	1,220
Balance, March 31, 2021	84,602

The CEBA is accounted for using the amortized cost method discounted at an effective interest rate with the discount portion recorded as government grant.

18) Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

During the three months ended March 31, 2021, the Company entered into the following share capital transactions:

- On January 8, 2021, the Company issued 25,000 common shares to settle debt of $37,500 with a consultant. The common shares issued had a fair value of $26,750 and the Company recognized a gain on settlement of debt of $10,750.
- On January 8, 2021, the Company completed a private placement of $3,500,000 for 2,333,333 units at of the Company at $1.50 each. Each unit consists of one common share and one transferable common share purchase warrant, exercisable at $2.00 per warrant and expiring in one year from the date of closing. Of the total amount, $696,250 was received prior to December 31, 2020. Using the residual method, the common share purchase warrants were valued at $1,003,333.

(Expressed in Canadian dollar, unless otherwise noted)

18) Share capital (continued)

- On February 8, 2020, the Company issued 20,000 common shares on the conversion of $15,000 of the Debenture (Note 16).

- On February 8, 2021, the Company issued 58,810 common shares to settle $51,501 debt owned to various vendors. The common shares had a fair value of $54,105 and the Company recognized a loss on the settlement of debt of $2,604.

- On February 18, 2021, the Company issued 50,000,000 common shares valued at $36,398,323 pursuant to the acquisition of Naturo (Note 10).

- On March 15, 2021, the Company completed a private placement of 100,000 common shares of the Company for proceeds of $100,000.

19) Stock options

In 2018, the Company adopted an incentive stock option plan ("Plan"). Pursuant to the Company's stock option plan, directors may authorize the granting of options to directors, officers, employees and consultants of the Company. The expiry date for each option is determined by the board of directors at the time such option is granted. All options under the plan are non-assignable, non-transferrable and only exercisable by the optionee.

A summary of the changes in the share options are presented below:

	Options outstanding	Weighted average exercise price
		$
At December 31, 2019	4,999,000	0.47
Granted	12,266,667	0.37
Exercised [(1)]	(5,628,000)	0.35
At December 31, 2020	11,637,667	0.43
Granted	550,000	0.39
Exercised	(6,999,000)	0.41
At March 31, 2021	5,188,667	0.44

During the three months ended March 31, 2021

- On February 8, 2021, the Company granted 100,000 options with an exercise price of $1.00 to a consultant and a director. The options are exercisable for one year and vested immediately.

- On February 18, 2021, the Company granted 450,000 options with an exercise price of $0.25 and an expiry date of July 31, 2024 to Naturo option holders as part of the Naturo acquisition (Note 10). The options vested immediately.

(Expressed in Canadian dollar, unless otherwise noted)

19) Stock options (continued)

The estimated grant date fair value of the options granted during the three months ended March 31, 2021 and 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.45%	1.50%
Expected life (years)	3.0	3.0
Annualized volatility	100%	74%
Dividend rate	0%	0%

During the three months ended March 31, 2021 and 2020, the Company recognized share-based payments expense of $31,416 and $515,184, respectively. The following table summarizes information about the share options outstanding and exercisable at March 31, 2021:

Expiry date	Number of shares options outstanding	Number of shares options exercisable	Weighted average exercise price	Weighted average remaining contractual life
			$	
November 20, 2021	1,900,000	1,450,000	0.40	0.64
December 4, 2021	350,000	350,000	0.47	0.68
February 8, 2022	100,000	100,000	1.00	0.86
July 5, 2022	1,075,000	1,075,000	0.50	1.26
July 20, 2022	200,000	200,000	0.30	1.30
September 3, 2022	50,000	50,000	0.59	1.43
October 24, 2022	450,000	450,000	0.50	1.57
December 23, 2022	63,667	63,667	0.33	1.73
February 28, 2024	550,000	550,000	0.50	2.92
July 31, 2024	450,000	450,000	0.25	3.34
	5,188,667	4,738,667	0.44	1.49

20) Share purchase warrants

A summary of the changes in the share purchase warrants are presented below:

	Warrants outstanding	Weighted average exercise price
		$
At December 31, 2019	3,000,000	0.50
Granted	1,806,800	0.38
At December 31, 2020	4,806,800	0.45
Granted	28,583,333	0.60
Exercised	(1,348,000)	0.38
At March 31, 2021	32,042,133	$0.59

(Expressed in Canadian dollar, unless otherwise noted)

20) Share purchase warrants (continued)

The following table summarizes information about the share options outstanding and exercisable at March 31, 2021:

Expiry date	Exercise price	Number of shares options outstanding	Weighted average remaining contractual life
	$		
August 19, 2021	0.50	26,000,000	0.39
October 9, 2021	0.30	462,000	0.52
October 23, 2021	0.40	500,000	0.56
January 8, 2022	2.00	2,333,333	0.78
September 18, 2022	0.40	844,800	1.47
December 14, 2023	0.49	3,000,000	2.71
		32,042,133	

21) Financial instruments

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying value of the Company's financial assets and liabilities including cash, amounts receivable and deposits and trade and other payables included in the consolidated statement of financial position at March 31, 2021 and December 31, 2020 approximate their fair value due to their short terms to maturity.

Financial risks

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, foreign exchange risk, liquidity risk and interest rate risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks in the three months ended March 31, 2021.

21) Financial instruments (continued)

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its holdings of cash and amounts receivable. Cash is held with major Canadian bank or U.S. chartered banks. Amounts receivable primarily comprises balances either held back by the banks or amount recoverable from the government authority. management believes the risk of loss to be minimal.

Liquidity risk
Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Interest rate risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined there is no material exposure related to interest rate risk as the debt is fixed rate.

Foreign currency risk
The Company's functional and reporting currency is the U.S. dollar and major purchases are transacted in U.S. dollars. As a result, the Company's exposure to foreign currency risk is minimal.

22) Geographic segments

The Company' financial information by geography for the three months ended March 31, 2021 and 2020 is as follows:

	Canada $	U.S.A. $	Total $
Revenue:			
2021	66,481	564,266	630,747
2020	-	-	-
Loss from operations:			
2021	(2,026,651)	(1,930)	(2,028,581)
2020	(2,217,674)	-	(2,217,674)

The Company' total assets and liabilities by geography at March 31, 2021 and December 31, 2020 is as follows:

	Canada $	U.S.A. $	Total $
Total assets:			
March 31, 2021	88,853,185	352,323	89,205,417
December 31, 2020	24,207,528	126,595	24,334,123
Total liabilities:			
March 31, 2021	10,180,417	258,057	10,438,474
December 31, 2020	2,216,096	117,884	2,333,980

23) Commitments and contingencies

(a) Commitments

JD Agreement

On April 1, 2019, the Company entered into a joint development agreement ("JD Agreement") to develop cannabis infused beverages. The Company committed to provide funding of up to US$500,000. As of December 31, 2019, US$500,000 had been funded. The funding was expensed during the year ended December 31, 2019 as the project is still in the research phase. The Company has an irrevocable and exclusive right and option to purchase and acquire any or all of the right title and interest in and to other party of the JD Agreement and/or its assets and the other party's intellectual property ("Option"). The option is exercisable through the issuance of common shares and released on performance milestones being met as follows:

- US$1,000,000 within 3 months on launch of a powdered drink line;
- US$1,000,000 within 9 months on launch of a line of water drinks;
- US$1,400,000 on attainment of US$7,500,000 in revenues;
- US$1,400,000 on attainment of US$16,500,000 in revenue.

Upon exercise of the option, the Company will commit to injecting an additional US$1,000,000 to support the working capital needs of the JD Agreement. As at March 31, 2021, none of the above milestones have been met, therefore, no additional funding has been provided during the year ended December 31, 2020.

Exclusive License Agreement (Keef)

On April 30, 2020, the Company entered into an exclusive license agreement ("Keef Agreement") with CanCore Concepts Inc., ("Licensor"), a Colorado corporation whereby granting exclusive rights to the Company using Intellectual Property of the Licensor including name, logo and artwork. The Company will also obtain the license to use the intellectual property to manufacture and sell Licensed Products in Canada. The initial term of the agreement is three years and the Company will pay the Licensor through an exclusive purchase of Goods under the Sale of Goods Agreement. As part of the contract, the Company is also committed to invest US$150,000 in Serovita Holding Corp. ("Serovita") pursuant to convertible debentures as follows:

- US$50,000 to be paid, in two payments: US$25,000 by April 30 and US$25,000 by May 15, 2020;
- US$50,000 by May 31, 2020;
- US$50,000 by June 30, 2020

As of March 31, 2021, US$50,000 has been funded in cash. For the remaining US$100,000, the Company issued 182,500 common shares of the Company at a price of $0.70 per share on December 21, 2020 as a share for debt settlement in return for the Company's principal amount of Keef Brands's existing convertible debenture previously issued to the Company on April 30, 2020, which is convertible to shares of Keef. Upon the share for debt settlement completed on December 21, 2020, there is no future additional funding outstanding.

The total funding of $197,866 including cash and the share for debt settlement is recorded under deposit on investment (note 6).

23) Commitments and contingencies

(a) Commitments (continued)

Intellectual property and trademark license agreement

On May 8, 2020, the Company entered into an intellectual property and trademark license agreement with Capna Intellectual, Inc. (“Capna”), a California company whereby granting rights to use Capna’s Licensed IP to manufacture, advertise, distribute and sell certain products. The initial term of the agreement is five years with automatic extension of additional five years unless terminated. The Company will pay Capna a fixed percentage of royalty of net profits.

Definitive agreement (Argentia Gold Corp.)

On June 8, 2020, the Company signed a definitive agreement with Argentia Gold Corp. (“Argentia”), a Maritime-based licensed cannabis producer, to exclusively represent the Company’s line of cannabis-infused beverages in Newfoundland, PEI and New Brunswick. The Company will obtain the supply chain, distribution and sales infrastructure and services in these three Maritime provinces and pay Argentia a service fee of 15 percent, with up to an additional 5 percent bonus based upon achievement of mutually agreed sales milestones. The initial term of the agreement is for one year.

Consulting agreement

On November 10, 2020, the Company entered into an independent consulting agreement with a consultant to provide executive advisory services and lead revenue and profit generation for the Company from consumer products and B2B beverage co-packing business. The Company will pay $10,000 monthly in cash and $6,667 monthly, which may be settled as a shares-for-debt transaction in common shares of the Company. The Company also granted 600,000 stock options to purchase up to 600,000 common shares of the Company to the consultant. The option vests based on certain conditions:

- 300,000 options vest 25% per quarter, exercisable at $0.40 per share for a term of 2 years
- The remaining 300,000 options will vest based upon achieving the following milestones:
  - 100,000 options vest upon successfully commercializing Keef in Canada;
  - 100,000 options vest upon successfully commercializing Cali-Bloom in Canada;
  - 100,000 options vest upon successfully executing on 3 white-label client manufacturing agreements.

As of March 31, 2021, the consultant accepted the position as the new President of the Company.

(b) Contingencies

The Company is a party to a variety of agreements in the ordinary course of operation, under which it may be obligated to indemnify third parties with respect to certain matters. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company. Management assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to claims, proceedings or litigation that are pending against the Company or unasserted claims that may result in such proceedings, if the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company’s consolidated financial statements. Management believes these proceedings will not have a materially adverse effect on the Company.

24) Capital management

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from its ability to raise public and/or private equity or loan financing. The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash to include amounts held in banks. The Company places its cash with institutions of high credit worthiness.

The Company is not subject to any externally imposed capital requirements.

25) Subsequent Events

Debt

On April 1, 2021, the Company provided a $125,000 short-term loan to a third party. The loan is unsecured and due within 30 days. The loan bears 4% interest per annum and is due on demand.

Equity

On April 19, 2021, the Company entered into a sales agency agreement with a consultant to provide sales agent and promotion services. The Company granted 1,000,000 stock options to the consultant. The options vested based on certain revenue performance conditions and are exercisable at $1.50 per share.

Subsequent to March 31, 2021, the Company issued 300,000 common shares pursuant to the exercise of stock options.

Subsequent to March 31, 2021, the Company issued 614,825 common shares to settle debt with vendors.

Subsequent to March 31, 2021, the Company issued 737,500 common shares pursuant to the exercise of warrants.

Subsequent to March 31, 2021, the Company repaid $100,000 principal on promissory note (Note 14).

SCHEDULE C

Management Discussion and Analysis

[see attached]

BEVCANNA

BEVCANNA ENTERPRISES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2021 and 2020

Prepared as of May 31, 2021

INTRODUCTION

The following management's discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for Bevcanna Enterprises Inc. (the "Company") and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2021, the audited consolidated financial statements for the year ended December 31, 2020 and notes thereto. The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS").

As used in this MD&A and unless otherwise indicated, the terms "we", "us", "our", and "Company" refer to BevCanna Enterprises Inc. Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

The recent outbreak of the coronavirus, also known as "COVID-19", continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. The words "aim," "anticipate," "believe," "continue," "could," "expect," "intend," "likely", "may," "optimistic," "plan," "potential", "predict", "should," "would," and other similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on material factors and assumptions made by our Company in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate in the circumstances, including but not limited to:

- the Company's expectations regarding its consolidated revenue, expenses and operations;
- the Company's anticipated cash needs, its needs for additional financing;
- the Company's intention to develop its business and its operations;
- expectations with respect to future production costs and capacity;

- the grant and impact of any licence or supplemental licence to conduct activities with cannabis or any amendments thereof;
- expectations with respect to the future growth of its medical and/or adult-use recreational cannabis products;
- the Company's competitive position and the regulatory environment in which the Company operates; and
- expectations with respect to the Company's intended operations in California and the United States.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those indicated in these statements, including, but not limited to:

- uncertainty with respect to the conflict between United States federal and state laws;
- uncertainty over whether a market will develop for the Company's products;
- the Company's limited operating history;
- potential or actual conflicts of interest;
- the risk the Company is unable to obtain additional financing to achieve its business objectives and execute its strategy on satisfactory terms, or at all;
- uncertainty about the Company's ability to continue as a going concern; and
- changes in general economic or political conditions.

The forward-looking statements contained in this MD&A reflect our views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

SIGNIFICANT TRANSACTION

On February 22, 2021, the Company announced that it has closed its acquisition of Naturo Group Investments Inc. The combination of these two emerging industry leaders creates a diversified health and wellness; beverage and natural products company, with a global multi-channel sales and distribution network positioned for growth.

On December 11, 2020, and as amended on January 31, 2021, the Company entered into an amalgamation agreement to complete the acquisition of all issued and outstanding securities of Naturo Group Investments Inc. ("Naturo"). Naturo develops and manufactures beverages and consumer products for in-house brands and private label clients and is based in BC. The acquisition closed on February 18, 2021.

In accordance with IFRS 3, the substance of a transaction constitutes a business combination as the business of Naturo meets the definition of a business under the standard. Accordingly, the assets acquired and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date.

The purchase price is based on management's estimate of fair value of the following transactions:

a) 50,000,000 common shares of the Company were issued to the former shareholders of Naturo with a fair value of $36,398,323.
b) The Company assumed the obligation to issue:
    (i) 450,000 common shares (each, an "Option Share") in the capital of the Company pursuant to outstanding options in Naturo exercisable at $0.25 per Option Share until July 31, 2024,

(ii) 26,250,000 common shares (each, a “Warrant Share”) in the capital of the Company issuable upon exercise of outstanding warrants in Naturo exercisable at $0.50 per Warrant Share until August 19, 2021, and
(iii) Such common shares (each, a “Debenture Share”) in the capital of the Company as may be issuable pursuant to a convertible debenture in Naturo in the principal amount of $1,505,021 convertible at $0.40 per Debenture Share, maturing on January 27, 2023 and accruing interest at an annual rate of 10% which is also convertible into Debenture Shares.

DESCRIPTION OF BUSINESS

The Company is a diversified health and wellness and natural products producer and marketer. Through its wholly owned subsidiary, BevCanna Operating Corp. (“Bevopco”), it owns and operates an approximately 10,000 sq. ft. tetrahydrocannabinol (“THC”) beverage manufacturing plant near Osoyoos, BC. The plant, having just recently been approved by Health Canada, expects to commence production of THC beverages for its white label clients in late Q2 2021. At a later date, it will also begin production if its own branded line of THC products.

Through Naturally Pure Therapy Products Corporation (“NPT”), acquired on September 4, 2020, the Company sells a range of nutraceutical and hemp-based cannabidiol (“CBD”) health products through its direct-to-consumer e-commerce platform in the United States and Western Europe.

Through the acquisition of Naturo Group Inc. (“Naturo”) on February 19, 2021, the Company owns and operates an approximately 30,000 sq. ft. conventional beverage bottling plant adjacent to the Bevopco facility. The plant has its own water source, a naturally alkaline spring water acquifer. Naturo also owns approximately 295 acres of prime agricultural land on the same site. Through Naturo, the Company manufactures and markets the TRACE brand of alkaline and plant-based mineral beverages, concentrates and shots to approximately 3000 retail customer stores across Canada. It also offers custom beverage manufacturing on a private label basis to Canadian retail chains.

The Company holds licences for processing and research under the Cannabis Act and a hemp cultivation licence under the Industrial Hemp Regulations in addition to the originally applied for Production Licence and Sales Licence. In May 2019, Health Canada issued the hemp cultivation licence to the Company. In August 2019, Health Canada issued the cannabis research licence to the Company. In February 2021, Heath Canada issued the Standard Processing license to the Company.

OVERALL PERFORMANCE

The Company has not yet achieved profitable operations.

The Company is in the process of commercializing an array of beverage products. The Company’s future performance depends on, among other things: (i) the successful start-up of its THC beverage manufacturing facility; (ii) launching products with a healthy margin while staying competitive; (iii) improving risk diversification by expanding the Company business portfolio through M&A activities; and (iv) providing funding to support NPT’s e-commerce platform growth.

Management Changes

On March 3, 2021, the Company announced the appointment of Melise Panetta as the new President, succeeding Martino Ciambrelli. Mr. Ciambrelli will continue to help to assist the Company through his seat on the Board of Directors, as well as his continued position as Senior Person in Charge on the Company’s Health Canada Standard Processing License. Ms. Panetta is a highly experienced sales, marketing and commercial leader within the CPG sector, having held senior and executive roles at global companies such as General Mills (NYSE:GIS), PepsiCo (Nasdaq:PEP), and S.C. Johnson. Ms. Panetta’s broad experience in both the CPG and cannabis sectors positions her well to lead the Company into a fully diversified health and wellness beverage and natural products company.

OUTLOOK

With the receipt of its Standard Processing License in February 2021, the Company is now rapidly progressing to full commercialization of THC infused beverages.

With the completion of the acquisition of Naturo in February 2021, the Company is moving rapidly to broaden distribution and bring additional innovative new products to the market.

The Company’s business objectives through the balance of the current year include:

- Launching Keef Brand’s THC infused beverage line in Canada.
- Launching a minimum of 3 other white label partner THC infused beverage lines in Canada
- Solidifying additional white label partner relationships for THC infused beverage lines.
- Securing private label partner relationships for conventional beverage lines.
- Broadening the distribution of Naturo’s product line in Canada.
- Entering the US, Japanese and other international markets with Naturo products.
- Significantly expanding NPT’s range of product offerings and sales reach.

SELECTED FINANCIAL INFORMATION

	For the Three months ended March 31, 2021 (Unaudited) ($)	For the Year ended December 31, 2020 (Audited) ($)
Total revenues	630,747	396,317
Loss for the period	(2,028,581)	(14,244,832)
Loss per share (basic and diluted)	(0.01)	(0.19)

Statements of Financial Position	As at March 31, 2021 (Unaudited) ($)	As at December 31, 2020 (Audited) ($)
Assets		
Current assets	12,620,472	2,408,509
Total Assets	89,205,417	24,334,122
Liabilities		
Current liabilities	4,540,827	1,799,103
Total liabilities	10,438,474	2,333,980
Total Shareholders' Equity	78,766,943	22,000,142
Total Liabilities and Shareholders' Equity	89,205,417	24,334,122

DISCUSSION OF OPERATIONS

Three months ended March 31, 2021

Revenue

For the three months ended March 31, 2021, the Company generated revenue through its beverage wholesale and distribution subsidiary, Naturo Group Enterprises Inc. ("Naturo Group") acquired on February 19, 2021 and e-commerce platform subsidiary, Naturally Pure Therapy Products Corp. ("Naturally Pure Therapy") acquired on September 4, 2020. The revenue from the beverage distribution is $66,481 with cost of sales of $47,092 and generating a gross profit of $19,389. The revenue from the e-commerce platform is $564,266 with cost of products and services mainly comprised of the traffic fees of $414,675 to direct customers to the platform and generating a gross profit of $59,276. The cost of products and services is expected to reduce in proportion to the total revenues as the e-commerce business scales.

	Three months ended March31, 2021 $	Three months ended March 31, 2020 $
Total revenues	630,747	-
Cost of products and services	(552,082)	-
Gross Profit (loss)	78,665	-

Net Loss

For the three months ended March 31, 2021, the Company recorded $78,665 of gross profit and recorded administrative expenses of $1,992,983, loss on marketable securities of $214,655, gain on debt settlements of $145,828 and foreign exchange gain of $6,274, an accretion expense of $19,691 and an interest expense of $32,019, which resulted in a net loss of $2,028,581. The main factors that contributed to the loss in the period were plant operations and facilities of $218,029, legal fees of $143,495, professional and consulting expenses of $460,142, salaries of $113,925, amortization expenses of $681,751, and management fees of $135,000. Management anticipates that the Company will incur expenses in subsequent periods as a result of expenses associated with being a reporting issuer listed on a stock exchange, and expenses anticipated to be incurred in connection with the expansion of the Production Facility and announced definitive agreements.

SUMMARY OF QUARTERLY RESULTS

The following table provides a summary of the previous eight quarters of the Company's financial performance.

	Q1 2021	**Q4 2020**	**Q3 2020**	**Q2 2020**
Total revenues	630,747	302,307	94,010	-
Loss	(2,028,581)	(8,760,965)	(1,823,479)	(1,442,714)
Loss per share (basic and diluted)	(0.01)	(0.09)	(0.03)	(0.03)
	Q1 2020	**Q4 2019**	**Q3 2019**	**Q2 2019**
Total revenues	-	-	-	-
Loss	(2,217,674)	(3,473,263)	(2,903,205)	(1,787,792)
Loss per share (basic and diluted)	(0.04)	(0.08)	(0.06)	(0.04)

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As at March 31, 2021, the Company had working capital of $8,079,645 (December 31, 2020 - $609,406). For the remaining months of 2021, management intends to continue to diligently monitor and adjust the capital budget based on expected cash flows from capital raising, option and warrant exercising, and operational revenues, and as such management believes the Company has sufficient resources to fund its 2021 operations and expansion plan.

Cash used in Operating Activities

During the three months ended March 31, 2021, the Company had cash used in Operating Activities of $3,869,931 (2020 - $46,041).

Cash used in Investing Activities

During the three months ended March 31, 2021, the Company received a net of $44,883 (2020 – $257,420 cash used) in cash from Investing Activities comprised of proceeds from cash acquired from acquisition of Naturo of $152,352 and cash of $107,469 used for the purchase of property and equipment.

Cash provided by Financing Activities

During the three months ended March 31, 2021, the Company received a net of $6,189,691 (2020 - $215,207) in cash from Financing Activities comprised of $2,903,749 from issuance of shares, $75,000 from subscriptions received for issuance of shares, $2,836,250 from the proceeds from options exercised and $518,000 from the proceeds from warrants exercised, less promissory note payment of $26,849, lease payment of $1,459 and repayment of convertible debt of $115,000.

Future Capital Requirements

The Company will need to continue to raise capital, as the Company expects its costs will increase due to the expansion of the Production Facility and the start of production, as well as working capital commitments related to products launches and expansion. The Company's future capital requirements will depend upon many factors including, without limitation, the market demand for THC infused beverages. The Company has limited capital resources and must rely upon the sale of equity securities or the exercise of options and warrants for cash required for expansion and production purposes, for acquisitions and to fund the administration of the Company. Although the Company started to generate revenue through its subsidiary in the last quarter, the subsidiary is not yet at the stage where it is able to self-funded and it must continue to rely upon the sales of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company or at all.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements as at March 31, 2021 or as of the date of this report.

TRANSACTIONS BETWEEN RELATED PARTIES

During the three months ended March 31, 2021, the Company incurred the following related party transactions:

Three months ended	March 31, 2021 $	March 31, 2020 $
Management fees		
Chief Strategic Officer ("CSO")	60,000	67,500
Chief Executive Officer ("CEO")	75,000	-
	135,000	67,500
Professional and consulting fee		
President	50,001	-
Past President	5,000	-
Company controlled by former President	41,389	-
Company controlled by a person related to the CEO	21,833	-
Company controlled by a person related to the CEO	77,381	-
	195,604	-
Share-based payments		
Director	15,708	-
	346,312	67,500

As at March 31, 2021, the following is owed to related parties, which are non-interest bearing, unsecured and due on demand:

- $26,012 (December 31, 2020 - $15,565) for services provided and expenses paid by the CEO of the Company.
- $3,245 (December 31, 2020 - $3,245) for expenses paid by the Chief Strategy Officer ("CSO") and Chief Financial Officer of the Company ("CFO").
- $15,000 (December 31, 2020 – $nil) for services provided by a person related to the CEO.

Due from related parties:

As at March 31, 2021, the Company has receivable of $1,902,431 from the CEO of the Company. The amount is non-interest bearing, unsecured and due on demand. As at March 31, 2021, the Company has $250,000 due from a person related to the CEO.

Convertible debenture:

As at March 31, 2021, the Company has convertible debenture owing of $1,496,376 to a person related to the CEO of the Company. The loan bears a 10% interest payable monthly and due on Jan 27, 2023. As at March 31, 2021, $25,084 accrued interest remain unpaid.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, prepaid expenses and deposits, accounts payables and accrued liabilities and the convertible debentures. The fair value of the Company's prepaid expenses and deposits, accounts payable and accrued liabilities approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. Fair value of the debentures is calculated using a valuation model that considers the future stream of cash flows discounted at the market yield adjusted for risk premium. The convertible debentures is classified under level 2.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the receivable balance is nil.

Liquidity risk

The Company's approach to managing liquidity risk is to raise capital as required to meet liabilities when due. As at March 31, 2021, the Company had a cash balance of $3,614,120 to settle current liabilities of $4,540,827. Subsequent to March 31, 2021, the Company has completed share for debt transactions to settle debt for a total of $473,414 with various vendors, consultants and related parties. Subsequent to March 31, 2021, the Company received $105,000 from options exercised and $368,750 from warrants exercised. The Company believes it can continue to raise capital as required to fund its operations and expansion.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, equity prices, input costs and product prices. Cannabis is part of a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels.

Legal and regulatory risk

The Company's business must be evaluated considering the problems, delays, uncertainties and complications encountered in the process of establishing as a beverage producer of cannabidiol ("CBD") and tetrahydrocannabinol ("THC") post licensed period and the commercialization of CBD and THC infused beverages.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect of the Company's business, financial condition and results of operations.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various stakeholders. Litigation, complaints, and enforcement actions involving the Company could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2021, the Company did not have any significant interest rate risk as the interest-bearing convertible debentures has a fixed interest rate.

DISCLOSURE OF OUTSTANDING SECURITY DATA

The Company has one class of shares outstanding, being common shares. As of the date of this report, 173,629,096 (March 31, 2021 – 171,976,771) common shares were issued and outstanding as fully paid and non-assessable shares.

As of the date of this report, the Company had 4,888,667 stock options outstanding (March 31, 2021 – 5,188,667).

As of the date of this report, the Company had 31,304,633 common share purchase warrants outstanding (March 31, 2021 – 32,042,133).

SUBSEQUENT EVENTS

Debt

On April 1, 2021, the Company provided a $125,000 short-term loan to a third party. The loan is unsecured and due within 30 days. The loan bears 4% interest per annum and is due on demand.

Equity

On April 19, 2021, the Company entered into a sales agency agreement with a consultant to provide sales agent and promotion services. The Company granted 1,000,000 stock options to the consultant. The options vested based on certain revenue performance conditions and are exercisable at $1.50 per share.

Subsequent to March 31, 2021, the Company issued 300,000 common shares pursuant to the exercise of stock options for $105,000.

Subsequent to March 31, 2021, the Company issued 614,825 common shares to settle debt with vendors for a total of $473,414.

Subsequent to March 31, 2021, the Company issued 737,500 common shares pursuant to the exercise of warrants for $368,750.

Subsequent to March 31, 2021, the Company repaid $100,000 principal on promissory note.

Risks and Uncertainties

The following information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected.

Regulatory Risks

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

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

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

Change in Laws, Regulations and Guidelines

The Company's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations.

Limited Operating History

The Company was incorporated in 2017. The Company is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Net Losses

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

Negative Operating Cash Flow

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

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

Size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.

Because the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Restrictions on Sales Activities

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

The Company's business strategy is constantly evolving

The Company's business strategy involves constantly seeking new opportunities in the cannabis industry. In the pursuit and execution of such opportunities, the Company may fail to select appropriate investment candidates and/or fail to negotiate beneficial or advantageous contractual arrangements. The Company cannot provide assurance that it can complete any investment or business arrangement that it pursues or is pursuing, on favourable terms, or that any investments or business arrangements completed will ultimately benefit the Company.

Failure to integrate acquired business and realize benefits from acquisitions

The Company may grow by acquiring other businesses. The consummation and integration of any acquired business, product or other assets into the Company may be complex and time-consuming and, if such businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Company's business strategy as anticipated, expose the Company to increased competition or other challenges with respect to the Company's products or geographic markets, and expose the Company to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Company acquires cannabis businesses, it may obtain the rights to applications for licences as well as licences; however, the procurement of such applications for licences and licences generally will be subject to governmental and regulatory approval. There are no guarantees that the Company will successfully consummate such acquisitions, and even if the Company consummates such acquisitions, the procurement of applications for licences may never result in the grant of a licence by any state or local governmental or regulatory agency and the transfer of any rights to licences may never be approved by the applicable state and/or local governmental or regulatory agency.

Additional Financing

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

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

Competition

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

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

Unfavourable Publicity or Consumer Perception

The Company believes the cannabis is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

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

Product Recalls

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

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of the Company. In particular, certain of the directors and officers of the Company are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of the Company. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such for other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Risk Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The success of the Company will be largely dependent upon the performance of its key officers, consultants, and employees. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

COVID-19

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity, and the ability to market the Company's products. The outbreak of COVID-19 and political upheavals in various countries have caused changes to traditional methods of conducting business. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations and the ability of the Company to grow its business. In particular, if any employees or consultants of the Company become infected with Coronavirus or similar pathogens and/or the Company is unable to source necessary consumables or supplies, due to government restrictions or otherwise, it could have a material negative impact on the Company's operations and prospects, including the complete shutdown of its marketing activities. The situation is dynamic and changing day-to-day. The Company is exploring several options to deal with any repercussions that may occur as a result of the COVID-19 outbreak.

OTHER MD&A REQUIREMENTS

Additional information related to the Company can be found on SEDAR at www.sedar.com.