FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **Christina Lake Cannabis Corp.** (the "Issuer").

Trading Symbol: **CLC**

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.

2nd quarter ended May 31, 2021

Unaudited interim financial statements of the Issuer for the 2nd quarter ended May 31, 2021, as filed with securities regulatory authorities, are attached to this Form 5 – Quarterly Listing Statement as Appendix "A".

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.

With respect to related party transactions for information supplementary to that contained in the notes to the unaudited condensed interim financial statements, which are attached hereto, please refer to the Management's Discussion & Analysis for the 2nd quarter ended May 31, 2021, as filed with securities regulatory authorities and attached to this Form 5 - Quarterly Listing Statement as Appendix "B".

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):

As at September 29, 2020, the Issuer's Form 2A – Listing Statement, 84,294,015 Common Shares in the capital of the Issuer were issued and outstanding.

(a) summary of securities issued during the period,

The following securities were issued during the period from March 1, 2021 to May 31, 2021:

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 Considerati on (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
March 11, 2021	Common shares	Exercise of Warrants	105,000	$0.77	$80,850	Cash	Arm's Length	N/A
March 17, 2021	Common shares	Conversion of debenture	140,000	$0.77	$107,800	N/A	Arm's Length	N/A
April 7, 2021	Common shares	Exercise of warrants	30,000	$0.63	$18,900	Cash	Arm's Length	N/A
May 11, 2021	Common shares	Exercise of warrants	15,000	$0.52	$7,800	Cash	Arm's Length	N/A
May 17, 2021	Common shares	Exercise of warrants	75,000	$0.50	$37,500	Cash	Arm's length	N/A

(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
May 4, 2021	**175,000**	**4 Employees**	**4 Employees**	**$0.61**	**May 4, 2026**	**$0.61**

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,

As at May 31, 2021, the authorized capital of the Issuer consisted of an unlimited number of Common shares without par value, and without any special rights or restrictions and an unlimited number of Preferred shares, of which 105,091,815 Common shares and 2,000,000 Preferred shares were issued and outstanding.

The holders of the Common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each Common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the Common shares, subject to the prior rights, if any, of any other class of shares of the Issuer, are entitled to receive such dividends in any financial year as the board of directors of the Issuer may be resolution determine. In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, the holders of the Common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Issuer, the remaining property and assets of the Issuer.

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

Date	Number of common shares	Recorded value of common shares
As at May 31, 2021	105,091,815	$15,758,679

(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

Options: Options to purchase Common shares in the capital of the Issuer are granted by the Issuer’s Board of Directors to eligible persons pursuant to the Issuer’s Stock Option Incentive Plan.

As at May 31, 2021, the following options were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Recorded Value
June 1, 2019	2,670,000	$0.09	June 1, 2024	$448,084
August 14, 2019	10,000	$0.20	August 14, 2022	$480
December 13, 2019	1,434,400	$0.09	December 13, 2024	$240,187
August 20, 2020	2,500,000	$0.09	August 20, 2024	$632,480
August 20, 2020	400,000	$0.25	August 20, 2024	$91,867
August 20, 2020	350,000	$0.20	August 20, 2025	$81,248
August 20, 2020	275,000	$0.25	August 20, 2025	$120,884
August 20, 2020	2,050,000	$0.15	August 20, 2025	$474,892
August 20, 2020	300,000	$0.09	August 20, 2025	$69,641
September 8, 2020	300,000	$0.25	September 8, 2024	$18,570
September 29, 2020	850,000	$0.20	September 29, 2025	$236,620
November 26, 2020	1,100,000	$0.40	November 26, 2025	$259,656
January 8, 2020	200,000	$0.88	January 8, 2026	$12,104
May 4, 2021	175,000	$0.61	May 4, 2026	$7,818
Total	**12,614,400**			

Warrants: As at May 31, 2021 the following warrants were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

Date of Issue	Number of Warrants	Exercise Price	Expiry Date	Recorded Value
October 22, 2018	1,460,000	$0.09	October 21, 2022	$Nil
September 20, 2019	5,025,000	$0.40	December 31, 2021	$Nil
September 20, 2019	442,200[1]	$0.40	December 31, 2021	$17,210
October 17, 2019	1,956,299	$0.40	December 31, 2021	$Nil
October 17, 2019	3,000[1]	$0.40	December 31, 2021	$117

Date of Issue	Number of Warrants	Exercise Price	Expiry Date	Recorded Value
December 9, 2020	2,770,002	$0.50	December 9, 2022	$Nil
Total	**11,656,501**			

(1) Finders Warrants.

Convertible Securities: As at May 31, 2021, the following convertible securities were outstanding that can be converted into Common shares in the capital of the Issuer as summarized below:

Date of Issue	Principal Amount	Conversion Price	Maturity Date	Recorded Value
March 13, 2020	$1,800,000	$0.20	March 13, 2022	$1,800,000
March 23, 2020	$790,000	$0.20	March 23, 2022	$815,000
April 7, 2020	$100,000	$0.20	April 7, 2022	$100,000
May 14, 2020	$35,000	$0.20	May 14, 2022	$35,000
May 25, 2020	$255,000	$0.20	May 25, 2022	$225,000
August 20, 2020	$754,500	$0.20	August 20, 2022	$754,500
Total	**$3,734,500**			

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

16,723,210 Common shares were held in escrow as of May 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/Officer	Position with Issuer
Joel Dumaresq	Director, Chief Executive Officer
Salvatore Milia	Director
Nicco Dehaan	Director and Chief Operating Officer
Raymund Baterina	Corporate Secretary
Mervin Boychuk	Director and Non-Executive Chairman
Ryan Smith	Chief Financial Officer

Name of Director/Officer	Position with Issuer
Gil Playford	Director
Rob Jones	President

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

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

Management's Discussion & Analysis for the 2nd quarter ended May 31, 2021, as filed with securities regulatory authorities, is attached to this Form 5 – Quarterly Listing Statement as Appendix "B".

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 July 29, 2021.

Ryan Smith
Name of Director or Senior Officer

"Ryan Smith"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Christina Lake Cannabis Corp.	For Period Ended May 31, 2021	Date of Report YY/MM/D 21/07/29
Issuer Address Suite 810 – 789 West Pender Street		
City/Province/Postal Code Vancouver, BC V6C 1H2	Issuer Fax No. (604) 687-3141	Issuer Telephone No. (604) 687-2038
Contact Name Joel Dumaresq	Contact Position Chief Executive Officer	Contact Telephone No. (604) 336-3193
Contact Email Address info@partumadvisory.com	Web Site Address www.christinalakecannabis.com	

Appendix A

The interim financial statements of the Issuer for the 2nd quarter ended May 31, 2021 is attached hereto.

Christina Lake Cannabis Corp.

Condensed Interim Financial Statements

For the six months ended May 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4 subsection 4.3 (3), if an auditor has not performed a review of the unaudited condensed interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Christina Lake Cannabis Corp. have been prepared by and are the responsibility of management.

These unaudited condensed interim financial statements for the six months ended May 31, 2021 have not been reviewed or audited by the Company's independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

(Expressed in Canadian Dollars - Unaudited)

As at,	Notes		May 31, 2021		November 30, 2020 (Audited)
ASSETS					
Current assets					
Cash		$	1,322,636	$	1,844,356
Taxes receivable			210,351		71,808
Prepaid expenses			214,081		129,964
Inventory	6		7,482,892		6,222,808
			9,229,960		8,268,936
Non-current assets					
Property, plant and equipment	4		9,632,059		9,534,850
TOTAL ASSETS		**$**	**18,862,019**	**$**	**17,803,786**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	493,344	$	670,929
Current portion of loan	10		3,910		3,910
Current portion of lease liability	11		19,714		29,562
Current portion of preferred shares	13		1,110,784		1,110,784
			1,627,752		1,815,185
Non-current liabilities					
Government loan	8		28,583		26,737
Convertible debentures	9		3,869,582		3,982,218
Non-current portion of loan	10		8,472		10,427
Non-current portion of lease liability	11		-		4,652
Non-current portion of preferred shares	13		3,019,834		2,509,314
TOTAL LIABILITIES			8,554,223		8,348,533
SHAREHOLDERS' EQUITY					
Share capital	13		15,758,679		11,735,608
Equity component of convertible debenture	9		483,697		557,111
Obligation to issue shares	13		1,634,862		679,500
Reserves	13		2,370,720		2,293,149
Deficit			(9,940,162)		(5,810,115)
TOTAL SHAREHOLDERS' EQUITY			**10,307,796**		**9,455,253**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**18,862,019**	**$**	**17,803,786**

Nature and continuance of operations (Note 1)

Subsequent events (Note 16)

Approved on behalf of the Board:

"Joel Dumaresq" *"Gil Playford"*

Joel Dumaresq, Director Gil Playford, Director

Christina Lake Cannabis Corp.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

		Three months ended		Six months ended	
		May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Three months period ended,	**Notes**	**$**	**$**	**$**	**$**
Revenue					
Revenue from sale of goods		216,738	-	279,159	-
Cost of sales		(71,794)	-	(91,505)	-
Gross profit before fair value adjustments		**144,944**	-	**187,654**	-
Changes in fair value of inventory sold		(132,666)	-	(175,481)	-
Gross profit from sale of goods		**12,278**	-	12,173	-
General and administrative expenses					
Accretion	8,9,11	98,980	55,860	193,334	55,860
Consulting fees	12	110,610	56,112	206,600	106,394
Communication expense		45,297	-	67,046	-
Corporate development		182,936	-	365,872	-
Depreciation	4	64,240	7,165	303,948	7,165
Foreign exchange		-	-	(447)	-
Interest expense	9	113,146	67,713	270,645	67,713
Insurance		40,892	20,334	40,892	20,334
Management fees	12	36,000	-	72,000	-
Marketing		292,859	-	402,310	-
Nursery expenses		-	138,851	6,708	138,851
Office and miscellaneous		67,425	101,698	180,195	183,426
Professional fees		59,033	45,014	157,132	115,325
Property taxes		-	25,144	30,566	25,144
Rent		-	1,500	-	3,000
Salaries	12	294,598	237,470	719,761	507,280
Share based compensation	12,13	411,300	28,778	552,404	157,255
Repairs and maintenance		7,361		18,104	-
Regulatory fees		34,190	35,542	78,257	38,012
Total general and administrative expenses		**(1,858,867)**	(821,181)	**(3,665,327)**	(1,425,759)
Other items					
Accounts payable write down		(38,528)	32,817	(38,528)	32,817
Fair value preferred shares	13	-	-	510,521	-
Loss on sale of equipment		-	-	(4,900)	-
Loss and comprehensive loss for the period		**$(1,808,061)**	$ (788,364)	**$ (4,130,047)**	$ (1,392,942)
Loss per share – basic and diluted		**$ (0.02)**	$ (0.01)	**$ (0.04)**	$ (0.02)
Weighted average number of common shares outstanding		**104,909,236**	76,853,747	**102,058,167**	76,597,418

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

(Expressed in Canadian Dollars - Unaudited)

	Note	Share capital Common shares Number of shares #	Share capital Common shares Amount $	Obligation to issue shares $	Equity component of convertible liability $	Reserves $	Deficit $	Total $
Balance at November 30, 2019		**76,119,202**	**8,093,927**	**104,932**	**-**	**539,940**	**(2,957,476)**	**5,781,323**
Loss for the period		-	-	-	-	-	(1,392,942)	(1,392,942)
Options exercised		1,000,000	188,210	-	-	(98,210)	-	90,000
Private placement, net of share issuance cost	13	604,110	120,822	(104,932)	-	(15,890)	-	-
Fair value of finder's fee warrants issued		-	-	-	-	58,642	-	58,642
Equity component of convertible liability		-	-	-	390,638	-	-	390,638
Share based compensation	13	-	-	-	-	157,255	-	157,255
Balance at May 31, 2020		**77,723,312**	**8,402,959**	**-**	**390,638**	**641,737**	**(4,350,418)**	**5,084,916**
Balance at November 30, 2020		**90,440,315**	**11,735,608**	**679,500**	**557,111**	**2,293,149**	**(5,810,115)**	**9,455,253**
Loss for the period		-	-	-	-	-	(4,130,047)	(4,130,047)
Private placement, net of share issuance costs	13	5,540,000	1,662,000	(530,000)	-	-	-	1,132,000
Warrants exercised	13	4,476,000	1,230,303	-	-	(60,103)	-	1,170,200
Options exercised	13	1,199,500	423,685	-	-	(224,730)	-	198,955
Conversion of convertible debenture	13	3,136,000	647,083	-	(73,414)	-	-	573,669
Shares issued in lieu of cash	13	300,000	60,000	(60,000)	-	-	-	-
Obligation to issue shares	13	-	-	1,545,362	-	-	-	1,545,362
Share based compensation	13	-	-	-	-	362,404	-	362,404
Balance at May 31, 2021		**105,091,815**	**15,758,679**	**1,634,862**	**483,697**	**2,370,720**	**(9,940,162)**	**10,307,796**

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

(Expressed in Canadian Dollars - Unaudited)

Six months period ended,	May 31, 2021 $	May 31, 2020 $
Operating activities		
Loss for the period	(4,130,047)	(1,392,942)
Non-cash items:		
Accretion	193,334	55,860
Accounts payable write down	-	(32,817)
Change in estimate of preferred shares	510,520	-
Depreciation	303,948	7,165
Foreign exchange	-	(1,000)
Interest expense	270,645	67,713
Loss on sale of equipment	4,900	-
Share-based compensation	552,404	157,255
Fair value transfer of inventory	175,481	-
Changes in non-cash working capital items:		
Decrease in receivables	(138,543)	110,870
Increase in prepaid	(84,117)	(26,416)
Increase in Inventory	(1,215,339)	-
Increase in accounts payable and accrued liabilities	(184,740)	665,250
Net cash flows used in operating activities	(3,741,554)	(389,062)
Investing activities		
Net equipment purchases	(555,884)	(327,632)
Building improvements	(92,299)	(2,034,385)
Proceeds from sale of equipment	24,500	-
Net cash flows used in investing activities	(623,683)	(2,362,017)
Financing activities		
Proceeds from private placement	1,132,000	-
Subscription receivable	-	95,005
CERB Loan received from Government	-	40,000
Proceeds on convertible debentures, net of issuance costs	-	2,852,300
Lease liability	(13,000)	(7,800)
Options exercised	198,955	90,000
Warrants exercised	1,170,200	-
Loan payments	-	-
Obligation to issue shares	1,355,362	-
Net cash flows from financing activities	3,843,517	3,069,505
Increase (decrease) in cash	(521,720)	318,426
Cash, beginning of year	1,844,356	740,973
Cash, end of period	**1,322,636**	**1,059,399**

Supplemental non-cash flow information:

Periods ended,	May 31, 2021 $	May 31, 2020 $
Building improvements in accounts payable	-	239,692
Equity portion of on conversion of convertible debentures	73,414	-
Fair value of finder warrants	-	58,642
Shares issued upon conversion of convertible debentures	647,083	-

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

1. Nature and continuance of operations

Christina Lake Cannabis Corp. (the "Company") was incorporated on October 26, 2014, under the laws of the province of British Columbia, Canada. On December 21, 2018, the Company changed its name from Cervantes Capital Corp. to Christina Lake Cannabis Corp. The Company is a licensed producer of cannabis in British Columbia under the Cannabis Act with a standard cultivation, processing and sales license and a research and development license. On October 1, 2020, the Company began trading on the Canadian Securities Exchange under the ticker symbol "CLC" and on the OTC Markets Group Inc. under the ticker symbol "CLCFF."

The Company's principal address, records office and registered address are located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company is in the development stage and currently has no sources of cash from operations. As at May 31, 2021, the Company had accumulated losses of $9,940,162 (2020 - $5,810,115). The Company's continuation as a going concern is dependent upon the Company to successfully harvest its cannabis and earn revenues from the sale of cannabis to meet current and future obligations and ultimately achieve profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to successfully harvest and sell cannabis to achieve profitability from its business activities.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business operation and financing condition.

2. Basis of preparation

These unaudited condensed interim financial statements were approved and authorized for issue on July 30, 2021 by the directors of the Company.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the year ended November 30, 2020.

2. Basis of preparation (Continued)

Basis of presentation

These condensed interim financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts on the condensed interim financial statements are presented in Canadian dollars which is the functional currency of the Company.

Significant estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and biological assets, discount rate on lease liability, convertible debentures and preferred shares, assumptions used in the cash flow projection for preferred shares, useful lives and valuation of property, plant and equipment and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

3. Significant accounting policies

The condensed interim financial statements are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual financial statements, except for the adoption of new accounting standards and/or estimates identified in Note 3. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended November 30, 2020, including the accompanying notes thereto.

Recent Accounting Pronouncements

As at the date of authorization of these financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company, have been excluded. The Company had assessed that no material impact is expected upon the adoption of the following amendments on its consolidated financial statements:

(Expressed in Canadian Dollars - unaudited)

3. Significant accounting policies (Continued)

Recent Accounting Pronouncements

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

4. Property, plant and equipment

On March 27, 2020, the Company was granted the Standard Cultivation License ("SCL") from Health Canada for the Company's 32-acre phase 1 facility. This license authorizes the cultivation and sale of cannabis under the Cannabis Act and provides the Company with over 950,000 sf of licensed outdoor cultivation space.

	Right-of-use asset $	Equipment $	Land $	Building $	Building improvement $	Total $
November 30, 2019	-	225,394	1,088,397	394,875	3,471,668	5,180,334
Additions	59,924	2,704,363	-	-	1,814,350	4,578,637
Depreciation	(21,496)	(133,317)	-	-	(69,308)	(224,121)
November 30, 2020	38,428	2,796,440	1,088,397	394,875	5,216,710	9,534,850
Additions	-	573,615	-	-	92,299	665,914
Deduction	-	(44,113)	-	-	-	(44,113)
Depreciation	(14,476)	(366,896)	-	-	(143,218)	(524,590)
May 31, 2021	23,950	2,959,046	1,088,397	394,875	5,165,791	9,632,059

The right-of-use asset relates to leased equipment for the production and cultivation of cannabis. The lease is reflected on the balance sheet as a right-of-use asset, with an associated lease liability (Note 11). The discount rate applied to the lease is 8%.

During the period ended May 31, 2021, the Company capitalized depreciation of $224,337 as inventory processing cost.

(Expressed in Canadian Dollars - unaudited)

5. Biological asset

Biological assets are comprised of:

	Amount $
Balance at November 30, 2018 and 2019	-
Changes in fair value less cost to sell due to biological transformation	4,767,202
Production cost capitalized	1,315,032
Transferred to inventory upon harvest	(6,082,234)
Balance at November 30, 2020 and May 31, 2021	-

Measurement of the biological transformation of the plant at fair value less costs to sell begins in the third quarter prior to harvest and is recognized evenly until the point of harvest. The Company has determined the fair value less costs to sell of cannabis biomass to be $0.20 per gram and harvested yield of biomass is between 1,100 to 1,300 grams per plant. As at May 31, 2021, the Company's crop is in its infancy and as such, no biological asset fair value has been applied.

The fair value of biological assets is determined using a valuation model to estimate expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. Only when there is a material change from the expected fair value used for cannabis does the Company make any adjustments to the fair value used.

Sales price used in the valuation of biological assets is based on the average selling price of all cannabis products and can vary based on different strains being grown as well as the proportion of sales derived from wholesale sales. Selling costs vary depending on methods of selling and are considered based on the expected method of selling and the determined additional costs which would be incurred. Expected yields for the cannabis plant is also subject to a variety of factors, such as strains being grown, length of growing cycle, and space allocated for growing. Management reviews all significant inputs based on historical information obtained.

These inputs are level 3 on the fair value hierarchy and are subject to volatility in market prices and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

6. Inventory

Inventory is comprised of cannabis biomass:

	Amount $
Balance at November 30, 2019	-
Capitalized cost	140,574
Harvested cannabis biomass	6,082,234
Balance at November 30, 2020	6,222,808
Capitalized cost	1,260,084
Harvested cannabis biomass	-
Balance at May 31, 2021	7,482,892

(Expressed in Canadian Dollars - unaudited)

6. Inventory (Continued)

During the six-month period ended May 31, 2021, the Company recorded $910,098 of production costs and depreciation of $224,337.

As at May 31, 2021, the Company held the following inventory:

	May 31, 2021 Kg	November 30, 2020 Kg
Dried cannabis biomass	14,903	31,210
Distillate	395	-
Crude oil	1,017	-

7. Accounts payable and accrued liabilities

	May 31, 2021	**November 30, 2020**
Accounts payable	$ 240,044	$ 233,648
Accrued liabilities	253,300	437,281
	$ 493,344	**$ 670,929**

During the year ended November 30, 2020 the Company applied the $30,000 deposits, which was received in 2019 fiscal year, toward a convertible debenture financing, which was completed during the year ended November 30, 2020 (Note 8).

8. CEBA Loan

The Company entered into a Canada Emergency Business Account “CEBA” loan with the Government of Canada.

The loan is an interest free loan of $40,000 from the Government of Canada. If the Government of Canada is repaid by December 31, 2022, 25% being $10,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. Upon initial recognition, the Company recorded a gain on government loan of $15,309. During the six-month period ended May 31, 2021, the Company recorded accretion expense of $1,846 (2020 - $Nil).

9. Convertible debentures

During the year ended November 30, 2020, the Company closed six tranches of unsecured convertible debenture financings (“Debentures”) with an aggregate face value of $5,000 each. The Debentures bear interest of 12%, maturing in 24 months and the principal and interest are convertible into common shares at a conversion price of $0.20, at the option of the debenture holders.

On March 13, 2020 the Company closed an unsecured convertible debentures financing for gross proceeds of $1,800,000. The Company paid a finder’s fee of $86,700 and issued 433,500 finder’s warrants (“Finder’s Warrants”) with a fair value of $33,304. Each Finder’s Warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.20 for a period of 12 months. The fair value of the warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price of $0.20; exercise price of $0.20; a risk-free rate of 0.39%; and an expected life of the warrant of 1 year, and estimated expected volatility of 100% with no dividend yield.

9. Convertible debentures (continued)

On March 23, 2020 the Company closed an unsecured convertible debentures financing for gross proceeds of $815,000. The Company paid a finder's fee of $45,900 and issued 225,000 Finder's Warrants with a fair value of $17,282. Each Finder's Warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.20 for a period of 12 months. The fair value of the warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price of $0.20; exercise price of $0.20; a risk-free rate of 0.36%; an expected life of the warrants of 1 year, and estimated expected volatility of 100% with no dividend yield.

On April 7, 2020. the Company closed an unsecured convertible debentures financing for gross proceeds of $100,000. The Company paid a finder's fee of $6,000 and issued 30,000 Finder's Warrants with a fair value of $2,298. Each Finder's Warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.20 for a period of 12 months from closing. The fair value of the warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price of $0.20; exercise price of $0.20; a risk-free rate of 0.0%; an expected life of the warrants of 1 year, and estimated expected volatility of 100% with no dividend yield.

On May 14, 2020, the Company closed an unsecured convertible debenture financing for gross proceeds of $35,000.

On May 25, 2020, the Company closed an unsecured convertible debentures financing for gross proceeds of $255,000. The Company paid a finder's fee of $15,000 and issued 75,000 Finder's Warrants with a fair value of $5,758. Each finder's warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.20 for a period of 12 months from closing. The fair value of the warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price of $0.20; exercise price of $0.20; a risk-free rate of 0.3%, an expected life of the warrants of 1 year, and estimated expected volatility of 100% with no dividend yield.

On August 20, 2020, the Company closed an unsecured convertible debentures financing for gross proceeds of $1,289,500. The Company paid a finder's fee of $69,605 and issued 7,500 Finder's Warrants with a fair value of $1,461. Each finder's warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.20 for a period of 12 months from closing. The fair value of the warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price of $0.30; exercise price of $0.20; a risk-free rate of 0.22%; an expected life of the warrants of 1 year, and estimated expected volatility of 100% with no dividend yield.

During the six months ended May 31, 2021, Convertible debentures were converted to shares and 3,136,000 shares were issued, extinguishing $647,083 in principal debt, and related interest.

(Expressed in Canadian Dollars - unaudited)

9. Convertible debentures (continued)

The following table reconciles the recorded value of the liability and the equity components of the convertible debentures:

	Convertible debenture $	Equity component of convertible debenture $	Total $
Balance, November 30, 2019	-	-	-
Additions	3,698,041	595,459	4,294,500
Debt issuance cost	(243,960)	(39,348)	(283,308)
Interest expense	296,413	-	296,413
Accretion expense	231,724	-	231,724
Balance, November 30, 2020	3,982,218	557,111	4,539,329
Conversion	(573,669)	(73,414)	(647,083)
Interest expense	270,645	-	270,645
Accretion expense	190,388	-	190,388
Balance, May 31, 2021	3,869,582	483,697	4,353,279

Management estimated that the fair value of the debentures using a discount rate of 20% with the residual value allocated to the equity component of the convertible debentures.

10. Loan payable

During the year ended November 30, 2020, the Company entered into a loan agreement to purchase equipment for $15,640. The loan does not bear interest rate and matures in four years.

	$
Balance, November 30, 2019	-
Loan additions	15,640
Repayments	(1,303)
Balance, November 30, 2020	14,337
Repayments	(1,955)
Balance, May 31, 2021	12,382
Current portion	3,910
Non-current portion	8,472

11. Lease liability

During the year ended November 30, 2020, the Company entered into lease agreements to lease a loader and generator for a period of 2 years. The Company recognized right-of-use asset of $59,924 and lease liability of $59,924. The Company recorded a right-of-use asset for leased equipment in the statement financial position as at November 30, 2020.

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 8%, which is the Company’s estimated incremental borrowing rate.

(Expressed in Canadian Dollars - unaudited)

11. Lease liability (continued)

The following is a continuity schedule of lease liabilities for the three-month period ended February 28, 2021:

	$
Balance, November 30, 2019	-
Lease additions (Note 4)	59,924
Lease payments	(26,000)
Lease payment transferred to accounts payable	(2,600)
Accretion on lease liability	2,890
Balance, November 30, 2020	34,214
Lease payments	(15,600)
Accretion on lease liability	1,100
Balance, May 31, 2021	19,714
Current portion	19,714
Non-current portion	-

12. Related party transactions and balances

The Company has identified its directors and certain senior officers as its key management personnel.

During the period, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors. The key management compensation and director fees consist of the following for the six-month period ended May 31, 2021 and May 31, 2020:

	May 31, 2021 $	May 31, 2020 $
Accounting and Consulting fees paid to a private company controlled by the former CEO	-	42,557
Accounting fees included in Professional fees paid to the CFO	41,500	-
Consulting fees paid to director of the Company	-	6,250
Consulting fees paid to a private company jointly controlled by the CEO	-	21,500
Lease payments to a company controlled by a director	15,600	-
Management fees paid to CEO	72,000	-
Salaries paid to related parties	133,021	160,412
Share based payments	190,000	-
Shares issued in lieu of cash for consulting fees (Note 13)	-	15,890
	452,121	246,609

As at May 31, 2021, there was $97,435 (November 30, 2020 - $396,720) included in accounts payable and accrued liabilities for related parties of the Company. The balance is unsecured, due on demand and are non-interest bearing.

During the six-month period ended May 31, 2021, the Company paid rent of $Nil to a private company jointly controlled by the CEO (2020 - $3,000).

During the six-month period ended May 31, 2021, the Company paid lease payments of $15,600 to a private company controlled by a director (2020- $Nil).

12. Related party transactions and balances (continued)

During the six-month period ending May 31, 2021, the Company has an obligation to issue 500,000 shares (November 30, 2020 - 250,000 shares) to the CEO in lieu of cash for consulting fees in the amount of $190,000 (November 30, 2020 - $89,500) (Note 13).

13. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Unlimited number of Class B preferred shares.

Issued share capital

At May 31, 2021, there were 105,091,815 (November 30, 2020 – 90,440,315) issued and fully paid common shares outstanding.

At May 31, 2021, there were 2,000,000 (November 30, 2020 – 2,000,000) issued and fully paid Class B preferred shares outstanding.

Preferred shares

During the year ended November 30, 2020, the Company closed a preferred share private placement for total proceeds of $2,000,000 (“Preferred Share Capital”). The Company paid finder’s fees in cash of $15,302 and issued 1,000,000 finder’s shares to Leede Jones Grable Inc., providing strategic advisory services to the Company related to the preferred share private placements.

The following terms apply to the Preferred Shares:

Cumulative dividends on the Preferred Shares shall accrue and become payable in arrears on a monthly basis, for a period of 48 months, based on the following calculation:

- Repayment of Preferred Share Capital: 40% of the total revenue received by the Company from the sale of cannabis oil, hemp oil and other such hemp and cannabis derivative extracts produced by the Company, less the cost of any third-party feedstock (the “Product Revenue”), up to cumulative aggregate Product Revenue of $5,000,000; It shall be payable as a capital repayment of the Preferred shares; and

- Preferred Share Dividend: for cumulative aggregate Product Revenue exceeding $5,000,000, immediately following the repayment of Preferred Share Capital, the Company shall accrue on a monthly basis an amount equal to the sum of: (A) $80 per kilogram of dry cannabis produced and processed by the Company from its own feedstock; and (B) an amount equal to 35% of Product Revenue derived from third party feedstock.

The payment of all accrued and accumulated dividends shall be postponed for that portion of Product Revenue attributable to uncollected revenue (the “Revenue Receivable”) and the balance of the postponed accrued and accumulated dividend shall become payable in the month where the Revenue Receivable is received by the Company. No dividend shall accrue or be payable after 4 years from the date of issuance. The preferred shares are secured by certain production equipment.

The preferred shares have been classified as liability at amortized cost due to the requirement for the Company to deliver cash during the term of the agreement. At inception, the Company determined that the effective interest rate of this financial liability was 20%.

(Expressed in Canadian Dollars - unaudited)

13. Share Capital (continued)

Preferred shares (continued)

At as November 30, 2020 and May 31, 2021, in light of production data generated from the Company's 2020 harvest and sales transactions occurred subsequent to year end, the Company revised the estimates of the cash flow projection for preferred shares capital repayment and dividend and recorded a loss of $1,896,095 using the same effective interest rate of 20%. The amortized cost of preferred shares at year end was estimated based on the following assumptions:

- Estimated annual production capacity ranging from approximately 17,000 to 40,000 kilograms of dry
- biomass which is highly dependent on weather conditions for growing;
- Estimated distillate yield of approximately of 8-13%;
- Lead time of approximately 4-5 months to process the biomass to distillate oil;
- The Company has been building inventory and subsequent to year end has commenced in sales. The estimated sales price of distillate oil is between $4,000 and $7,000 per kilogram; and
- Payment on delivery.

The following is a continuity schedule for preferred shares as at May 31, 2021:

	$
Balance, November 30, 2019	-
Preferred shares	2,000,000
Deferred transaction costs	(315,302)
Accretion expenses	39,305
Change in estimate of preferred shares	1,896,095
Balance, November 30, 2020	**3,620,098**
Change in estimated fair value	510,520
Balance, May 31, 2021	**4,130,618**
Current portion	1,110,784
Long term portion	3,019,834

Share issuances during the six months ended May 31, 2021

During the six months ending May 31, 2020, the Company issued 4,476,000 common shares pursuant to warrants exercised at prices ranging from $0.20 to $0.40 for gross proceeds of $1,170,200. The Company transferred $60,103 from reserve to share capital.

During the six months ended May 31, 2021, the Company issued 1,199,500 common shares pursuant to stock option exercise at prices ranging from $0.09 to $0.25 for gross proceeds of $198,955. The Company transferred $224,730 from reserve to share capital.

During the six months ended May 31, 2021, Convertible debentures were converted to shares and 3,136,000 shares were issued with a fair value of $647,083, extinguishing $573,669 in principal debt, accretion and related interest.

On December 9, 2020 the Company closed a non-brokered private placement of 5,540,000 units of the Company at a price of $0.30 per unit for gross proceeds of $1,662,000. Each unit consists of one common share and one half of one transferable share purchase warrant, with each whole warrant exercisable into a common share. Each warrant entitles the holder thereof to purchase one additional share at a price of $0.50 per share for a period of two years from the date of issuance.

The Company issued 300,000 common shares with a fair value of $60,000, pursuant to a soil purchase agreement.

(Expressed in Canadian Dollars - unaudited)

13. Share Capital (continued)

Share issuances during the three-month period ended May 31, 2020

During the current period, 1,000,000 options were exercised at $0.09 per share for proceeds of $90,000. The fair value, when granted, of $98,210 was transferred to share capital from reserves to reflect the exercise of these options

The Company entered into a departure agreement with the former CEO. Pursuant to the terms of the agreement, the Company issued 604,110 compensation shares on January 27, 2020 with a fair value of $120,822. The Company recorded an obligation to issue shares of $104,932 upon entering the agreement. The obligation was removed and the share capital was increased accordingly, with an additional $15,890 recognized as share-based compensation during the three months ended February 29, 2020.

Escrow Shares

As at November 30, 2020, a total of 23,932,239 securities, including 19,977,852 shares (November 30, 2019 – 5,000,000), 3,477,387 warrants (November 30, 2019 – Nil), 477,000 stock options (November 30, 2019 – Nil) and 43 convertible debentures (November 30, 2019 – Nil), are held in escrow and will be released based on the following:

On October 1, 2020, the date on which the Company was listed on Canadian Securities Exchange (“Listing Date”), 2,219,762 common shares were released from escrow. The remaining 19,977,852 common shares will be released pursuant to the following schedule:

On the Listing date	1/10 of the escrow securities
6 months after the Listing Date	1/6 of the remaining escrow securities
12 months after the Listing Date	1/5 of the remaining escrow securities
18 months after the Listing Date	1/4 of the remaining escrow securities
24 months after the Listing Date	1/3 of the remaining escrow securities
30 months after the Listing Date	1/2 of the remaining escrow securities
36 months after the Listing Date	the remaining escrow securities

Warrants

The continuity of the Company's share purchase warrants pursuant is as follows:

	Number of share purchase warrants #	Weighted average exercise price $
Outstanding, November, 30, 2019	17,633,549	0.29
Granted	771,000	0.20
Exercised	(3,606,800)	0.20
Expired	(1,211,250)	0.20
Outstanding, November, 30, 2020	13,586,499	0.32
Granted	2,770,002	0.50
Exercised	(4,476,000)	0.26
Expired	(224,000)	0.20
Outstanding, May 31, 2021	11,656,501	0.38

(Expressed in Canadian Dollars - unaudited)

13. Share Capital (continued)

Warrants (continued)

As of May 31, 2021, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise price $	Number of warrants, issued and exercisable #
October 22, 2022	0.09	1,460,000
December 31, 2021	0.40	7,426,499
December 9, 2022	0.50	2,770,002
		11,656,501

On February 21, 2020, the Company extended the expiry dates of 2,293,799 warrants expiring on October 17, 2020 to December 31, 2021.

Warrants

On April 14, 2020, the Company extended the expiry dates of 6,062,500 warrants expiring on September 30, 2020 to December 31, 2021.

On September 14, 2020, the Company extended the expiry dates of 442,200 warrants expiring on September 20, 2020 and 100,800 warrants expiring on October 17, 2020 to December 31, 2021.

Stock Options

On March 1, 2017, the Board of Directors approved the adoption of a fixed Stock Option Plan reserving for issuance, upon the exercise of options granted pursuant to the Stock Option Plan, a maximum of 20% of the issued and outstanding shares of the Company, less any shares required to be reserved with respect to options granted by the Company prior to the implementation of the Stock Option Plan. The Stock Option Plan was subsequently replaced with the 2018 Plan which was approved by shareholders at its January 9, 2019 Annual General and Special Meeting. The 2018 Plan is substantively similar to the Stock Option Plan except that it increases the number of common shares reserved under it. The 2018 Plan reserves 8,158,321 common shares (which represents 20% of the Company's outstanding common shares as of the record date for the Meeting), compared to 199,520 under the Stock Option Plan.

On December 13, 2019, the Company issued 1,540,000 Options to certain employees, with a fair value of $257,869, to acquire one additional common share at a price of $0.09 until December 13, 2024. The fair value of the options was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price - $0.20; exercise price - $0.09; expected life – 5 year; volatility – 100%; dividend yield – $0; and risk-free rate – 1.59%. These stock options vest 33% on issue, 33% on the first anniversary and 34% on the second anniversary. For the year ended November 30, 2020, an amount of $185,943 was recorded as stock-based compensation with a corresponding credit to reserves as a result of the graded vesting terms. For the period ended May 31, 2021, the Company recorded share-based compensation of $24,851.

On August 20, 2020, the Company issued 6,875,000 Options to certain directors, officers and consultants of the Company to acquire one additional common share at price between $0.09 and $0.25 per common share for terms of between six months and five years. The fair value of the options was determined using the Black Scholes Option Pricing Model with the following assumptions summarized in below table. $1,117,284 stock-based compensation was recorded as a result of various vesting terms for the year ended November 30, 2020. During the period ended May 31, 2021, the Company recorded share-based compensation of $278,617.

(Expressed in Canadian Dollars - unaudited)

13. Share Capital (continued)

Stock Options (continued)

On September 8, 2020, the Company issued 450,000 Options to certain consultants of the Company to acquire one additional common share at price of $0.25 per common share for three to four years. The fair value of the options was determined using the Black Scholes Option Pricing Model with weighted average assumptions summarized in below table. $47,812 stock-based compensation was recorded as a result of various vesting terms for the year ended November 30, 2020. During the period ended May 31, 2021, the Company recorded share-based compensation of $22,176.

On January 8, 2021, the Company issued 200,000 stock options with an exercise price of $0.88 and expires five years from the date of grant. The fair value of the options was determined using the Black Scholes Option Pricing Model totalling $28,942.

On May 4, 2021, the Company issued 175,000 stock options with an exercise price of $0.61 and expires five years from the date of grant. The fair value of the options was determined using the Black Scholes Option Pricing Model totalling $7,818.

with the following weighted average assumptions:

	Six months period ended May 31, 2021	Year ending November 30, 2020
Exercise price	$0.63 to $0.88	$0.09 to $0.40
Expected life	5 years	6 months to 5 years
Volatility	80% to 100%	100%
Risk-free-rate	0.34%	0.30% to 1.59%

The continuity of the Company's share purchase options is as follows:

	Number of share purchase options #	Weighted average exercise price $
Outstanding, November 30, 2019	5,080,000	0.09
Granted	11,215,000	0.17
Exercised	(2,356,100)	0.11
Cancelled	(300,000)	(0.09)
Outstanding, November 30, 2020	13,638,900	0.15
Granted	375,000	0.75
Exercised	(1,199,500)	0.17
Cancelled	(50,000)	(0.25)
Outstanding, May 31, 2021	12,764,400	0.17

The weighted average price of shares at the time the options were exercised was $0.17.

(Expressed in Canadian Dollars - unaudited)

13. Share Capital (continued)

Stock Options (continued)

As of May 31, 2021, the Company had share purchase options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise price $	Number of options issued #	Number of options exercisable #
June 1, 2024	0.09	2,670,000	2,670,000
August 14, 2022	0.20	10,000	10,000
December 13, 2024	0.09	1,434,400	920,999
August 20, 2024	0.09	2,500,000	2,500,000
August 20, 2024	0.25	400,000	400,000
August 20, 2025	0.20	350,000	131,250
August 20, 2025	0.25	275,000	121,875
August 20, 2025	0.15	2,050,000	893,750
August 20, 2025	0.09	300,000	112,500
September 8, 2024	0.25	300,000	75,000
September 29, 2025	0.20	1,000,000	1,000,000
November 26, 2025	0.40	1,100,000	1,100,000
January 8, 2026	0.88	200,000	25,000
May 4, 2026	0.61	175,000	-
		12,764,400	9,960,374

Reserve

The reserve account records items recognized as stock-based compensation expense and the fair value of finders' warrants issued until such time that the stock options and warrants are exercised, at which time the corresponding amount will be reallocated to share capital.

Obligation to issue shares

During the month period ending May 31, 2021, the Company has an obligation to issue 450,000 shares (November 30, 2020 - 250,000 shares) to the CEO in lieu of cash for consulting fees in the amount of $190,000 (November 30, 2020 - $89,500).

During the year ended November 30, 2020, the Company recorded an obligation to issue shares of $679,500. The Company received $530,000 in cash for a private placement that was completed on December 9, 2020.

14. Financial instruments

The Company classifies its financial instruments into categories as follows: cash and subscriptions receivable as financial assets at amortized cost, and accounts payable, preferred shares, convertible debenture and government loan as other financial liabilities at amortized cost.

Fair value

Cash is carried at fair market value based on quoted market prices in an active market. The carrying value of accounts payable approximate its fair values due to the short-term nature of these financial instruments. 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 – unadjusted quoted prices in active markets for identical assets and liabilities;

14. Financial instruments (continued)

- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

Cash is measured using level 1 inputs. Preferred shares are measured using level 3 inputs.

15. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and subscription receivable. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of May 31, 2021, the Company has cash of $1,332,636 (November 30, 2020 - $1,844,356) to cover short term obligations.

Historically, the Company's sole source of funding has been loans from related parties, convertible debentures, preferred share financings and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at May 31, 2021, the Company has convertible debentures of $4,353,279 and government loans of $40,000, which bears a fixed interest rate and a nil interest rate, respectively. As such, the Company's interest rate risk is low.

Capital Management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

16. Subsequent events

Subsequent to the period ended May 31, 2021, the Company issued 150,000 common shares pursuant to the exercise of stock options for gross proceeds of $30,000.

On June 8, 2021, the Company closed an oversubscribed non-brokered private placement and issued 6,283,813 Units at a price of $0.42 per unit of the Company for gross proceeds of $2,639,201. Each Unit consist of one common share and one-half warrant (with two half warrants being a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of $0.65 per share for period of 30 months from the date of issuance. The Company paid cash finder's fees of $34,020 and issued 81,000 Broker Warrants and 230,546 Broker Units. The Broker Warrants and Broker Units carry the same terms noted above.

Subsequent to the period ended May 31, 2021, the Company issued 2,800,000 common shares pursuant to the conversion of convertible debt and settled principal and interest of $560,000.

Appendix B

The Management's Discussion & Analysis for the 2nd quarter ended May 31, 2021 is attached hereto.

Christina Lake Cannabis Corp.

Management Discussion & Analysis

(Unaudited - Expressed in Canadian Dollars)

For the -months ended May 31, 2021 and May 31, 2020

July 29, 2021

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the six months ended May 31, 2021, compared to the six months ended May 31, 2020. This report prepared as at July 29, 2021 intends to complement and supplement our condensed interim financial statements (the "Financial Statements") as at May 31, 2021, which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the condensed interim financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements and accompanying notes for the year ended November 30, 2020, (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards.

Our unaudited condensed interim financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" we mean Christina Lake Cannabis Corp., as it may apply.

OVERVIEW

Christina Lake Cannabis Corp. (the "Company") was incorporated on October 26, 2014, under the laws of the province of British Columbia, Canada. On December 21, 2018, the Company changed its name from Cervantes Capital Corp. to Christina Lake Cannabis Corp. The Company is a licensed producer of cannabis in British Columbia under the Cannabis Act with a standard cultivation, processing and sales license and a research and development license. On October 1, the Company was began trading on the Canadian Securities Exchange under the ticker symbol "CLC." The Company has received approval from OTC Markets Group Inc. ("OTCM") for its shares to trade on the OTCQB® exchange ("OTCQB") beginning at market open on Thursday February 18, 2021

The Company is a reporting Company in British Columbia and Alberta effective as of December 3, 2014. The Company's registered and records office is Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada.

Management is responsible for the preparation and integrity of the condensed interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including condensed interim financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company is a licensed cannabis producer and obtained a Standard Cannabis Cultivation License on March 27, 2020, which is further augmented by a Processing Amendment obtained September 11, 2020. The Company also has its Research and Development License (an "RDL") from Health Canada. The Company is currently processing their 32,500 kg of dried Cannabis into various extracts including Distilled and Winterized Oils for sale into the wholesale market.

HIGHLIGHTS

The Company, a premier producer of high-quality, low cost, sun-grown cannabis flower, oil cannabinoids, as well as hemp-based extracts and derivatives, serving domestic and international cannabinoid markets.

- On July 14, 2021 the Company provided an operational update pertaining to the 2021 growing season in which the Company is cultivating a large quantity of clones and seedlings outdoors in natural sunlight. In addition to the seven proprietary cannabis strains which comprise the majority of CLC's plants being grown this year, more than 90 experimental strains are also under observation in the field.
- On June 29, 2021 the Company announced that it has succeeded in its efforts to consistently produce cannabis distillate oils with a tetrahydrocannabinol ("THC") concentration of 90% or higher, a benchmark that is considered to be a highly prestigious in the vaping industry.
- On June 15, 2021 the Company announced that it was in the process of transferring over 45,000 plants from its onsite greenhouse facility to the field area for transplantation.
- On June 7, 2021 the Company announced it has closed a non-brokered private placement of 6,283,813 units at a price of $0.42 per unit for gross proceeds of $2,639,201.26. Each unit consists of one common share and one-half of one transferable share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of $0.65 per share for a period of 30 months from the date of issuance. In the event that the shares have a closing price of $1.10 or greater per share for a period of 10 consecutive trading days at any time from the closing of the private placement, the Company may accelerate the expiry date of the Warrants by giving notice to the holders by disseminating a news release. Finder's fees of $34,020 cash, 81,000 warrants and 230,546 units have been paid in connection with the private placement.

  On June 7, 2021 the Company also announced the issuance of 445,000 shares to three individuals including the Company's President and a Director in satisfaction of certain consulting agreements.

  On June 7, 2021 the Company announced that Ray Baterina has been appointed as the Company's Corporate Secretary. Mr. Baterina has over 20 years experience in administrative and corporate services.
- On May 19, 2021 the Company provided several updates including as part of the Company's R&D processes, "clones" of several new cannabis strains developed using proprietary cannabis genetics have completed an observation period which growth has shown to be satisfactory for full-scale cultivation. Preparation of the field to begin the 2021 growing season also commenced. The company was preparing to add approximately 15% more plants in the same space.
- On May 4, 2021 the Company announced that it has received it's first purchase order for a commercial quantity of distillate oil valued at CAD $129,000 from a Canadian Licensed Producer.
- On March 31, 2021 the Company announced that it nearly triples its Cannabis Extraction Capacity with the industry's first installation of Vitalis' Cosolvent Injection System Add-on.
- On March 26, 2021 the Company announced that Salvatore Milia has been appointed to the Company's Board of Directors. Mr. Milia had received clearance from Health Canada to enter this capacity with the official appointment pending, which was finalized during the same week. Mr. Milia is currently leading the Company's research and development committee that was recently formed under his leadership.
- On March 18, 2021, the Company announced the appointment of Rob Jones, an accomplished global trader of agriculture commodities, as the President of CLC to lead its commercialization efforts beginning in 2021 as the Company seeks to introduce its dried cannabis biomass and extracts to the market following an exceptionally successful inaugural harvest.
- On February 24, 2021, the Company announced it has entered in a memorandum of understanding ("MOU") with TAAT Lifestyle & Wellness Ltd. in which the Company is to develop and distribute the TAAT nicotine-free and tobacco-free alternative to tobacco cigarettes for the Canadian market
- On February 18, 2021, the Company announced it received approval from OTC Markets Group Inc. ("OTCM") for its shares to trade on the OTCQB exchange ("OTCQB").
- The Company also has on hand a full state of ancillary equipment enabling its extraction team to take production through to the distillate and isolate phases.

HIGHLIGHTS (Continued)

- The Company's state-of-the-art extraction machinery, provides for high throughput capacity and substantial capacity to carry out the Company's organic and aggressive expansion strategy.
- The majority of the Company's harvest will be refined into full spectrum oil, distillates, and isolates to be sold in the wholesale markets,
- As the region's largest employer, the Company's team has expanded to over 30 full-time staff members and seasonal workers.
- On its 32-Acre site, the Company has commenced harvest of over 22,500 cannabis plants consisting of eight cannabis strains. Many plants are showing high yields, with some presently over eight feet tall.
  The total harvest for 2020 was completed in October yielding 32,500 kg of dried Cannabis, with growth in production expected for 2021 and beyond.
- On October 01, 2020, the Company commenced trading on the CSE under the ticker symbol "CLC".
- On May 20, 2020, the Company received a Research and Development License from Health Canada. On September 11, 2020, the Company received approval on a Processing License Amendment from Health Canada.
- On March 27, 2020 the Company was granted its Standard Cultivation License ("SCL") from Health Canada for the Company's 32-acre phase I facility. This license authorizes the cultivation and sale of cannabis under the Cannabis Act and provides the Company with over 950,000 sf of licensed outdoor cultivation space.

BUSINESS DEVELOPMENT

- The announcement on March 31, 2021 completed an eight-week controlled testing period for a Cosolvent Injection System ("CIS") add-on developed by Vitalis Extraction Technology, Inc. ("Vitalis") for its CO2 extraction machinery. This installation of the Vitalis CIS is the first of its kind in the cannabis industry. This technology nearly triples the Company's Cannabis Extraction Capacity
- During January, 2021, the Company appointed Salvatore Milia to the Board of Directors, a background in building large-scale Information Technology systems, having designed, implemented and managed technical systems and networks for one of Canada's first non-bank credit card gateways and the Conservative Party of Canada.
- During December, 2020, the Company appointed Gil Playford to the Board of Directors and as the Chairman of the Audit and Finance Committee, an internationally accomplished senior corporate executive having served as former Chairman and CEO of Union Carbide Corp, GrafTech, and LionOre.
- On October 26, 2020, the Company announced that it had exceeded its first annual Cannabis production by 10,000 Kg or 44% above its 2020 target for a total harvested amount of 32,500 Kg of dried Cannabis.
- On October 15, 2020, the Company announced that it has completed the commissioning of its Vitalis Extraction Technology R200H-GMP-SS extraction system which will be used to produce premium quality extracts in the form of full-spectrum cannabis oil, distillates and terpenes.
- During October 2020, the Company appointed Ryan Smith as the Chief Financial Officer, a finance professional with a diversified portfolio primarily in the Banking and Telecommunication sectors both in Canada and the United States.
- During October 2020, the Company appointed Mervin Boychuk to the board of directors, a serial entrepreneur who has founded, built and sold four businesses in his 35-year career.
- During October 2020 the Company have hired Rob Jones as Executive Vice President of Business Development and Sales, and Milan Stefancik as Director of Sales and Marketing.
- During September 2020, the Company announces third-party service providers for investor relations, public relations as well as various production and management services for digital and social media.

BUSINESS DEVELOMENT – FINANCING

During the six months ended May 31, 2021, the Company has successfully raised $3,843,517 (2020 - $3,069,505) in cash through financing activities, to fund its operations. The Company's working capital position was $7,602,208 (November 30, 2020 - $6,453,751).

BUSINESS OBJECTIVES AND OUTLOOK

The Company achieved several key milestones in fiscal 2020, including the completion of construction upon its processing facility, obtaining a standard cultivation license, securing the processing amendment to its standard cultivation license, and completing the successful harvest of its first crop.

In the current fiscal year, the Company plans to continue with the processing and sale of core products including winterized cannabis oil and high-potency THC distillate. Work is also presently underway to prepare for this year's planting and harvest. The Company's outdoor planting field has been increased and optimized to accommodate additional plants and production.

The Company is also pursuing a range of strategic opportunities including a joint venture with TAAT Lifestyle & Wellness to potentially produce and distribute TAAT's proprietary blend of smokable hemp products across Canada.

RESULTS OF OPERATIONS

For the six months ended May 31, 2021 compared to the six-month period ended May 31, 2020.

Revenue

The Company reported revenue from sale of goods of $279,159 (2020 - $Nil). This was an increase of $216,738 from the prior quarter, which was the first quarter the Company reported revenue. Sales were primarily Distillate and the Company began ramping up inventory production.

Other results of operation

The Company recorded a loss and comprehensive loss of $4,130,047 for the six months ended May 31, 2021 compared to a net loss of $1,392,942 for the corresponding period in 2020 as activities increased. For much of 2020 the Company was still in the final construction and licensing phases. The Company obtained their processing license in September 2020 and finished commissioning equipment by February 2021. The 2021 calendar year is the first time Cultivation and Processing activities are running simultaneously. The Company increased the size of the workforce which is resulted in an increase in labor expenses. There were large increases in depreciation expense $296,783 due to building improvements and equipment purchases. Interest Expense increase of $202,932 related to accrued interest on the Convertible Debentures.

Some of the significant charges to operations are as follows:

- Consulting fees of $206,600 (2020 - $50,282) increased as the Company has engaged consultants to assist in the execution of the Company's business plan. In general, business operations increased substantially period over period and as such, the Company experienced an overall growth in consulting fees
- Salaries of $719,761 (2020 - $507,280) increased from the previous financial period, as the Company hired several part-time and full-time employees as operations has been ramping up.
- Marketing fees of $402,310 (2020 - $Nil) increased as the Company began building brand and market awareness.
- Professional fees of $157,132 (2020 - $115,325) increased as the Company complies with reporting requirements in a highly regulated environment.
- Office and miscellaneous of $180,195 (2020- $183,426) increased as the Company's operations

grew, and incurred various expenditures related to the day-to-day operations.

RESULTS OF OPERATIONS (CONTINUED)

- Share based compensation of $552,404 (2020 - $157,255) increased, as it includes $129,000 of share-based payments paid to consultants and officers of the Company valued at the higher share price achieved during the period. The Company also issued stock options to certain directors, officers, employees and consultants and vesting was accounted for as share based compensation.
- Interest expense on convertible debentures of $157,499 (2020 - $Nil) was incurred in the current period as convertible debentures was issued during the year ending November 30, 2020 to secure needed capital.
- Corporate Development expense of $365,872 (2020 - $Nil) was incurred in the current period as to ensure smooth operations of the Company's developing business. Included in that total was a larger expense which is non-recurring beyond the next two quarters.

During the six months ended May 31, 2021, the Company recorded a loss of $4,130,047 compared to a loss of $1,392,942 in the comparative period. General and administrative expenses grew as the Company was ramping up operations to its first harvest and getting the Company's equipment and building ready to harvest it's first crop since licensing. The variance and discussion of individual line items is similar to the discussion above. During the quarter ended May 31, 2021, the Company recorded revenue from sale of goods of $62,421 (2020 - $Nil)

SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

	May 31, 2021 $	Feb 28, 2021 $	Nov 30, 2020 $	Aug 31, 2020 $
Deficit and Cash Flow				
Revenue from sale of goods	216,738	62,421	0.00	0.00
Net income (loss)	(1,629,950)	(1,774,638)	(2,337,460)	877,763
Basic and diluted income (loss) per share	(0.02)	(0.02)	(0.04)	0.01
Balance Sheet				
Total Assets	18,862,019	18,484,781	17,803,786	14,419,530

	May 31, 2020 $	Feb 29, 2020 $	Nov 30, 2019 $	Aug 31, 2019 $
Deficit and Cash Flow				
Sales	0.00	0.00	0.00	0.00
Net loss	(788,364)	(604,578))	(506,922)	(1,190,718)
Basic and diluted loss per share	(0.01)	(0.01)	(0.04)	(0.02)
Balance Sheet				
Total Assets	8,198,464	6,447,460	6,202,790	4,120,379

During the three months ending May 31, 2021 revenue from sales of goods totaled $216,738 (2020 - $Nil), which was an increase of $154,317 from the prior quarter (first quarter that sales commenced). Total expenses of $1,858,867, which share based compensation attributed a large portion of that expense of $411,300 for shares issued to new directors and officers recently appointed. $294,598 in Salaries related to the growing team with operations ramping up, and $292,859 in Marketing fees for the continued brand development.

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

During the three months ending Feb 28, 2021 a first revenue from sales of goods of $62,421 was recorded (2020 - $Nil). The total expenses of $1,769,633 General and administrative expenses grew as the Company was getting the Company's equipment and building ready for processing the 2020 crop. Larger expenses contributing were salaries ($425,163), depreciation ($239,708), and corporate development ($182,936).

During three months ending November 30, 2020 net loss was increased to $2,337,460 (2019- $506,922). The major components of increase in this loss during the quarter were increase in estimate of preferred shares ($1,896,095), increase in Share based compensation ($941,194), salaries ($258,909), Office and miscellaneous ($121,287), Professional fee ($114,106). This Loss was offset by increase in Fair value change in biological asset by $1,720,965.

During the quarter ending August 31, 2020 expenses increased as the Company had the Standard Cultivation License ("SCL") from Health Canada and also received a Research and Development License from Health Canada. The Company further increased is activities as can be seen from the payroll that increased from $79,973 in the prior year in the third quarter to $416,338 in the current period. The same trend can be seen in consulting fees increasing from $29,106 to $343,973 explaining the growth of the Company. The Company recorded a fair value adjustment on growth of biological assets totaling $3,046,237, resulting in income for the three-month period ended of $877,763. General and administrative expenses was $2,168,474 (2019 - $1,190,718).

In the quarter ending May 31, 2020 the increased expenses continued as $237,470 was spent on payroll compared to $40,669 in the same quarter the prior year. February 29, 2020, the Company invested significantly into the development of its cannabis property with an investment of $646,948 cash. Net loss increased to $604,578 (2019 - $362,370) as the Company hired additional team members since February 28, 2019 and incurred non cash share-based compensation of $128,477 (2019 - $Nil). There are no general trends regarding the Company's quarterly results and the Company's business is not seasonal, as it can develop and progress on a year-round basis (funding permitting). Quarterly results may vary significantly depending mainly on whether the Company has engaged in new activities or abandoned any projects and these factors which may account for material variations in the Company's quarterly net income (losses) are not predictable.

LIQUIDITY AND CAPITAL RESOURCES

The unaudited condensed interim financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at May 31, 2021 the Company had working capital of $7,602,208 (November 30, 2020 – $6,453,751) which consisted of cash of $1,322,636 (November 30, 2020 - $1,844,356) and accounts & taxes receivable of $210,351 (November 30, 2020 - $71,808), prepaid expenses of $214,081 (November 30, 2020 - $129,964), and Inventory $7,482,892 (November 30, 2020 - $6,222,808). Current liabilities, being accounts payable and accrued liabilities, lease liabilities and portion of preferred shares of $1,627,752 (2020 – $1,815,185).

Cash used in operating activities were $1,865,422 compared to (2020 - $1,138,766) in the same period of 2020. The Company has ramped up operations accelerating the processing of their 2020 crop which consisted of 32,500kg of dried biomass.

Cash used in investing activities for the six-month period ended May 31, 2021 was $623,683 compared to cash outflows of $2,362,017 for the same period in 2020. The Company purchased some additional processing equipment and completed additional improvements on their processing building.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Cash provided by financing activities for the six-month period ended May 31, 2021 were $3,843,517 compared to $3,069,505 for the same period during the prior year. Net proceeds raised from private placement $1,132,000, from warrant exercises $1,170,200 and option exercises $198,955, and $1,355,362 as an obligation to issue shares relating to the private placement which subsequently closed on Jun 7, 2021 which formed the financing activities.

The Company had long term liabilities, of which the convertible debentures formed the bulk, bearing interest of 12%. The Company also have a Canada Emergency Business Account, "CEBA" $40,000 of which 75% becomes due on December 31, 2021. The Company also have a long-term loan payable of $12,382 (November 30, 2020 - 10,427) for equipment. The Company has total current liabilities of $1,627,752 (November 30, 2020 - $1,815,185). Other than the above-mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Executive Officers and Directors of the Company are as follows:

Mervin Boychuk	Director, non-executive chairman of BOD
Gil Playford	Director
Salvatore Milia	Director
Joel Dumaresq	CEO and Director
Nicco Dehaan	COO and Director
Ryan Smith	CFO
Ray Baterina	Corporate Secretary
Timothy O'Donnell	Resigned June 2021, Former Corporate Secretary
Jason Taylor	Resigned March 2021, Former Director
Peter Nguyen	Resigned December 2020, Former Director
Arie Prins	Resigned February 2020, Former CEO and Director
Vicente Benjamin Asuncion	Resigned February 2020, Former Director

The Company has identified its directors and certain senior officers as its key management personnel.

TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

During the period, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors. The key management compensation and director fees consist of the following for the six-month period ended May 31, 2021 and May 31, 2020:

	May 31, 2021 $	May 31, 2020 $
Accounting fees paid to a private company controlled by the former CEO	-	24,557
Accounting fees included in Professional fees paid to the CFO	41,500	-
Consulting fees paid to a private company controlled by the former CEO	-	18,000
Consulting fees paid to director of the Company	-	6,250
Consulting fees paid to a private company jointly controlled by the CEO	34,391	21,500
Lease payments to a company controlled by a director	15,600	-
Management fees paid to CEO	72,000	-
Salaries paid to related parties	133,021	160,412
Share based payments	190,000	-
Shares issued in lieu of cash for consulting fees (Note 12)	-	15,890
	452,121	246,609

As at May 31, 2021, there was $97,435 (November 30, 2020 - $396,720) included in accounts payable and accrued liabilities for related parties of the Company. The balance is unsecured, due on demand and are non-interest bearing.

During the six-month period ended May 31, 2021, the Company paid rent of $Nil to a private company jointly controlled by the CEO (2020 - $3,000).

During the six-month period ended May 31, 2021, the Company paid lease payments of $15,600 to a private company controlled by a director (2020- $Nil).

During the six-month period ending May 31, 2021, the Company has an obligation to issue 500,000 shares (November 30, 2020 - 250,000 shares) to the CEO in lieu of cash for consulting fees in the amount of $190,000 (November 30, 2020 - $89,500) (Note 13).

PROPOSED TRANSACTIONS

As at the date of this MD&A, there are no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

Significant estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments, valuation of properties and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed interim financial statements include: the classification of expenditures as building improvements to be capitalized or as operating costs which are expensed; the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty.

Biological assets

Management is required to make a number of estimates in calculating the fair value less costs to sell of biological assets. These estimates include a number of assumptions such as estimating the stage of growth of the cannabis, harvesting costs, sales price, and expected yields.

FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit risk</u>

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and subscription receivable. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low. Subscription receivable was owed by subscribers to the Company's private placements. Credit risk related to subscription receivable was assessed as low.

FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of May 31, 2021, the Company has cash of $1,322,636 (November 30, 2020 - $1,844,356) to cover short term obligations.

Historically, the Company's sole source of funding has been loans from related parties, convertible debentures, preferred share financings and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at May 31, 2021, the Company has convertible debentures of $3,869,582 and government loans of $40,000, which bears a fixed interest rate and a nil interest rate, respectively. As such, the Company's interest rate risk is low.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

SUBSEQUENT EVENTS

Subsequent to May 31, 2021 closed a non-brokered private placement with 6,283,813 units at a price of $0.42 per unit for gross proceeds of $2,639,201.26 were issued. Each unit consists of one common share and one-half warrant which entitles the holder to purchase one additional share at a price of $0.65 per share for a period of 30 months from the date of issuance. In the event the shares have a closing price on the Canadian Securities Exchange of $1.10 or great for a period of 10 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders. Finder's fees of $34,020 cash , 81,000 Warrants and 230,546 Units have been paid in connection with the private placement.

Subsequent to the period ended May 31, 2021, the Company issued 150,000 common shares pursuant to the exercise of stock options for gross proceeds of $30,000.

Subsequent to the period ended May 31, 2021, the Company issued 2,800,000 common shares pursuant to the conversion of convertible debt and settled principal and interest of $560,000.

ADDITIONAL SHARE INFORMATION

As at the date of this MD&A, the Company had 112,051,173 common shares issued and outstanding. The Company has 14,994,677 warrants outstanding and 12,764,000 stock options outstanding.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of July 29, 2021 and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

ADDITIONAL DISCLOSURE FOR VENTURE COMPANYS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its unaudited condensed interim financial statements for the period ended May 31, 2021. These statements are available on SEDAR - Site accessed through www.sedar.com.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

RISK FACTORS

The following are certain risk factors relating to the business carried on by the Company that prospective holders of Shares should carefully consider.

Warrants are Speculative in Nature and may not have any Value

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Moreover, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price. There can be no assurance that the market price of the Common Shares will ever equal or exceed the exercise price of the Warrants, and consequently, whether it will ever be profitable for holders of the Warrants to exercise their Warrants.

RISK FACTORS (CONTINUED)

Volatility of Stock Price and Market Conditions

The market price of the Common Shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Company is successful in maintaining revenues, cash flows or earnings. The purchase of the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor's portfolio.

Risk Factors Associated with the Company's Business

The following are certain risk factors relating to the business carried on by the Company that prospective holders of Shares should carefully consider.

Negative Cash Flow from Operations

During the period ended May 31, 2021, the Company sustained net losses from operations The Company's cash and cash equivalents as at May 31, 2021 was approximately $1,532,987. Although the Company anticipates it will have positive cash flow from operating activities in future periods, it is possible the Company may have negative cash flow in any future period as the Company continues to progress its expansion plans and its capacity of operations.

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non- compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis, or more stringent implementation thereof, could have a material adverse impact on the company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

RISK FACTORS (CONTINUED)

Early Stage of Development

The Company, while incorporated in 2014, began carrying on business in 2018 and has yet to generate profits from the sale of products to date. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Licenses

The Company will be dependent on the Licenses, which is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of these licenses or any failure to obtain or maintain those licenses could have a material adverse impact on the business, financial condition and operating results of the Corporation. There can be no guarantee that a license will be issued, extended or renewed or, if issued, extended or renewed, that it will be issued, extended or renewed on terms that are favorable to the Company.

In Canada, few applicants for a license from Health Canada ultimately receive a license to produce and sell cannabis. Major expenditures may be required in pursuit of a license and it is impossible to ensure that the expenditures will result in receipt of a license and a profitable operation. There can be no assurances that the Company will maintain a license to produce and sell cannabis and be brought into a state of commercial production. Should a license not be extended or renewed or should it be issued or renewed on terms that are less favorable to the Company than anticipated, the business, financial condition and results of the operations of the Company could be materially adversely affected.

Cultivation Risks

The Company's business involves the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed indoors under climate-controlled conditions, and outdoors, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Changes in Laws, Regulations and Guidelines

On December 20, 2017, the Prime Minister communicated that the Canadian Federal Government intends to legalize cannabis in the summer of 2018, despite previous reports of a July 1, 2018 deadline. On June 7, 2018, Bill C45 passed the third reading in the Senate with a number of amendments to the language of the Cannabis Act. On June 20, 2018, Prime Minister Trudeau announced that cannabis would be legal by October 17, 2018. On June 21, 2018, the Government of Canada announced that Bill C-45 received Royal Assent. Bill-C-45 will come into force on October 17, 2018. On July 11, 2018, the regulations made pursuant 27 to the Cannabis Act were published. The regulations under the Cannabis Act contemplate the various licenses including cultivation, processing, analytical testing, sale (including medical sales), analytical testing and scientific research. The regulations introduced the nursery and made outdoor cultivation permissible. Finally, the requirements for packaging and labelling of products for both medical and non-medical consumption were explicitly set forth. The impact of changes in the regulatory enforcement by Health Canada under the Cannabis Act and its regulations, particularly in respect of product packaging, labelling, marketing, advertising and promotions and product approvals and its impact on the Company's business are unknown at this time.

In addition, when the Cannabis Act comes into effect, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Québec and New Brunswick have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis.

RISK FACTORS (CONTINUED)

Legislative or Regulatory Reform and Compliance

The commercial cannabis industry is a new industry and the Company anticipates that such regulations will be subject to change as the Federal Government monitors Licensed Producers in action. The Company's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Negative Customer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements both in Canada and in other

countries, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical or recreational purposes, including unexpected safety or efficacy concerns arising with respect to the products of the Company or its competitors. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical 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 favorable 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 and financial condition of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity (whether or not accurate or with merit), could have an adverse effect on any demand for the Company's products which could have a material adverse effect on the Company's business, financial condition and results of operations.

Negative Customer Perception (Continued)

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes 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 legally, appropriately or as directed.

Constraints on Marketing Products

In view of the restrictions on marketing, advertising and promotional activities set forth in the Cannabis Act and related regulations, the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

RISK FACTORS (CONTINUED)

Reliance on Receiving a Research and Development License and subsequent Cultivation and Processors License

The Company's ability to set up its Facility for the purposes of research and development and to grow, store and sell cannabis in Canada is dependent on Health Canada's approval of the Company's RDL and subsequent cultivation and processor licenses (the "Licenses"). The Licenses are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the Licenses or any failure to maintain the Licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believe they will meet the requirements for future extensions or renewals of the Licenses, there can be no guarantee that Health Canada will extend or renew these Licenses or, if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licenses or should they renew the Licenses on different terms, the business, financial condition and results of the operation of the Company would be materially adversely affected

New product Development

The Company's ability to sell cannabis in Canada is dependent on the Company's ability to develop product that exceeds the standards set by Health Canada. Although the Company believes management has the expertise to develop such products, there is no assurance that the Company will successfully develop new products.

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 experience than the Company. Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of certain aspects of the industry. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While most laws and regulations seemingly deter this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown, which in itself is a risk. Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support.

Additional Financing

The Company may require equity and/or debt financing 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 that are commercially viable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its 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. 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.

Market Development

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products are inherently subject to significant unreliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

RISK FACTORS (CONTINUED)

Reliance on Management

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

Operation Permits and Authorizations

The Company may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate the businesses. In addition, the Company may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on a Licensee's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business.

Liability, Enforcement Complaints, etc.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial, or local governmental authorities against it. Litigation, complaints, and enforcement actions involving the business 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.

Product Liability

Certain of the Company's proposed manufacture, process and/or distribute of cannabis products are designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers.

If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Resale of Shares

There can be no assurance that there will be an active and liquid market for the Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. In addition, there can be no assurance that the publicly-traded stock price of the Company will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Company will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Company's shares would be diminished.

RISK FACTORS (CONTINUED)

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's shares will be affected by such volatility. An active public market for the Company's shares might not develop or be sustained after the completion of the listing. If an active public market for the Company's shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Dividends

The Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Intellectual Property

The success of the Company will depend, in part, on the ability to maintain and enhance trade secret protection over the various existing and potential proprietary techniques and processes of the Company. The Company may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Company. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

Insurance Coverage

The Company will require insurance coverage for a number of risks. Although Management believes that the events and amounts of liability covered by such insurance policies should be reasonable, taking into account the risks relevant to the Company's business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects, could be adversely affected.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

RISK FACTORS (CONTINUED)

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

Difficulty Implementing Business Strategy

The growth and expansion of the Company is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy.

Operational Risks

The Company may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's Property and Facility, personal injury or death, environmental damage, adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition on the Company. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Conflicts of Interest

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors' and officers' conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests.

However, in conflict-of-interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

Available Talent Pool

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of cannabis research and development, cultivation of cannabis and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

RISK FACTORS (CONTINUED)

Ability to Maintain Bank Accounts

While the Company does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for the Company. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Company may be required to seek alternative payment solutions. If the industry was to move towards alternative payment solutions the Company would have to adopt policies and protocols to manage these changes. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

Cautionary Statement

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding future financial conditions, results of operations, plans, objectives, performance or business developments, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors.

Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation,

- treatment under government regulatory and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- the Company's business strategies, intentions to develop its business and operations, objectives and plans to pursue the commercialization of its products;
- expectations for expansion plans for the Facility and its costs;
- the suitability of the Facility;
- expectations regarding production costs, capacity and yields of the Company's business and growth thereof;
- the Company's estimates of the size of the potential markets for its products and the rate and degree of market acceptance of such products and its competitive positions in relation thereto;
- projections of market prices and costs and the future market for the Company's products and conditions affecting same;
- estimates of the Company's future revenues and profits;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- statements relating to the business and future activities of, and developments related to the Company after the date of this Listing Statement and thereafter; and
- liquidity of the Common Shares following listing of the Shares.

RISK FACTORS (CONTINUED)

Cautionary Statement (Continued)

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- treatment under government regulatory and taxation regimes and potential changes thereto;
- limited operating history and negative operating cash flow;
- reliance by the Company on a single production facility and factors relating to the development of the Facility;
- expansion plans for the Facility being subject to Health Canada regulatory approvals;
- dependence on management and conflicts of interest;
- restrictions on marketing activities in the medical cannabis industry;
- competition for, among other things, customers, land and greenhouses, supply, capital, capital acquisitions of products and skilled personnel;
- consumer acquisition and retention;
- risks and liabilities inherent in medical cannabis and agricultural operations;
- unfavorable publicity or consumer perception;
- product liability and recall risks as well as general operating risks;
- environmental risks;
- availability of financing opportunities;
- risks relating to global financial and economic conditions;
- future liquidity and financial capacity; and
- other factors discussed under "*Risk Factors*".

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at February 28, 2021 and are subject to change after this date. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward looking statements. Consequently, all forward-looking statements made in this MD&A are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.