Management's Discussion and Analysis

The following discussion is management's assessment and analysis of the results and financial condition of Mota Ventures Corp. (formerly Primary Energy Metals Inc.) ("Mota" or the "Company"), and should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.

The effective date of this report is April 29, 2020.

Caution Regarding Forward Looking Information

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of December 31, 2019. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Description of Business

Mota, and its subsidiaries are an integrated group of companies that seeks to become a vertically integrated global cannabidiol ("CBD") company. Its existing operations in Colombia consist of a 2.5-hectare site that has optimal year-round growing conditions and access to all necessary infrastructure. Through the acquisition of First Class and Sativida brands subsequent to December 31, 2019, Mota is an established ecommerce, direct to consumer provider of a wide range of CBD products in the United States and Europe (See Subsequent Events note below). In the United States, the Company sells a CBD hemp-oil formulation derived from hemp grown and formulated in the US through its First Class and Nature's Exclusive brands. Within Europe, its Sativida brand of CBD oils and cosmetics are sold throughout Spain, Portugal, Austria, Germany, France, and the United Kingdom. Mota is also seeking to acquire additional revenue producing CBD brands and operations in both Europe and North America, with the goal of establishing an international distribution network for CBD products. Low cost production, coupled with international, direct to customer, sales channels will provide the foundation for the success of Mota.

The Company is incorporated under the laws of British Columbia, Canada. The address of the Company's corporate office and its principal place of business is Suite 800 – 1199 W Hastings Street, Vancouver BC, Canada V6E 3T5.

Financial and operational highlights as at and for the period from April 12, 2019 to December 31, 2019

On November 28, 2019, the Company completed the acquisition of all of the issued and outstanding shares of a private company, NNZ Consulting Corp. ("NNZ"), through a reverse takeover transaction (the "RTO Transaction"), resulting in the name change to Mota Ventures Corp. The net assets of the Company at the date of the RTO Transaction are deemed to have been acquired by NNZ. Accordingly, this report include the results of operations of the company from November 28, 2019.

Pursuant to the RTO Transaction, the Company completed a subscription receipt financing (the "Financing") of 12,196,249 units ("Units") at a price of $0.30 per Unit for gross proceeds of $3,658,875. Each Unit consisted of one common share, and one common share purchase warrant, each of which exercisable at $0.50 until November 29, 2021.

On June 12, 2019, NNZ completed its purchase of Ihuana S.A.S. ("Ihuana"), a Colombian company incorporated on January 25, 2017.

As at December 31, 2019, the Company had working capital of $2,284,304. During the period from April 12, 2019 to December 31, 2019, the Company incurred a net loss of $10,915,987, and at December 31, 2019, the Company has not achieved profitable operations, has accumulated losses of $10,915,987 since inception. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Colombia Operations

License

Through Ihuana, the Company currently holds the "Cannabis Non-Psychoactive Cultivation License" (the "Colombian License"), which is granted by the Colombia Ministry of Justice in April 2018 and is intended for authorizing production and cultivation of cannabis grain, derivatives fabrication, industrial or scientific purposes, or for storage and final disposition. The Colombian License grants the Company the right to cultivate non-psychoactive cannabis plans for: (a) seed sowing production; (b) crops; and (c) scientific purposes. In addition, it grants the Company the right to manufacture and export non-psychoactive cannabis derivatives and extracts. The Company is not subject to any quotas for production under the Colombian License.

Duration of License

The Colombian government grants the Colombian License, when the applicant fulfills the general criteria described in the article 2.8.11.2.1.5 of the Decree, and the specific requirements for each type of license. The license validity is up to five (5) years. The Colombian government maintains the right to monitor the activities performed by the corresponding licensee.

Approval from Instituto Colombiano Agropecuario (Colombian Agricultural Institute)

The Company has received approval from the Instituto Colombiano Agropecuario or the Colombian Agricultural Institute (the "ICA"), which means that the Company has been certified to begin cultivating non-psychoactive cannabis. The Company has one registered cultivar with the ICA, which is "*IH1".*

Lease

As at the date of this report, the Company has entered into a lease agreement for the Guasca land effective July 1, 2019. The Company has specifically located its cultivation and operations in close proximity to a free trade zone. The land is 2.5 hectares of flat, cleared grass fields located in the town of Guasca, approximately 55 km or 1.5 hours from Bogota, the capital city of Colombia. The location allows for quick access to Colombia's largest business center and is in a safe and secure area. The lease payment is COP 10,000,000 (or approximately $3,900) per month, expiring in May 2024, with a renewal option.

Subsequent Events

Financing

On April 21, 2020, the Company completed an offering (the "Offering") of 9,944,000 units (each, a "Unit") on April 21, 2020 and 6,142,859 Units on April 1, 2020, by way of non-brokered private placement at a price of $0.28 per Unit for total gross proceeds of $4,504,320. Each Unit consists of one common share of the Company, and one common share purchase warrant (each, a "Warrant") exercisable to acquire an additional share at a price of $0.38 for a period of twenty-four months, expiring on April 21, 2022 and April 1, 2022 respectively.

The Company anticipates utilizing the proceeds of the Offering to further develop and market products in North America and Europe using its ecommerce sales channels, to satisfy compensation obligations based on services provided to the Company and the satisfaction of performance metrics and for general working capital purposes. In connection with completion of the Offering, the Company has paid $75,120 and issued 441,072 common shares and 268,287 Warrants to certain arms-length parties who assisted in facilitating the Offering. The Company has also issued 142,857 Warrants to an arms-length consultant, as partial consideration for services provided to the Company. The Company also paid $45,043 to a third-party for successfully administering the Offering.

Debt settlement

On April 1, 2020, the Company settled outstanding indebtedness of $283,500, owing to an arms-length creditor, in consideration for services previously provided to the Company (the "Debt Settlement"). Under the terms of the Debt Settlement, the Company issued 1,012,500 Units, at a price of $0.28 per Unit, in settlement of the indebtedness. Each Unit consists of one common share of the Company, and one common share purchase warrant exercisable to acquire an additional share at a price of $0.38 for a period of twenty-four months from April 1, 2020.

Folium acquisition

On April 7, 2020, the Company acquired all of the outstanding share capital of 1244780 B.C. Ltd. ("1244780") (the "Folium Acquisition"). The Folium Acquisition was completed pursuant to a share exchange agreement (the "Folium Purchase Agreement"), and entered into with an arms-length third party (the "Vendor"). The sole asset of the 1244780 consists of a 20% equity interest in Folium Life Sciences Inc. ("Folium"), which is in the process of developing a licensed indoor cannabis production facility located on Vancouver Island. In consideration for the Folium Acquisition, the Company issued 21,000,000 common shares.

Each of the Vendor, 1244780, and Folium are at arms-length from the Company. The Folium Acquisition does not constitute a fundamental change for the Company, nor has it resulted in a change of control of the Company within the meaning of applicable securities laws and the policies of the Canadian Securities Exchange. In connection with completion of the Folium Acquisition, the Company issued 210,000 common shares to a consultant who assisted with the Folium Acquisition.

Folium is a Health Canada licensed cannabis cultivator with facilities located on Vancouver Island. Folium is nearing completion of the expansion of its existing cultivation facility. Its business plan calls for a further phase 2 expansion of the facility. Folium aims to produce a high quality and consistent cannabis product through its facilities.

Sativida transaction

Pursuant to the binding agreement with Sativida OU (Estonia) and Sativida OU's subsidiary, VIDA BCN LABS S.L. (collectively with Sativida OU, "Sativida") dated January 9, 2020 (the "Sativida Agreement"), the Company was granted the right to acquire Sativida in stages (the "Sativida Transaction"), at the discretion of the Company, as certain corporate and intellectual property registrations were completed.

On March 25, 2020, the Company acquired the intellectual property and trade names of Sativida in Spain, and will license both back to Sativida in exchange for a royalty associated with the gross revenues generated by Sativida. Pursuant to the

Sativida Agreement, the Company also holds the right to acquire all of the outstanding share capital of Sativida at any time for no additional consideration.

Consideration for the Sativida Transaction is made up of an initial component of €2,000,001 (the "Initial Sativida Consideration") and an earn-out component made up of three milestone payments based upon the revenue of Sativida (each, a "Milestone Payment"). The Initial Sativida Consideration was paid in 5,496,221 common shares of the Company (the "Sativida Consideration Shares") at a price of $0.5689 per share. Each Milestone Payment will be based on a 400% multiple of Sativida's revenue until the aggregate of the Initial Sativida Consideration and Milestone Payments reaches €4,000,000, at which point the multiple will be reduced to 100%. In no event will the combined Milestone Payments and the value of the Initial Sativida Consideration exceed €15,000,000. Payment of the Milestone Payments will be satisfied by the Company issuing its common shares ("Milestone Shares") to Sativida. The total number of Milestone Shares issuable to Sativida will be determined by dividing the amount due by the volume weighted average closing price of the Company's common shares on the Canadian Securities Exchange in the ten trading days prior to the day that the Milestone Payment is due.

The Sativida Consideration Shares and the Milestone Shares will each be subject to a 36-month pooling arrangement such that 10% of the Sativida Consideration Shares, or the Milestone Shares, as applicable, will be released immediately, with an additional 15% being released every six-months thereafter until all Sativida Consideration Shares or all Milestone Shares, as applicable, are released.

In connection with completion of the Sativida Transaction, the Company issued 549,622 common shares to certain arms'-length finders that assisted in introducing the Sativida Transaction to the Company. Additionally, the Company issued 109,924 common shares to a consultant who assisted in the administration of the Sativida Transaction.

The Company and Sativida are at arms'-length.

Sativida is an arms'-length producer and online retailer of CBD and branded CBD products in various jurisdictions in Europe, including Spain, Portugal, Austria, Germany, France and the United Kingdom. Sativida currently develops and retails a vast range of organic CBD oils and cosmetics across Europe and is in the process of expanding its distribution network internationally to include the United States.

Through Mota, Sativida has an agreement with Unified (See First Class CBD Acquisition) for the expansion of the brand into the United States. Unified will provide assistance to Sativida with product sourcing, packaging, shipping, payment infrastructure and marketing in the United States. Unified is an ecommerce and technology company focused on serving U.S.-based and international consumers in the CBD and natural health products market.

The Company is currently assessing its accounting treatment of the Sativida Transaction, including the evaluation and fair value measurement of consideration paid, assets acquired and liabilities assumed.

BevCanna JV agreement

On February 5, 2020, the Company entered into a joint venture agreement (the "JV Agreement"), with BevCanna Enterprises Inc. ("BevCanna"), pursuant to which the parties intend to partner in the development of a joint venture (the "Joint Venture") to distribute BevCanna branded products infused with hemp-derived CBD in the European market.

The Joint Venture holds exclusive rights to sell and market BevCanna house brand lines of hemp-derived CBD products in Europe and will operate for an initial five-year term.

Under the JV Agreement, the Company and BevCanna will share equal ownership in the Joint Venture and will be jointly responsible for developing and funding its operations. In addition to capital, BevCanna will contribute proprietary brands, product formulations, formulas for nanoencapsulated water-soluble powders, marketing and manufacturing expertise to the Joint Venture. The Company will provide manufacturing, marketing and distribution infrastructure in the European market.

Finalization of the Joint Venture remains subject to the establishment of a joint venture company by the parties, and the licensing and registration of intellectual property for use in Europe.

Phenome licensing agreement

On January 17, 2020, the Company entered into a licensing and royalty agreement (the "Phenome Licensing Agreement") with Phenome One Corporation ("Phenome"), a privately held full-service live genetic and seed preservation cannabis company. The Phenome Licensing Agreement provides the Company with the right to propagate, cultivate, harvest and process a selection of cultivars from Phenome's genetic library, and to sell products of any kind produced from the selected cultivars. The Company is also granted unlimited access to a proprietary nutrient IP and catalogue. Under the Phenome Licensing Agreement, the Company will: (a) issue 1,000,000 common shares of the Company to Phenome upon the Company's successful seed registration in Colombia; and (b) make royalty payments to Phenome each calendar quarter of five percent (5%) of gross sales of products produced from the Phenome genetics. In the event the Company is acquired by a third party or there is a material breach to the Phenome Licensing Agreement, the Company will issue 1,000,000 shares to Phenome.

First Class CBD acquisition

On January 17, 2020, the Company completed the acquisition (the "First Class Transaction") of the online distributor First Class CBD, pursuant to the terms of a business combination agreement (the "First Class Agreement") entered into with Unified Funding, LLC ("Unified"). Unified is an arms'-length party which operated First Class CBD through its wholly-owned subsidiary, First Class USA, LLC ("First Class").

Based in Wyoming, First Class offers a CBD hemp-oil formula and offers products, which include CBD oil drops, CBD gummies, CBD pain relief cream and CBD skin serum. The hemp oil used in the product is derived from hemp grown and cultivated in the United States.

Transaction Details

Consideration for the First Class Transaction consist of US$1,500,000 which was paid upon completion of the First Class Transaction, US$1,500,000 which is due and owing within six months, and the balance will be satisfied through the issuance of 47,125,000 common shares of the Company (the "Exchangeable Shares"). Pursuant to the terms of the First Class Agreement, the Company acquired all of the voting share capital of First Class. Following completion of the First Class Transaction, Unified will retain the non-voting share capital, which can be exchanged for the Exchangeable Shares at the discretion of Unified. Unified is not permitted to trigger the issuance of any Exchangeable Shares which would result in them holding more than 9.9% of the issued and outstanding common share capital of the Company.

In the event the Company contributes US$2,000,000 in working capital to further develop the operations of First Class within sixty days of completion of the Transaction, the Exchangeable Shares will be subject to a claw-back arrangement in which the total number of shares will be reduced in the event revenue generated by First Class in the 2020 calendar year does not exceed US$28,000,000.

As at the date of this report, 4,712,500 shares has been released from the Pooling Arrangement and the Company has contributed US$994,946 in working capital.

Unified will also be entitled to a one-time bonus payment (the "Bonus Payment") based on the revenue and profitability of First Class in the 2020 calendar year. The Bonus Payment will be: (i) US$5,000,000, in the event gross revenue exceeds US$42,000,000 with a profit margin of at least ten percent; (ii) US$10,000,000, in the event gross revenue exceeds US$52,000,000 with a profit margin of at least ten percent; or (iii) US$15,000,000, in the event gross revenue exceeds US$62,000,000. The Bonus Payment will be payable in common shares of the Company (the "Bonus Shares") based on an exchange rate of US$1.00 to C$1.30 and the greater of: (i) C$0.80; and (ii) the volume-weighted average closing price of the common shares of the Company on the Canadian Securities Exchange in the ten trading days prior to the last trading day of 2020.

In connection with completion of the First Class Transaction, the Company issued 5,200,000 common shares to certain arms'-length third-parties who assisted in introducing the parties to the Transaction and facilitating its completion. The Company also issued a further 520,000 common shares to a third-party for successfully administering the First Class Transaction.

Following completion of the First Class Transaction, Unified will continue to assist with the management of operations of First Class.

After the definitive close of First Class CBD acquisition, the Company's Board of Directors appointed Ryan Dean Hoggan to Chief Executive Officer.

The Company is currently assessing its accounting treatment of the First Class Transaction, including the evaluation and fair value measurement of consideration paid, assets acquired and liabilities assumed.

First Class operational update

In March and April 2020, the Company, through First Class, launched the Immune Support product line and a new brand, Nature's Exclusive CBD.

The Company plans to continue its significant growth in U.S. operations over the balance of 2020, as well as an expansion into the European market.

In April 2020, First Class USA, LLC changed its name to Natural Brands USA, LLC.

Colombia updates

University agreement

In January 2020, Ihuana entered into a research cooperation agreement (the "University Agreement") with La Fundacion Universitaria de Ciencias de la Salud (The University Foundation of Health Sciences) (the "University") located in Bogota, Colombia. Pursuant to the University Agreement, the parties intend to engage in research and formulation of medicinal products made with non-psychoactive cannabis and cannabis byproducts.

Ihuana and the University will cooperate in the development of scientific investigations related to the medical use of products made with cannabis. The research teams from both groups will work closely to design and execute studies, with the University providing the infrastructure and connections to different researchers and Ihuana supplying various resources, including testing materials. Cost of the research will be negotiated between the two parties for each individual research product and intellectual property from the study will be divided based on capital input from each side.

The University agrees to enable access and interaction with partner hospitals and research centers that will take part in clinical studies and trials and will allow access to institutional resources to finance research through existing relationships.

R&D facility

In January 2020, Ihuana completed its 2,000 square foot research and development facility in Guasca, Colombia (the "R&D Facility"). The purpose-built R&D Facility will be used for a seed registration program on Ihuana's licensed land. This is a significant step, as it will allow Ihuana to begin the important process of registering the genetics of our high-CBD, low-THC strains of cannabis with the Colombian Agricultural Institute (Instituto Colombiano Agroprecuario, or ICA).

The R&D Facility is located on Ihuana's fully-licensed 2.5-hectare agricultural site located in the Bogotá savannah region of Colombia. This area of Colombia has a fertile landscape that is world renowned for its flower production and exportation. Cannabis plants thrive in the region's mild and stable climate, consistent sunlight (about 12 hours per day year-round) and fertile soil. The Bogotá savannah is also an excellent region for cannabis cultivation due to its strong agricultural infrastructure, low labour costs and proximity to free trade zones and major airports for agricultural exportation.

The R&D Facility uses a market-leading agricultural cover film produced by Ginegar for use in greenhouses. Its unique thermal, mechanical and optical properties make it ideal for protecting crops and enhancing growth. The Company will use an existing structure on the property for cannabis propagation, cloning and drying.

COVID-19

Subsequent to February 29, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreaks is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Selected Annual Information

		Period from April 12, 2019 to December 31, 2019
Total assets	$	3,686,714
Loss	$	(10,915,987)
Basic and diluted loss per share	$	(0.30)

Summary of Quarterly Results

	Q4 2019	Q3 2019	Period from April 12, 2019 to June 30, 2019
Revenue	$ -	$ -	$ -
Loss for the period	(10,614,400)	(157,228)	(144,359)
Basic and diluted loss per share	(0.19)	(0.00)	(0.01)

In Q4 2019, loss increased to $10,614,400 as compared to the previous quarter after giving effect to the RTO Transaction.

Results of Operations

Total assets as at December 31, 2019 was $3,686,714, which primarily consist of the following:

- Cash of $2,687,976. The change in cash during the period ended December 31, 2019, was primarily the result of $1,224,003 used in operating activities, $335,650 paid as consideration for Ihuana, and $4,158,875 received on shares issued from financings.
- Prepaid expenses and deposits of $288,717 for prepaid consulting, legal, and promotion fees and for deposit on the Choconta land in Colombia.
- Intangible asset of $414,544 for the Colombian License.
- Right-of-use assets of $224,359. $224,359 represents the right-of-use assets for the Vancouver office lease and Guasca land lease.

Three months ended December 31, 2019 and period from April 12, 2019 to December 31, 2019

During the three months ended December 31, 2019, the Company recorded a loss and comprehensive loss of $10,614,400. During the period from April 12, 2019 to December 31, 2019, the Company recorded a net loss and comprehensive loss of $10,915,987.

Loss and comprehensive loss for these periods were primarily due to the following expenses:

- Advisory and consulting fees of $220,163 during the three months ended December 31, 2019, and $350,788 during the period from April 12, 2019 to December 31, 2019. Advisory and consulting fees included consulting services rendered to assist the RTO Transaction and monthly consulting fees for Vancouver office management and Colombia operations.

- Depreciation of $257,343 during the three months ended December 31, 2019, and $267,488 during the period from April 12, 2019 to December 31, 2019. Depreciation included depreciation for right-of-use assets related to the Vancouver office lease and Guasca land lease, and amortization of the Colombian License.

- Listing expense of $8,455,655 during the three months ended December 31, 2019, and the period from April 12, 2019 to December 31, 2019. This is a one-time charge relating to the RTO Transaction. This non-cash charge represented the difference between the net assets acquired and the fair value of the Primary Energy Metals shares, options and warrants that were exchanged.

- Marketing, advertising and promotional fees of $320,611 during the three months ended December 31, 2019, and the period from April 12, 2019 to December 31, 2019. These fees include electronic advertising services and investor relations media services for the current period.

- Professional fees of $356,884 during the three months ended December 31, 2019, and $463,666 during the period from April 12, 2019 to December 31, 2019. Professional fees primarily included legal fees and due diligence fees.

- Salaries and benefits of $42,574 during the three months ended December 31, 2019, and $74,607 during the period from April 12, 2019 to December 31, 2019. Salaries and benefits include salaries to the Company's President, administrative staff in Vancouver and operational staff in Colombia.

- Share-based compensation of $783,403 during the three months ended December 31, 2019, and the period from April 12, 2019 to December 31, 2019. Share-based compensation was a result of 4,670,000 share options granted during the current period.

Liquidity, Going Concern and Capital Resources

The Company's ability to continue on a going concern basis depends on management's capacity to identify additional sources of capital and to raise sufficient resources to fund its current expenditures and its future plans. The Company's ability to raise cash depends on capital market conditions, commodities prices, and the results of potential projects. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors. The uncertainty of the Company's success in raising additional capital funding may cast significant doubt on the Company's ability to continue as a going concern.

The Company has no bank debt or banking credit facilities in place.

As at December 31, 2019, the Company had cash on hand of $2,687,976 and had working capital of $2,284,304.

Subsequent to December 31, 2019, the Company completed a financing for total gross proceeds of $4,504,320. See Subsequent Events note above.

The Company's liquidity needs for the next twelve months are expected to be met by cash on hand, cash generated from operations of First Class and Sativida in addition to raising funds through a variety of sources including additional equity subscriptions, such as private placements or through the exercise of warrants and options. The Company's management will continue to pursue further sources of equity financing to continue its current operations and potential acquisitions. There is no assurance that the Company will be successful in obtaining the funds it may require for its operations or that the terms of any financing obtained will be acceptable. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Off Balance Sheet Arrangements

As at December 31, 2019, there were no off-balance sheet arrangements to which the Company was committed.

Related Party Transaction and Balances

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. All related party transactions are incurred in the normal course of business at their exchange value.

During the period ended December 31, 2019, the Company incurred the following related party transactions:

	2019
	$
Transactions:	
Share based compensation	
Chad Clelland – Director	251,628
Joel Shacker – President and Director	83,876
Sam Mithani - Director	16,775
Nima Bahrami - Former Director - NNZ	100,651
Farbod Shahrokhi - Former Director - NNZ	109,039
Szascha Lim - Chief Financial Officer	16,775
	578,744
Consulting fees and salaries	
Director	5,000
President and Director	70,000
Former Director - NNZ	100,000
Former Director and Chief Executive Officer	76,000
Former Director and Chief Financial Officer	19,200
Former Director	6,300
	276,500
Rent and occupancy costs paid to a company controlled by a former director	6,000

As at December 31, 2019, the Company had the following related party balances:

	2019
Balances:	
Due to related parties: a former director and Chief Executive Officer, or company controlled by him	8,250
Amounts payable and accrued liabilities:	
Chief Executive Officer and Director	77,051
Commitment to issue shares: Former Director - NNZ	100,000

As at December 31, 2019, the Company owed $8,250 to a former director and former Chief Executive Officer of the Company and to a company controlled by this person. The loan was provided as working capital, and included in current liabilities. The amount owed is non-interest bearing, unsecured, and with no fixed repayment terms.

As at December 31, 2019, the Company owed $77,051 to the President of the Company for accrued salaries and travel expenses, which were included in amounts payable and accrued liabilities, and $100,000 to the former Director of NNZ for consulting fees, which were included in commitment to issue shares and settled in January 2020 (Note 16). The amount owed to the President of the Company is non-interest bearing, unsecured, and with no fixed repayment terms.

Financial Instruments and Other Instruments

Financial Risk Management and Fair Value Measurement

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments include cash, accounts payable, amounts due to related parties, and loan payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value because of the current nature.

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities,
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e.: As prices) or indirectly (i.e.: derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The fair value of cash is measured using Level 1 inputs. The carrying values of amounts payable and accrued liabilities, amounts due to related parties and loan payable approximate their respective fair values due to the short term nature of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payable, amounts due to related parties, and loan payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company is subject to gains and losses from fluctuations in the U.S. dollar and Colombian peso against the Canadian dollar. The Company has not entered into any foreign currency contracts to mitigate this risk.

As at December 31, 2019, the Company's cash is held in Canadian Dollars, and therefore not exposed to currency risk. The Company has negligible US Dollar balances as at December 31, 2019.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. As at December 31, 2019, the Company has cash of $2,687,976, which is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and expansion activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's acquisitions and operations. The Company's amounts payable and accrued liabilities, amounts due to related parties and loan payable are all current and due within 90 days of the statement of financial position date. As at December 31, 2019 the Company had working capital of $2,284,304.

Share Capital

As at December 31, 2019, there were:

- 80,757,902 common shares issued and outstanding;
- 20,536,871 share purchase warrants issued and outstanding;
- 4,910,000 share options issued and outstanding; and
- 14,717,251 common shares held in escrow.

As at the date of this report, there were:

- 138,600,642 common shares issued and outstanding;
- 35,789,707 share purchase warrants issued and outstanding;
- 4,770,000 share options issued and outstanding; and
- 14,660,251 common shares held in escrow.

Risks and Uncertainties

License

The licensing and regulations around the licensing, may change based on the legislation in the Colombian government. As this is a new industry, the government may decide to revise laws currently in place in Colombia. The Company cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business.

The Company's ability to grow, store and sell hemp and CBD Products in Colombia is dependent on the Company's ability to sustain or obtain the necessary licenses and authorizations by certain authorities in Colombia, including, but not limited to, the Colombian License. The licenses and authorizations are subject to ongoing compliance and reporting requirements, and the ability of the Company to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, the Company may be curtailed or prohibited from the production or distribution of cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of the Company may be materially adversely affected.

Subsequent events

Subsequent to December 31, 2019, the Company completed various significant transactions as noted in the subsequent event note above. The Company is currently assessing the risks and uncertainties to the Company as a result of these transactions.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying management's discussion and analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Outlook

Additional information relating to the Company is available on SEDAR at www.sedar.com.