VERANO HOLDINGS CORP.
(FORMERLY MAJESTA MINERALS INC.)
Management Discussion and Analysis of Financial Conditions and Results of Operations for the twelve-month period ended December 31, 2020

This Management Discussion and Analysis (MD&A) should be read in conjunction with the annual audited financial statements of Majesta Minerals Inc. ("**Majesta Minerals**" or "**MMI**") (which amalgamated with 1277233 B.C. Ltd. ("**BC Newco**") to form Verano Holdings Corp. (the "**Company**") on February 11, 2021) and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars.

DESCRIPTION OF THE COMPANY

Majesta Minerals Inc. was incorporated under the *Business Corporations Act* (Alberta). It sold its mining claims in Northern Saskatchewan and at December 31, 2020, had no operating assets.

On February 11, 2021, Majesta Minerals completed a reverse takeover transaction with Verano Holdings, LLC ("**Verano Holdings**") and Alternative Medical Enterprises, LLC, Plants of Ruskin, LLC, and affiliated companies (collectively, the "**AME Parties**") among others (the "**Business Combination**"). The Business Combination was structured as a plan of arrangement under the laws of British Columbia and was comprised of several steps including:

- Majesta Minerals continued to the Province of British Columbia.

- Majesta Minerals amended its share capital to result in two classes of shares, subordinate voting shares and proportionate voting shares. The pre-existing common shares of Majesta Minerals were redesignated as subordinate voting shares and were consolidated in connection with the Business Combination to result in 100,000 subordinate voting shares.

- A subsidiary of Majesta Minerals formed for the purpose of the Business Combination amalgamated with 1276268 B.C. Ltd. ("**Finco**") pursuant to which the shareholders of Finco acquired one subordinate voting share of Majesta Minerals for each common share of Finco held. Finco subsequently wound up its affairs and distributed its assets, including cash in the amount of US$95,260,425 to the Company. Prior to the Business Combination, Finco completed a subscription receipt offering raising aggregate gross proceeds of US$100,000,000. Holders of subscription receipts received one common share of Finco in exchange for each subscription receipt immediately prior to the closing of the Business Combination.

- Through a series of three-cornered amalgamations and share exchange transactions, the Company acquired the securities of Verano Holdings and the AME Parties (the "**Combining Entities**") in exchange for securities of the Company. These entities became indirect subsidiaries of the Company and the business of the Company is now the business of the Combining Entities.

- Upon completion of the foregoing steps of the Business Combination, MMI amalgamated with BC Newco to form Verano Holdings Corp. The Company's authorized share capital is an unlimited number of subordinate voting shares ("**SVS**") and an unlimited number of proportionate voting shares ("**PVS**").

Although the Business Combination resulted in Verano Holdings becoming a wholly owned subsidiary of the Company, given the former shareholders of Verano Holdings received 73.84% of the issued and outstanding shares of the resulting Company, for accounting purposes, Verano Holdings is considered the acquirer and the Company is considered the acquiree and the transaction was accounted for as a reverse takeover. Readers should review the audited financial statements and management discussion and analysis of Verano Holdings and other additional information related to the Company which may be found on the Canadian Securities Administrators System for Electronic Distribution and Retrieval ("**SEDAR**") website at www.sedar.com.

At December 31, 2020, the common shares of MMI were not listed for trading on any stock exchange. The subordinate voting shares of Verano Holdings Corp. were listed on the Canadian Securities Exchange (the "**CSE**") on February 17, 2021 under the symbol "VRNO".

During the period, there was a global outbreak of COVID-19 ("**Coronavirus**"), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. The impact of the Coronavirus outbreak on MMI for the year ended December 31, 2020 was minimal given its limited operations. The extent of the impact of the Coronavirus on MMI in the future will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, and staff shortages, all of which may negatively impact the Company's business and financial condition.

DATE OF MD&A

This MD&A is dated April 7, 2021.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company follows IFRS standards unless otherwise set out in the audited financial statements.

Forward-looking Information

Management of the Company caution that certain statements contained in this document constitute forward-looking statements including statements regarding the impact of the Coronavirus, the ability of the Company to realize its net assets and discharge its liabilities in the normal course of business, and the ability of the Company to raise additional financing when and as if required. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this document should not be unduly relied upon. These forward-looking statements speak only as of the date of this document. These factors should not be considered exhaustive. Management undertakes no obligation to publicly update or revise any forward-looking statements applicable to them, except as required by applicable securities laws.

Description of the Business

On April 30, 2018, MMI entered into a conditional agreement (effective April 30, 2018) ("**Durama/MMI Sale Agreement**") to sell all of its assets to Durama Enterprises Limited ("**Durama**"). The transaction closed on June 26, 2018. The consideration was $1.00 plus the exchange of any debts owing by MMI to Randy Studer and all affiliates of Randy Studer including Durama (collectively referred to as the ("**Studer Parties**"). As part of the transaction, the Studer Parties provided a release to MMI. As part of the transaction, the Accent Credit Union (creditor of the Studer Parties and past creditor of MMI) provided a release to MMI. The sale of the assets was approved by the shareholders of MMI at a meeting held on January 24, 2018.

On April 30, 2018, MMI and Gregory J. Leia Professional Corporation ("**GJLPC**") entered into a series of conditional transactions (effective April 30, 2018). GJLPC acquired from Randy Studer: (a) the right to acquire 1,000,000 common shares upon exercise of an Option Agreement dated September 26, 2016 ("**RS Option Agreement**"); and (b) the right to acquire 444,280 common shares upon exercise of a warrant agreement dated October 21, 2015 ("**RS Warrant Agreement**"). GJLPC acquired from Gregory J. Leia the right to acquire 1,000,000 common shares upon exercise of an option agreement dated September 26, 2016 ("**GJL Option Agreement**"). The conditions to the arrangement were removed on June 26, 2018 and GJLPC then acquired 3,687,340 common shares at $0.05 per common share for the aggregate consideration $184,367 consisting of the following individual transaction: (a) exercise of the right to acquire 1,629,026 common shares pursuant to a warrant agreement dated October 21, 2015 ("**GJLPC Warrant Agreement**"); (b) 1,000,000 common shares upon exercise of the RS Option Agreement; (c) 1,000,000 common shares upon exercise of the GJL Option Agreement; and (d) 58,320 common shares upon partial exercise of the RS Warrant Agreement. The subscription proceeds were used to repay the debts owing to GJLPC for legal fees incurred to April 30, 2018 under the trade name Wolff Leia, Barristers and Solicitors, in the amount of $184,367. MMI and GJLPC entered into a warrant termination agreement dated April 30, 2018 (effective April 30, 2018) to terminate the rights to acquire 388,960 common shares being the remaining unexercised warrants under the RS Warrant Agreement.

Gregory J. Leia, indirectly through GJLPC, owned 5,695,862 common shares representing approximately 40.93% of the 13,915,502 common shares issued and outstanding and sold all of his shares held directly or indirectly in August 2018 to certain directors of the Company. The debts owing to GJLPC were secured by a General Security Agreement ("**GSA**") and have been repaid in full and the GSA discharged.

On December 14, 2020, the Company entered into a business combination agreement with Verano Holdings, BC Newco and 1278655 B.C. Ltd. with respect to the Business Combination which was completed on February 11, 2021.

Going Concern

The accompanying financial statements of the Company have been prepared on a going concern basis which assumes that the Company will realize its net assets and discharge its liabilities in the normal course of business. During the year, the Company incurred a net comprehensive loss of $317,543 (2019 - $78,826) and at December 31, 2020, the Company's total liabilities exceeded its total assets by $276,072 (2019 – $103,755). These events or conditions indicate that at year end a material uncertainty existed that may cast significant doubt on Company's ability to continue as a going concern.

At December 31, 2020, the Company has $20,083 in assets and current liabilities of $296,155 with a working capital deficiency of $276,072.

Overall Performance - Financial Results

MMI recorded a net loss of $317,543 for the year ended December 31, 2020 (loss of $78,826 – December 31, 2019).

SELECTED ANNUAL INFORMATION

For the years ended December 31st	2020	2019
Total Revenues	$Nil	$ Nil
Net Loss and Comprehensive Loss	($317,543)	($78,826)
Loss per share	($0.02)	($0.01)
Total Assets	$20,083	$3,190
Current Liabilities	$296,155	$106,945
Total Long-Term Debt	$ Nil	$ Nil
Deficit	($1,996,338)	($1,678,795)

Selected Quarterly Financial Information

The following sets out selected quarterly financial information of the Company for the eight quarters ended December 31, 2020:

	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar 31, 2019
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain (loss) and comprehensive gain/(loss) operations	(238,408)	(38,251)	(24,670)	(16,214)	(32,546)	(12,687)	(13,266)	(20,327)
Gain/ (loss) per share	($0.015)	($0.002)	($0.001)	($0.001)	($0.003)	($0.001)	($0.001)	($0.001)

Operating Activities

Results of Operations – Financial

For the year ended December 31, 2020, the Company's loss of $317,543 comprised the following elements: interest and accretion interest $19,375 ($7,368 - 2019), professional fees $258,730 ($43,054 - 2019), share-based compensation $2,316 ($8,654 – 2019), deferred tax recovery $ nil ($4,252 – 2019) and general and administrative expenses $37,122 ($24,002 - 2019). The loss largely reflects costs associated with being a public company, paired with an increase in professional fees associated with the Business Combination.

Liquidity

At December 31, 2020, MMI had a working capital deficiency of $276,072 (December 31, 2019 -working capital deficiency of $103,755). MMI's ability to remedy the working capital deficiency will depend on its ability to raise additional debt or equity. There is no guarantee the Company will be successful in raising any monies to meet its day to day obligations.

The Company received US$0 upon the windup of Finco upon the closing of the Business Combination. See "Description of the Company".

Income Taxes

Income taxes are calculated based on the expected tax treatment of the transactions recorded in MMI's consolidated financial statements. MMI has tax losses carry forward which may be applied to reduce future taxable income of MMI. As virtual certainty does not exist on the ability to use these losses before expiry, a recovery amount has not been recorded in the financial results of MMI.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Transactions with Related Parties

Convertible Debenture

On July 31, 2019, it was agreed to settle the aggregate of $85,000 of indebtedness owing from the Company to a company controlled by Mr. Michael Stein, CEO and director of the Company , in exchange for a secured convertible debenture in the principal amount of $85,000 (the "**Debenture**").

The Debenture bears interest at a rate of ten percent (10%) per annum and the principal amount thereof and was originally due and payable on January 31, 2021. During the year, the maturity date of the Debenture was extended from January 31, 2021 to September 30, 2021. Interest on the principal amount of the Debenture is due in quarterly instalments on March 31, June 30, September 30 and December 31. The Debenture was secured by a general security agreement charging all the assets of the Company.

The Debenture was convertible at the option of the holder into units at a conversion price of $0.05 per unit at any time prior to the Maturity Date. Each Unit consisted of one (1) common share and one (1) detachable share purchase warrant (a "**Warrant**") of the Company. Each Warrant entitled the holder thereof to acquire one (1) common share of the Company at a price of $0.06 per share until two (2) years from the date of issuance (the "**Warrant Shares**").

The Debenture was determined to be a compound financial instrument comprising a host debt component and a residual equity component representing the conversion feature. The host or liability component of the convertible debenture was recognized initially at fair value by discounting stream if future payments of interest and principal at prevailing market rate of 25% for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. The carrying amount of the debenture conversion feature was estimated using the residual method comprising the difference between the principal amount and initial carrying value of host debt component and is included as equity portion of convertible debenture in shareholders' deficiency.

The Debenture has an outstanding balance of $83,951 ($73,058 – December 31, 2019) at December 31, 2020 (see Note 8 of year end December 31, 2020 audited financial statements). The Debenture was terminated in connection with the Business Combination.

During the year ended December 31, 2020, the Company paid $83,000 for consultancy services and $10,760 for reimbursement of expenses to a company controlled by Michael Stein.

At December 31, 2020, $92,468 (2019 – nil) was outstanding against such services and included as due to related parties on the statement of financial position.

Critical Accounting Estimates

There are no critical accounting estimates.

Changes in Accounting Policies

There have been no changes in accounting policies during the year ended December 31, 2020 and the year ended December 30, 2019. As of January 1, 2019, the Company adopted IFRS 16 "**Leases**".

Financial Instruments

The Company's significant financial and other instruments have not materially changed with change of ownership in August 2018.

Disclosure of Outstanding Share Data

1. Shares

The authorized capital of the Company at December 31, 2020 consisted of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. At December 31, 2020 there were 16,033,051 common shares issued and outstanding.

Upon the completion of the Business Combination, the Company's authorized capital consists of an unlimited number of SVS and an unlimited number of PVS. As of the date of this MD&A, there are 127,766,006 SVS and 1,654,332 PVS issued and outstanding.

2. Options

There are 1,000,000 directors stock options outstanding at December 31, 2020 each exercisable at $0.05 per common share. All stock options are vested with an expiry date of November 12, 2021. In connection with the Business Combination, all of these options were exercised or terminated.

Upon completion of the Business Combination, the Company adopted an equity incentive plan. The maximum number of SVS that may be issued under the plan shall not exceed, in the aggregate, 10% of the aggregate number of SVS and PVS then outstanding (where the PVS are calculated on an as-converted to SVS basis). As of the date of this MD&A, there are 516 unvested options and 33,617 unvested restricted stock units issued and outstanding, exercisable into 34,133 PVS in the aggregate once vested.

3. Warrants

As of December 31, 2020, there are 1,953,125 warrants with an expiry date of May 12, 2022. The Company's 161,424 warrants that expired on October 21, 2020 were exercised on October 16, 2020 at $0.05 per share for common shares. In connection with the Business Combination, all of the warrants were exercised or terminated.

4. Convertible Notes

The Company issued US$15 million principal amount in convertible notes upon the completion of the Business Combination. The convertible notes are unsecured, interest free and convertible into SVS and PVS (in a ratio of 25% to 75%) at the option of the holder if all or any portion of the principal amount thereof (representing cash consideration (the "**Cash Consideration**") payable to certain holders of units of the AME Parties under the Business Combination) is not timely paid. US$10 million of the Cash

Consideration is due and payable on the six month anniversary of the closing date of the Business Combination with the remainder due on the 12-month anniversary of such date. The number of SVS and PVS issuable upon conversion of the convertible notes is based on the closing price of the SVS at the close of trading on the CSE on the trading day immediately preceding the date of the share issuances.

Business Risks and Outlook

The Company has suffered substantial losses over the past several years. The Company's continued existence is dependent upon its ability to attain profitable operations and adequate financing through the future issuance of shares.

Private Placement

The Company completed a $150,000 private placement on May 12, 2020 comprised of 1,875,000 units at $0.08 per Unit. Each Unit is comprised of one common share and one share purchase warrant exercisable at $0.10 per share up to two years from date of issuance. Additionally, the Company paid cash issuance costs totaling $15,161 and issued 78,125 units to the broker. Each unit is comprised of one common share and one share warrant exercisable at $0.10 per share up to two years from date of issuance. Proceeds from the private placement are for general corporate and working capital purposes.

Subsequent Events

On December 14, 2020, the Company entered into a business combination agreement with Verano Holdings, BC Newco and 1278655 B.C. Ltd. with respect to the Business Combination pursuant to which the Company agreed that a subsidiary of the Company would merge with and into Verano Holdings and the Company would acquire certain membership interests of Verano Holdings and the AME Parties each in exchange for shares of the company resulting from the Business Combination.

Although the Business Combination resulted in Verano Holdings becoming a wholly owned subsidiary of the Company, given the former shareholders of Verano Holdings received 73.84% of the issued and outstanding shares of the resulting Company, for accounting purposes, Verano Holdings is considered the acquirer and the Company is considered the acquiree and the transaction was accounted for as a reverse takeover.