

TAAT LIFESTYLE & WELLNESS LTD.

ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED OCTOBER 31, 2020

April 14, 2021

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ABOUT THIS ANNUAL INFORMATION FORM

General

Unless otherwise indicated:

- (i) except where otherwise indicated, all references to dollar amounts and “\$” are to Canadian currency;
- (ii) any statements in this AIF made by or on behalf of management are made in such persons’ capacities as officers of the Company and not in their personal capacities;
- (iii) all financial information in this AIF is prepared in accordance with IFRS; and
- (iv) all information in this AIF is stated as at April 14, 2021, unless otherwise indicated.

Cautionary Statement Regarding Forward-Looking Statements

The information provided in this AIF, including schedules and information incorporated by reference, may contain “forward-looking statements” about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to, among other things: the Company’s expectations regarding its revenue, expenses and operations; the Company’s intention and ability to grow the business and its operations, including its ability to complete research and development activities; future product roll outs in new markets; expectations regarding production and sales; expectations with respect to future production costs and capacity; expectations regarding our growth rates and growth plans and strategies; the Company’s expected business objectives for the next twelve months; the Company’s expectations with respect to international developments and initiatives; future financial conditions; results of operations; and plans, objectives, performance or business developments. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. These statements speak only as at the date they are made and are based on information currently available and on then current expectations of the Company and assumptions concerning future events, which 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, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- other risks described in this AIF and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

In making forward-looking statements, the Company has made various material assumptions, including but not limited to (i) obtaining or complying with the necessary regulatory approvals; (ii) that regulatory

requirements will be maintained; (iii) general business and economic conditions, including the ongoing impact of COVID19; (iv) the Company's ability to successfully execute its plans and intentions, including with respect to the ramp up of commercial operations and the achievement of expected revenues; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; and (ix) that the Company's current good relationships with its suppliers, service providers and other third parties will be maintained. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements.

Consequently, all forward-looking statements made in this AIF and other documents of the Company 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. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation (see "*Risk Factors*").

GLOSSARY OF TERMS

The following terms used in this AIF have the following meanings. This is not an exhaustive list of defined terms used in this AIF and additional terms are defined throughout the AIF.

"2014 Farm Bill" means the 2014 Farm bill that defined industrial hemp and allowed for state departments of agriculture or universities to grow and produce hemp as part of research or pilot programs.

"2018 Farm Bill" means the 2018 Farm Bill was signed into law on December 20, 2018, which effectively removed hemp from the controlled substances list and made it federally legal in the United States.

"Affiliate" means a company that is affiliated with another company as described below. A company is an Affiliate of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same person. A company is "controlled" by a person if (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that person, and (b) the voting securities, if voted, entitle the person to elect a majority of the directors of the company. A person beneficially owns securities that are beneficially owned by (a) a company controlled by that person, or (b) an Affiliate of that person or an Affiliate of any company controlled by that person.

"AIF" means this Annual Information Form of the Company, including the Schedules hereto.

"Associate" when used to indicate a relationship with a person or company, means (a) a partner, other than a limited partner, of that person, (b) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity, (c) an company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company, or (d) a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person.

"Board" means the board of directors of the Company.

"Cannabis Act" *Cannabis Act* (Canada).

“**CBD**” means cannabidiol.

“**CEO**” means chief executive officer.

“**CFO**” means chief financial officer.

“**Common Shares**” means the common shares in the capital of the Company.

“**Company**” means TAAT Lifestyle & Wellness Ltd.

“**Consolidation**” means the consolidation of the Common Shares on a four-for-one basis.

“**CRO**” means chief revenue officer.

“**CSE**” means the Canadian Securities Exchange.

“**CSE Policies**” means the rules and policies of the CSE in effect as of the date hereof.

“**DMCL**” means Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants.

“**Escrow Agreement**” means the escrow agreement among the Company, National Securities and the holders of the Escrow Securities dated February 21, 2020.

“**Escrow Securities**” means the Common Shares of the Joseph Deighan and Syed Haider Rizvi held in escrow pursuant to the Escrow Agreement.

“**FDA**” means the Food and Drug Administration (U.S.).

“**FDCA**” means the Federal Food, Drug, and Cosmetic Act (U.S.).

“**Founder**” means Mr. Joseph Deighan, the founder of TAAT International, LLC.

“**IFRS**” means the International Financial Reporting Standards.

“**insider**” has the meaning ascribed to that term in the *Securities Act* (British Columbia), which includes the directors and senior officers of the Company or any subsidiaries of the Company and any person that has direct or indirect beneficial ownership of, or control or direction over, securities of the Company carrying more than 10% of the voting rights attached to the Company’s outstanding voting securities.

“**LOI**” means Letter of Intent between the Company and TAAT International LLC dated January 27, 2020.

“**MD&A**” means management’s discussion and analysis of the Company.

“**MSRP**” means manufacturer’s suggested retail price.

“**National Securities**” means National Securities Administrators Ltd., at its Vancouver office located at suite 760 – 777 Hornby Street, Vancouver BC, V6Z 1S4.

“**Nevada Facility**” means the building located at 155-4730 W Post Road, Las Vegas, Nevada, 89118, USA.

“**NI 51-102**” means National Instrument 51-102 *Continuous Disclosure Requirements*.

“NI 52-110” means National Instrument 52-110 *Audit Committees*.

“NI 58-201” means National Policy 58-201 *Corporate Governance Guidelines*.

“NP 46-201” means National Policy 46-201 *Escrow for Initial Public Offerings* as published by the Canadian Securities Administrators.

“Options” means incentive stock options granted to the Company’s directors, officers, employees and consultants in accordance with the Stock Option Plan and rules and the CSE Policies.

“person” means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual, or an individual.

“Private Placement” means the applicable distribution by the Company of Common Shares or Units as described below:

- On February 16, 2017, the Company completed a non-brokered Private Placement and issued 3,000,000 Units at a price of \$0.10 per Unit for gross proceeds of \$300,000. Each Unit consisted of one Common Share and one Warrant. Each full Warrant entitled the holder the right to purchase one additional Common Share at an exercise price of \$0.20 for one year following the closing of the Private Placement. The Warrants have now expired.
- On June 6, 2019, the Company completed a non-brokered Private Placement and issued 18,567,490 Units at a price of \$0.055 per Unit for gross proceeds of \$1,021,212. Each Unit consists of one Common Share and one-half of one Warrant. Each full Warrant entitles the holder to purchase one additional Common Share at a price of \$0.10 for a period of two years.
- On September 18, 2019, the Company completed a non-brokered Private Placement and issued 5,666,667 Common Shares at a price of \$0.15 per Common Share for gross proceeds of \$850,000.
- On February 21, 2020, the Company completed a non-brokered Private Placement and issued 2,250,000 Common Shares at a price of \$0.20 per Common Share for gross proceeds of \$450,000.
- On May 4, 2020, the Company completed a non-brokered Private Placement and issued 2,060,520 Common Shares at a price of \$0.20 per Common Share for gross proceeds of \$412,104.
- On June 10, 2020, the Company completed non-brokered Private Placement of 3,020,000 Common Shares at a price of \$0.25 per Common Share for gross proceeds of \$755,000 and completed an additional non-brokered Private Placement of 675,000 Common Shares at a price of \$0.40 per Common Share for gross proceeds of \$270,000. On August 28, 2020, the Company closed the first tranche of a non-brokered Private Placement of 3,719,005 Units at a price of \$0.70 per Unit for gross proceeds of \$2,603,303.70. Each Unit consists of one Common Share and one-half (1/2) of one Warrant. Each Warrant entitles the holder thereof to purchase one additional Common Share for a period of one year from closing at a price of \$1.00 per Common Share. In the event that the Common Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Common Shares may be traded at such time) of \$1.25 or greater per Common Share for a period of five consecutive trading days at any time from the closing date, the Company may accelerate the expiry date of the Warrants. On September 11, 2020, the Company closed the second of its non-brokered Private Placement of 2,385,272 Units at a price of \$0.70 per Unit for gross proceeds of \$1,669,690. Each Unit consists of one Common Share and one-half (1/2) of one Warrant. Each Warrant entitles the holder thereof to purchase one additional Common Share for a period of one year from closing at a price of \$1.00 per Common Share. In the event that the Common Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Common Shares may be traded at such time) of \$1.25 or greater per

Common Share for a period of five consecutive trading days at any time from the closing date, the Company may accelerate the expiry date of the Warrants.

- On October 9, 2020, the Company closed a non-brokered Private Placement of 5,192,308 Units at a price of \$1.30 per Unit for gross proceeds of \$6,750,000.40. Each Unit consists of one Common Share and one Warrant. Each full Warrant entitles the holder to purchase one additional Common Share at a price of \$2.00 for a period of one year. The Warrants are subject to an acceleration clause should the Common Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Common Shares may be traded at such time) of CAD \$3.00 or greater per Common Share for a period of five consecutive trading days at any time that is four months and one day from the closing date.

“RSU Plan” means the restricted share unit plan of the Company.

“RSUs” means restricted share units granted to the Company’s directors, officers, employees and consultants in accordance with the RSU Plan and rules and the CSE Policies.

“SEA” means the share exchange agreement entered into between the Company and TAAT International dated as of February 21, 2020.

“SEDAR” means System for Electronic Document Analysis and Retrieval.

“Smythe” means Smythe LLP, Chartered Professional Accountants.

“SPA” means the share purchase agreement entered into between the Company and TrueToke dated as of February 12, 2020.

“Stock Option Plan” means the 20% rolling stock option plan of the Company.

“TAAT International” means TAAT International LLC, a limited liability company formed under Nevada Law in the State of Nevada, USA

“TAAT International Acquisition” means the acquisition of the Company of TAAT International. Pursuant to the terms of a share exchange agreement dated February 21, 2020 the Company acquired 100% of the issued and outstanding share capital of TAAT International. In exchange, the TAAT International Shareholders received an aggregate of 13,000,000 Common Shares in the capital of the Company at a deemed price of \$0.20 per Common Share for aggregate gross proceeds of \$2,600,000 and resulting in TAAT International becoming a wholly-owned subsidiary of the Company, following which the Company continue the business of TAAT International.

“TAAT International Shareholders” means the shareholders of TAAT International.

“TAAT International Shares” means the common shares of TAAT International.

“THC” means tetrahydrocannabinol.

“TrueToke” means TT Enterprises Inc., a private company incorporated under the *Business Corporations Act* (British Columbia).

“TrueToke Acquisition” means the acquisition of the Company of TrueToke. Pursuant to the terms of the SPA dated February 12, 2020, the Company acquired all of the issued and outstanding shares in the capital of TrueToke. In exchange, the TrueToke Shareholders received an aggregate of 7,500,000 Common

Shares in the capital of the Company at a deemed price of \$0.20 per share for aggregate gross proceeds of \$1,500,000 and paid \$50,000 cash to the TrueToke vendors.

“TrueToke Shareholders” means the shareholders of TrueToke

“TrueToke Shares” means the common shares of TrueToke.

“TSX-V” means the TSX Venture Exchange.

“U.S.” or “United States” means the United States of America.

“Unit” means the Units issued under the Private Placements as the context requires.

“USDA” means the U.S. Department of Agriculture.

“Warrant” means the warrants issued under the Private Placements as the context requires.

CORPORATE STRUCTURE

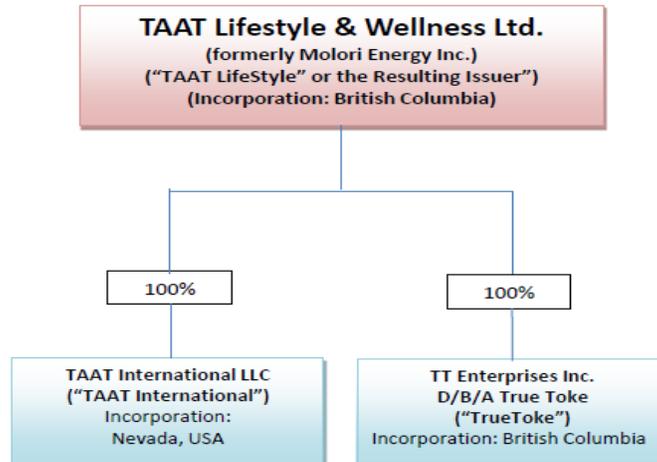
Name, Address and Incorporation

The full corporate name of the Company is TAAT Lifestyle & Wellness Ltd. The head office is located at 2630 – 1075 West Georgia Street, Vancouver, BC V6E 3C9. The Company’s registered and records office at 810 – 789 West Pender Street, Vancouver, BC V6C 1H2.

The Company was incorporated as “Taipan Capital Corp.” on June 5, 2006 in British Columbia under the *Business Corporations Act* (British Columbia). On October 29, 2009, the Company changed its name to “Taipan Resources Inc.” and on January 5, 2017, the Company changed its name to “Molori Energy Inc.”. On February 21, 2020, the Company closed the TAAT International Acquisition and in connection with the TAAT International Acquisition, the Company changed its name to “TAAT Lifestyle & Wellness Ltd.” on April 6, 2020. The Company remains incorporated under the *Business Corporations Act* (British Columbia).

Intercorporate Relationships

The corporate structure of the Company is as follows:



TAAT International LLC

TAAT International is a private company incorporated in the state of Nevada, USA on November 19, 2019. TAAT International is in the business of producing packaged smokable hemp, hemp pre-rolls, and herbal hemp cigarettes. TAAT International’s head office is located in 155-4730 W Post Road, Las Vegas, Nevada, 89118 and the registered and records office is Suite 810-789 West Pender, Vancouver, British Columbia, V6C 1H2.

TT Enterprises Inc.

TrueToke is a private company incorporated on August 13, 2018, in British Columbia. TrueToke is seeking to become one of the pre-eminent brands of recreational cannabis products and accessories across North America. TrueToke’s ethos is to create compelling and highly functional design-forward cannabis accessories for the modern cannabis consumer.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Company was incorporated on June 5, 2006, in British Columbia under the *Business Corporations Act* (British Columbia). The Company was historically in the business of exploring for or purchasing economically viable oil and gas resource deposits. On October 31, 2018, the Company suspended substantially all production operations as a result of extreme volatility within the commodity markets, regional supply and demand and decided not to proceed with these leases and as a result the oil and gas operations have been recorded as discontinued operations. In January 2020, the Company ceased to carry on its business as an oil & gas exploration company, and changed its principal business to the manufacturing and distribution of a nicotine-free and tobacco-free alternative to tobacco cigarettes that has been developed to closely mimic the experiential components of smoking legacy tobacco products.

Fiscal Year-Ended October 31, 2018

On December 1, 2017, the Company closed an 'Assignment of Oil and Gas Leases' agreement in which the Company was assigned an additional 50% working interest, bringing the Company's total working interest to 75%, and 56.25% net revenue interest in two oil and gas leases, known as the "Thompson 23 & 26 Leases", in Moore County, Texas. The Company incurred certain costs related to the two leases prior to obtaining any interest, and as such negligible consideration was paid by the Company for the interest assignment.

In July 2018 the Company announced that it had initiated a legal challenge against its operating partner, Ponderosa Energy LLC, as well as a related company Ponderosa State Energy LLC. Through the challenge, the Company sought to obtain Ponderosa's States' 75 percent working interest in three presently producing oil and gas leases in Hutchinson County, Texas, known as the "State Leases". The nature of the dispute involved a 2017 agreement wherein Ponderosa agreed to exchange its interest in the state leases with the Company, provided that the Company surrender its interest in certain marginal wells and leases (known as the "VPP Leases") also in Hutchinson county. During the period ended July 31, 2018, the Company issued a total of 1,876,000 Common Shares for total gross proceeds of \$299,600 through the exercise of 756,600 Warrants with an exercise price of \$0.10 and the exercise of 1,120,000 Warrants with an exercise price of \$0.20.

During the fourth quarter of 2018, the Company suspended substantially all production operations as a result of extreme volatility within the commodity markets, regional supply and demand. The Company began to evaluate potential opportunities, including those outside of the oil and gas industry. The results of the oil and gas operation was recorded as discontinued operations.

Fiscal Year-Ended October 31, 2019

On April 22, 2019, the Company consolidated its Common Shares on a four-for-one basis. All Common Share capital numbers were restated to reflect the Consolidation.

Fiscal Year-Ended October 31, 2020

On January 27, 2020, the Company entered into the LOI with TAAT International to complete an acquisition by the Company of all of the issued and outstanding securities of TAAT International. Upon completion of the TAAT International Acquisition, the Company ceased to carry on its current business as an oil & gas exploration Company and changed its principle business to the manufacturing and distribution of hemp cigarettes.

On February 12, 2020, the Company entered into a purchase agreement with TrueToke to acquire all of the issued and outstanding shares of TrueToke.

On February 13, 2020, the Company obtained shareholder approval to voluntarily delist the Common Shares from the TSX-V and for its change from its previous business of exploring for or purchasing economically viable oil and gas resource deposits to becoming a life sciences company focused on hemp processing and the manufacture, sales and marketing of hemp pre-rolls and hemp cigarettes.

On February 13, 2020, the Company announced it has submitted its application to the TSX-V to voluntarily delist the Common Shares from the TSX-V.

On February 19, 2020, the TSX-V approved the Company's application for voluntary delisting of the Common Shares from the TSX-V. The Common Shares were voluntarily delisted from the TSX-V effective at the close of trading on February 21, 2020.

On March 18, 2020, the Company completed the TAAT International Acquisition by way of a share exchange. Pursuant to the terms of the SEA dated February 21, 2020, the Company acquired 100% of the issued and outstanding share capital of TAAT International. In exchange, the TAAT International Shareholders received an aggregate of 13,000,000 Common Shares in the capital of the Company at a deemed price of \$0.20 per Common Share for aggregate gross proceeds of \$2,600,000 and resulting in TAAT International becoming a wholly-owned subsidiary of the Company, following which the Company continue the business of TAAT International. The Company paid a finder's fee of 956,200 Common Shares at a deemed price of \$0.20 per Common Share to certain qualified third parties in connection with closing of the TAAT International Acquisition. The TAAT International Acquisition constitutes as an arm's length transaction.

On February 24, 2020, the Company closed on its acquisition of TrueToke. Pursuant to the terms of the SPA dated February 12, 2020, the Company acquired all of the issued and outstanding shares in the capital of TrueToke. In exchange, the TrueToke Shareholders received an aggregate of 7,500,000 Common Shares in the capital of the Company at a deemed price of \$0.20 per Common Share and paid \$50,000 cash to the TrueToke vendors. The Company paid a finder's fee of 525,000 Common Shares at a deemed price of \$0.20 per Common Share to certain qualified third parties in connection with closing of the TrueToke Acquisition.

On April 7, 2020, the Company announced that it has changed its name from "Molori Energy Inc." to "TAAT Lifestyle & Wellness Ltd.", effective April 6, 2020.

On June 16, 2020, the Company granted an aggregate total of 6,264,070 Options to certain officers, directors, and consultants of the Company pursuant to its Stock Option Plan. The Options are exercisable at \$0.25 per share and will expire on June 16, 2025.

On June 18, 2020, the Company announced that it had finalized engagements with several third parties which will provide marketing, promotional and investor relations services on behalf of the Company. The third-party service providers include: LaunchPad Media, Rich TV Live, Native Ads Inc., Stockhouse Publishing Ltd., Departures Capital Inc., Hybrid Financial Ltd., Financial Buzz, Integral Wealth Securities Ltd., and Green Times Consulting Ltd.

On June 18, 2020, the Company was approved for listing on the CSE under the symbol "TAAT". The Company began trading on the CSE on June 22, 2020.

On June 22, 2020, the Company announced that it was preparing to launch its flagship brand TAAT Lifestyle Herb Co., which has developed a tobacco-free and nicotine-free alternative to traditional tobacco cigarettes to be marketed under the TAAT Lifestyle brand name.

On June 26, 2020, the Company announced the successful completion of the first phase of initial retail market testing for TAAT Lifestyle hemp cigarettes, which resulted in positive responses from users of the product. This feedback was corroborated by a high rate of repeat purchases, which resulted in a reorder

rate of more than 75% from participating retailers whose supply of TAAT Lifestyle hemp cigarettes sold out during this first phase.

On July 2, 2020, the Company announced it had recently completed its initial digital media rollout, to include the launch of its official website and social media channels, as well as the release of its corporate introduction video. In late June 2020, the Company launched its homepage, began social media campaigns on each of Facebook, Twitter, and Instagram, and published an introduction video in which the Company's management narrates the Company's story and its plans for positioning itself in the tobacco industry.

On July 3, 2020, the Company entered into a distribution agreement with Worldwide Vape Distribution ("WWV"), in which WWV agreed to distribute Original and Menthol versions of the Company's product. WWV is one of the largest Texas-based wholesalers of premium vaping products with distribution partners in 38 U.S. States and has direct and indirect access to more than 10,000 retail stores across the country. The Company has also secured distribution through West Coast Vape Supply ("WCVS"). WCVS represents several dozen brands of products for the tobacco-smoking alternative known as "Vaping". WCVS has a database of more than 300,000 customers of its online store, with an online order processing volume in excess of 1,000 U.S orders per day. WCVS has a flagship retail store in California, as well as an online store and a wholesale distribution network that collectively has access to more than 20,000 U.S retail stores.

On July 7, 2020, the Company announced that it had entered into a comprehensive distribution agreement on July 3, 2020 with Worldwide Vape Distribution ("WWV") in which WWV planned to distribute both the tobacco and menthol versions of TAAT Beyond Tobacco™ cigarettes.

On July 20, 2020, the Company announced that it had recently completed a successful full-scale test production run of Beyond Tobacco™ cigarettes with production vendor Hempacco, Co. Inc. Following this test run, initial production capacity estimations of one million Beyond Tobacco™ sticks per day were confirmed, allowing for a reliable supply bandwidth for Beyond Tobacco™ upon its planned launch in Q4 2020.

On July 22, 2020, the Company changed its ticker symbol on the OTC Pink® market from its original symbol MOLOF to TOBAF, taking effect at market open on July 22, 2020.

On July 24, 2020, the Company announced that shortly after entering into an agreement with its first distribution partner for Beyond Tobacco™ cigarettes, it has added new distributorship with California-based West Coast Vape Supply, Inc. ("WCVS") with a one-year comprehensive distribution agreement that took effect on July 24, 2020.

On August 4, 2020, the Company announced that it had appointed Setti Coscarella, who recently resigned as a lead strategist at Philip Morris International ("Philip Morris"), to lead the Company as its Chief Executive Officer as the Company prepared for the planned Q4 2020 launch of Beyond Tobacco™ cigarettes.

On August 21, 2020, the Company added another alumnus of Philip Morris International to its top management team by appointing Tim Corkum to the Company's Chief Revenue Officer role, in which Corkum planned to apply his extensive knowledge of commercialization to form and navigate the route to market for Beyond Tobacco™ cigarettes.

On August 28, 2020, the Company executed a one-year renewable comprehensive distribution agreement with Artisan Vapor Franchise LLC ("Artisan") in which Artisan agreed to carry Beyond Tobacco™ cigarettes in their "Original" and "Menthol" varieties. Under this distribution agreement, Beyond Tobacco™ cigarettes can be carried in any of Artisan's eligible franchised or online stores in the United Kingdom, Pakistan, and the United States.

On September 2, 2020, the Company announced that it had secured commercial-scale production capacity for Beyond Tobacco™ cigarettes with a manufacturer (the "Manufacturer") in North America who also does production on a contract basis for global and regional brands of both tobacco and hemp cigarettes. The

Company's agreement with the Manufacturer provides terms for production of Beyond Tobacco™ cigarettes for an initial duration of one year, with renewal of such pricing terms conditional upon the Company meeting a first-year production quota.

On September 4, 2020, the Company announced that it had completed and filed a patent application with the United States Patent and Trademark Office for the proprietary refinement process of the base material for Beyond Tobacco™ cigarettes.

On September 10, 2020, the Company announced that it had engaged Flinnwest Solutions Inc. an investor relations agency and digital media powerhouse based in White Rock, British Columbia, to provide investor relations services, in addition to carrying out tasks and campaigns relating to the Company's online presence.

On September 18, 2020, the Company announced that after finalizing the base material formulation for Beyond Tobacco™, the first production-scale batch of base material had been shipped to the Company's manufacturing facility to produce an inventory of commercial samples for Beyond Tobacco™, which are to be given to distribution, wholesale, and strategic partners.

On September 25, 2020, the Company announced that it had "uplisted" from the Pink® market to the OTCQB® exchange.

On September 29, 2020, the Company released provisional new pack designs for Beyond Tobacco™, which are designed to align the product's appearance with the packaging styles of leading and well-known products of incumbent tobacco companies.

On October 1, 2020, the Company added Michael Saxon to the Company's advisory board. On October 16, 2020, the Company announced that it had appointed Kit Dietz to its advisory board. On November 10, 2020, the Company announced that it had appointed Cindy Orser to the advisory board.

On October 6, 2020, the Company entered into a binding distribution agreement with ADCO, a tobacco wholesaler in Ohio who distributes well-known global brands of tobacco cigarettes (e.g., Marlboro, Newport, Camel). Having been established in this market for 60 years, ADCO has built a roster of partnerships providing connections to more than 5,000 convenience points of sale across Ohio, which is the Company's launch market.

On October 21, 2020, the Company announced that it had filed several trademark applications for the TAAT brand name both in the United States and internationally. Inclusive of a trademark application in the United States for the Beyond Tobacco™ brand name, the Company filed for a total of 17 trademark registrations in 15 jurisdictions across four continents. The Company has a trademark application pending for Beyond Tobacco™ in the United States under the International Class ("IC") codes of IC 003, IC 005, IC 025, IC 029, IC 030, IC 034, IC 035, and IC 044. Applications for trademark protection of the term TAAT have now been filed in the United States as well as each of the following international jurisdictions:

Asia/Middle East: Hong Kong, China, South Korea, Pakistan, India, Japan, Israel and Singapore

Europe: European Union and United Kingdom

North America: Canada and Mexico

Oceania: Australia and New Zealand

On October 26, 2020, the Company announced that the Manufacturer has begun the inaugural commercial-scale production batch of TAAT after receiving a supply of Beyond Tobacco™ base material from the Company. This batch will be packaged using an updated TAAT pack design. Beginning in November 2020 inventory of TAAT is to be shipped from the Manufacturer's warehouse to tobacco wholesalers in Ohio,

who will then be able to fulfill orders for TAAT from tobacco retailer accounts in the convenience channel.

On October 26, 2020, the Company also announced that the board of directors of the Company had appointed Smythe LLP, Chartered Professional Accountants as the Company's new auditors, replacing DMCL LLP, Chartered Professional Accountants.

During the year ended October 31, 2020, the Company issued 7,308,118 Common Shares through the exercise of 4,423,682 Warrants with an exercise price of \$0.10, 19,440 Warrants with an exercise price of \$0.25, and 2,864,996 Warrants at an exercise price of \$1.00 for gross proceeds of \$3,312,224. The Company also issued 1,226,570 Common Shares through the exercise of 75,000 stock options with an exercise price of \$0.80, 75,000 stock options with an exercise price of \$1.04, and 1,076,570 stock options with an exercise price of \$0.25 for total gross proceeds of \$407,143.

Subsequent to Fiscal Year-Ended October 31, 2020

On November 10, 2020, the Company announced that it had added Dr. Cindy Orser, a highly accomplished and renowned scientist, entrepreneur, and academic with more than 20 patents and 65 peer-reviewed publications cited over 2,000 times, to its board of advisors.

On November 17, 2020, the Company announced that its CEO had been appointed to the Company's board of directors.

Subsequent to the year end, the Company issued 6,104,309 Common Shares through the exercise of 6,104,309 Warrants with exercise prices between \$0.10 and \$2.00 for gross proceeds of \$10,467,816 and 1,160,334 Common Shares through the exercise of 1,160,334 stock options with exercise prices between \$0.80 and \$1.19 for gross proceeds of \$747,314.

On December 31, 2020, the Company announced that to further prepare for potential international expansions, the Company filed a total of 54 trademark applications internationally for the TAAT™ and/or Beyond Tobacco™ terms in an effort to secure IP rights in markets where TAAT™ may be sold in the future.

On January 7, 2021, the Company announced that two tobacco wholesalers in the Columbus area of Ohio were carrying TAAT™ Original, Smooth, and Menthol among their current tobacco product offerings sold to their respective accounts in the convenience channel.

On January 15, 2021, the Company announced that it retained Edmond DeFrank, a patent and trademark attorney based in Los Angeles, California, as counsel to manage its IP as the Company seeks to further establish its IP portfolio and take proactive measures to assert and defend its IP rights in all relevant global jurisdictions.

On January 22, 2021, the Company announced that it engaged Winning Media to provide and manage a comprehensive digital media marketing campaign for the Company. In connection with the engagement, the Company entered into a master services agreement with Winning Media, pursuant to which it will primarily be tasked with providing the following services: Display advertisement distribution, video advertisement distribution, e-mail distribution, push notification distribution and search engine marketing. The services agreement has a 60-day term with a total payment value of USD \$300,000.

On January 28, 2021, the Company announced that as part of its continued launch initiatives for TAAT™, the Company procured a 60-day video advertisement slot across a network of gasoline pump displays consisting of 10,442 screens across 1,087 chain and independent gas stations in Ohio.

On February 2, 2021, the Company announced that TAAT™ is under the representation of CROSSMARK, Inc. ("CROSSMARK"), a Texas-based sales agency of more than 25,000 employees that serves retail channels across North America as well as Canada.

On February 9, 2021, the Company announced that TAAT™ is being manufactured at a rate of more than 57,000 ten-pack cartons per month (over 690,000 cartons per year), which reflects a 233% increase from a production rate of 12 pallets per month to 40 pallets per month. This increase was prompted by sustained demand for TAAT™ in Ohio as well as anticipated demand from smokers aged 21+ in other U.S. states who will be able to purchase TAAT™ online directly from the Company.

The Company also announced that it has engaged Think Ink Marketing Data and Email Services (“Think Ink”) to provide and manage a public relations campaign for the Company, to increase public awareness of the Company and its products, services, and securities. In connection with the engagement, the Company entered into a public relations services agreement with Think Ink, pursuant to which it will primarily be tasked with providing the following services: Carrying out a public relations campaign to increase public awareness of the Company and its products, services, and securities. The services agreement has a six-month term effective February 8, 2021 with a total payment value of USD \$200,000.

The Company also engaged MCM Consulting to provide and manage a public relations campaign for the Company, to lead digital marketing campaigns with an objective of attracting interest in the Company and the TAAT™ product. In connection with the engagement, the Company entered into a corporate advisor agreement with MCM Consulting, pursuant to which it will primarily be tasked with providing the following services: In-house production of written content, cultivation of engagement through direct communication channels such as SMS and email, as well as social media. The services agreement has a six-month term effective February 1, 2021 with a total payment value of USD \$60,000.

On February 12, 2021, the Company announced that TAAT™ will be available for purchase online by the majority of smokers aged 21+ in the United States through the Company’s e-commerce portal, which was scheduled to launch at 9:00 am EST on Wednesday February 17, 2021. Online sales of TAAT™ are intended to complement retail placements made and managed through CROSSMARK as part of the Company’s scope of initiatives to gain market penetration in the United States.

Selected Financings

On June 6, 2019, the Company completed a non-brokered Private Placement and issued 18,567,490 Units at a price of \$0.055 per Unit for gross proceeds of \$1,021,212. Each Unit consists of one Common Share and one-half Warrant. Each full Warrant entitles the holder to purchase one additional Common Share at a price of \$0.10 for a period of two years. The Company paid a finder’s fee of 1,510,191 Common Shares valued at \$332,242 to an arm’s length party in connection with the Private Placement.

On September 18, 2019, the Company completed a non-brokered Private Placement and issued 5,666,667 Common Shares at a price of \$0.15 per Common Share for gross proceeds of \$850,000. The Company issued 464,500 finder Common Shares to an arm’s length party valued at \$116,125.

On February 21, 2020, the Company completed a non-brokered Private Placement and issued 2,250,000 Common Shares at a price of \$0.20 per Common Share for gross proceeds of \$450,000. The Company paid a cash finder’s fees of CAD \$7,500 and USD \$10,200 to an arm’s length party in connection with the Private Placement.

On May 4, 2020, the Company completed a non-brokered Private Placement and issued 2,060,520 Common Shares at a price of \$0.20 per Common Share for gross proceeds of \$412,104.

On June 10, 2020, the Company completed a non-brokered Private Placement and issued 3,020,000 Common Shares at a price of \$0.25 per Common Share for gross proceeds of \$755,000. Finder’s fees of an aggregate total of \$3,000 cash and an aggregate total of 12,000 Common Share purchase finder’s warrants with an exercise price of \$0.25 to purchase one additional Common Share per finder’s warrant for a period of 12 months from closing have been paid as finder’s fees to Echelon Wealth Partners Inc., and Integral Wealth Securities Limited, qualified third parties, in connection with the closing of the Private Placement.

On June 10, 2020, the Company completed an additional non-brokered Private Placement of 675,000 Common Shares at a price of \$0.40 per Common Share for gross proceeds of \$270,000. No finder's fee was paid in connection with the Private Placement.

On August 28, 2020, the Company closed the first tranche of a non-brokered private placement of 3,719,005 Units at a price of \$0.70 per Unit for gross proceeds of \$2,603,303.70 (the "First Tranche"). Each Unit consists of one (1) Common Share and one-half (1/2) of one (1) transferable Warrant. Each Warrant entitles the holder thereof to purchase one (1) additional Common Share for a period of one year from closing at a price of \$1.00 per Common Share. Finder's fees of an aggregate total of \$130,381.02 cash, 121,000 Common Shares and 12,002 Warrants ("Finder's Warrants") with an exercise price of \$1.00 to purchase one additional Common Share per Finder's Warrant for a period of 12 months from closing have been paid as finder's fees to arm's length third parties in connection with the First Tranche.

On September 11, 2020 the Company closed the second and final tranche of its non-brokered Private Placement (the "Second Tranche") of Units. In connection with the Second Tranche, the Company issued 2,385,272 Units at a price of \$0.70 per Unit for gross proceeds of \$1,669,690. Finder's fees of an aggregate total of \$115,296.31 cash, 69,299 Common Shares and 95,410 Finders Warrants have been paid as finder's fees to arm's length third parties connection with the closing of the Second Tranche.

On September 25, 2020, the Company announced that the expiry date for the warrants issued on August 28, 2020 and September 11, 2020, had been accelerated to 30 days from September 25, 2020 (for a new expiry date of October 25, 2020). The acceleration of the expiry date was triggered when the closing price of the common shares closed equal to or greater than \$1.25 for a period of five (5) consecutive trading days.

On October 9, 2020, the Company closed a non-brokered Private Placement of 5,192,308 Units at a price of \$1.30 per Unit for gross proceeds of \$6,750,000.40. Each Unit consists of one Common Share and one Warrant. Each full Warrant entitles the holder to purchase one additional Common Share at a price of \$2.00 for a period of one year. The Warrants are subject to an acceleration clause should the Common Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Common Shares may be traded at such time) of CAD \$3.00 or greater per Common Share for a period of five (5) consecutive trading days at any time that is four months and one day from the closing date.

On December 11, 2020, the Company announced that 4,992,308 Warrants issued in connection with a CAD \$6.75 million Private Placement announced in the Company's October 9, 2020 press release were voluntarily exercised at a strike price of CAD \$2.00 each for total gross proceeds to the Company of approximately CAD \$10,000,000.

Additional information pertaining to the Company including financial information is contained in the various disclosure documents of the Company filed with applicable securities commissions and made available through the Internet under the Company's SEDAR profile at www.sedar.com.

Significant Acquisitions and Dispositions

On January 27, 2020, the Company entered into the LOI with TAAT International to complete an acquisition by the Company of all of the issued and outstanding securities of TAAT International. Upon completion of the TAAT International Acquisition, the Company ceased to carry on its current business as an oil & gas exploration company, and changed its principle business to the manufacturing and distribution of hemp cigarettes.

TAAT International was incorporated in the state of Nevada on November 19, 2019 and is a health and wellness brand focused upon the smokable hemp space. Mr. Joseph Deighan, the founder of TAAT International, previously developed 'Wild Hemp', a leading U.S. hemp cigarette brand (wildhemp.com) while President of America Juice Co. (americajuiceco.com). TAAT International plans to compete within the global tobacco industry through its offering of an organic, CBD - enriched hemp cigarette.

The TAAT International Acquisition was completed by way of a share exchange on February 21, 2020, resulting in TAAT International becoming a wholly-owned subsidiary of the Company, following which the Company continued the business of TAAT International. The TAAT International Acquisition constituted as an arm's-length transaction.

Upon completion of the TAAT International Acquisition, the TAAT International Shareholders received an aggregate of 13,000,000 Common Shares in the capital of the Company at a deemed price of \$0.20 per Common Share for aggregate gross proceeds of \$2,600,000. The Company paid a finder's fee of 956,200 Common Shares at a price of \$0.20 per Common Share to certain qualified third parties in connection the TAAT International Acquisition.

On February 24, 2020, the Company entered into the SEA with TrueToke to acquire all of the issued and outstanding shares of TrueToke and in exchange, the Company issued 7,500,000 Common Shares in the capital of the Company at deemed price of \$0.20 per Common Share for aggregate attributed value of \$1,500,000 and paid \$50,000 cash to the TrueToke vendors. An additional aggregate of \$150,000 is payable by the Company to the TrueToke Vendors upon the Company completing a financing of at least \$500,000 post or concurrent the listing of the Common Shares on the CSE.

The Company paid a finder's fee of 525,000 Common Shares at a price of \$0.20 per Common Share to certain qualified third parties in connection with the TrueToke Acquisition.

DESCRIPTION OF THE BUSINESS

General

TAAT Lifestyle & Wellness Ltd.

The Company is an early-stage life sciences company focused on non-tobacco based smokable products. During the first quarter of 2020, the Company completed the acquisition of TAAT International LLC, a Las Vegas, Nevada, USA headquartered manufacturer of hemp biomass refined to taste, smell and smoke similarly to tobacco under the Beyond Tobacco trade name, which is the base material of TAAT.

Over time, the Company may either organically or through acquisition, choose to broaden its portfolio of product offerings beyond TAAT and its base material Beyond Tobacco.

TAAT International LLC

TAAT International is an early-stage company focused on in-taking whole plants or hemp biomass material, and processing that material into Beyond Tobacco™, which is used as the base material of TAAT.

Joseph Deighan, the Founder of TAAT International is an entrepreneur who, while President of America Juice Co. ("AJC"), previously founded and developed sales of the Wild Hemp (<https://www.wildhemp.com/>) brand of organic hemp cigarettes. Building upon the US-based distribution network that Joseph Deighan established for AJC and Wild Hemp, TAAT International, initially introduced its alternative to tobacco cigarettes, beginning in Nevada, USA and then expanding to California, Texas and other U.S. states.

TAAT International's production facility, its smokable hemp inventory, and its existing production equipment are located at 4730 W. Post Road, Suite 155, Las Vegas, Nevada, USA.

TAAT International Product Line

TAAT International is innovating nicotine-free and tobacco-free alternatives to traditional cigarettes. TAAT International utilizes a proprietary 14-step process (including a patent-pending refinement technique) and a blend of all-natural ingredients to provide smokers aged 21+ an alternative to traditional cigarettes that does not contain nicotine or tobacco. See Appendix "A" for images of TAAT International's products.

TAAT International released three primary flavour variants in Q4 2020, namely Original, Smooth, and Menthol. Original will be a full-flavored product which has been developed to closely emulate the taste experience of a regular tobacco cigarette. Smooth has been developed to produce a flavour profile which is milder in taste. Menthol has been developed to mimic the taste profile of a mentholated tobacco cigarette. TAAT International will market its products under TAAT brand and position its base material as Beyond Tobacco.

TAAT International has a unique, novel, and patent-pending process for refining the Beyond Tobacco™ base material to impart a scent and taste that resembles tobacco, despite containing no actual tobacco. Through the application of a proprietary flavouring treatment, TAAT International is able to completely transform the raw material into a finished product that tastes and smells similar to tobacco when combusted. This material is referred to as Base Cigarette Material (“BCM”). Similarly to fine-cut tobacco, BCM is derived entirely from plant matter, however BCM is fundamentally different from fine-cut tobacco in that it has no tobacco content whatsoever. As such, BCM contains no nicotine, is non-addictive, and undergoes substantially different processing than fine-cut tobacco. This process forms a significant part of the value of Beyond Tobacco™ and is a closely guarded trade secret. TAAT International anticipates the granting of a US patent on the refinement technique used to attain a similar smell and taste to actual tobacco.

Nevada, USA Production Facility

On January 27, 2020, the Company and TAAT International entered into an arm’s length lease agreement with Post Industrial, LLC (“Post Industrial”), a Nevada limited liability company, to secure the lease of the 7,288 SF premises located at 4730 W. Post Road, Suite 155 located in the city of Las Vegas, County of Clark, in the State of Nevada, 80118, USA. The base rent for the premises is USD \$6,559.00 per month.

In January of 2020, TAAT International moved into an expanded facility on the outskirts of Las Vegas.

The Nevada Facility is now complete and includes executive offices, an operational sales call center, an approximately 2,000 square foot mezzanine where product is assembled, and approximately 5,000 square feet of warehouse where TAAT International’s smokable hemp is stored by strain in the form of hemp trim, hemp kief and hemp flower.

Trim is the part of the hemp plant that is removed during the ‘manicure’ process. Trim is collected just after harvest and is the lowest value input into a hemp pre-roll or cigarette. Hemp flower contains varying amounts of CBD and is believed to have beneficial effects that can be used to alleviate issues like chronic pain, anxiety, and sleep troubles. Hemp kief is a concentrated form of hemp, which can be extracted from the hemp plant using a ‘sifter’ or screening device.

By employing its testing and lab equipment at the Las Vegas, USA Facility, TAAT International is able to use Joseph Deighan’s knowledge in formulations to mix varying quantities and strains of hemp trim, kief and flower, along with flavouring terpenes, to produce desirable product.

Distribution

The Company has made several key partnerships with key distributors to scale the Company’s business and increase the overall value of the business for its shareholders. Through a combination of online, in-store, and digital out-of-home campaigns targeted towards smokers aged 21 or older, the Company has cultivated considerable interest in TAAT™ across the United States.

On February 17, 2021, the Company launched the TAAT™ e-commerce portal which allows smokers aged 21+ in eligible U.S. states to purchase TAAT™ Original, Smooth, and Menthol by the carton. “Eligible” states are generally defined as any U.S. state except for the following: HI, IN, IA, KY, LA, MA, NY, SC, SD, UT.

On February 2, 2021, the Company entered into a representation deal with CROSSMARK Inc., a Texas-based sales agency of more than 25,000 employees that serves retail channels across North America, including Canada. TAAT intends to leverage CROSSMARK's existing relationships with over 100,000 convenience retailers to expand availability of TAAT in Ohio and potentially elsewhere in the United States. In addition to providing wholesale and retail head office listing support, CROSSMARK is to deploy an in-field execution team across both banner and independent retailers to support in-store acceptance, merchandising and reorders of TAAT products. TAAT also seeks to leverage CROSSMARK's extensive promotional, trade marketing and analytics support to augment existing initiatives and potentially drive nationwide growth as the company works toward its sales and volume objectives for 2021.

On October 6, 2020, the Company entered into a binding distribution agreement with ADCO, a tobacco wholesaler in Ohio who distributes well-known global brands of tobacco cigarettes (e.g., Marlboro, Newport, Camel). Having been established in this market for 60 years, ADCO has built a roster of partnerships providing direct and indirect connections to more than 5,000 convenience points of sale across Ohio, which is the Company's launch market.

On August 28, 2020, the Company executed a one-year renewable comprehensive distribution agreement with Artisan Vapor Franchise LLC ("Artisan"), in which Artisan is to carry the Company's product in Original and Menthol varieties. Artisan has more than 70 franchised storefronts in the United Kingdom, Pakistan and the United States. Eligible Artisan franchised storefronts (based on local regulations of each franchise's jurisdiction) may carry the Company's products under this distribution agreement.

On July 3, 2020, the Company entered into a distribution agreement with Worldwide Vape ("WWV"), in which WWV agreed to distribute Original and Menthol versions of the Company's product. WWV is one of the largest Texas-based wholesalers of premium vaping products with distribution partners in 38 U.S. States and has direct and indirect access to more than 10,000 retail stores across the country.

On July 24, 2020, the Company also secured distribution through West Coast Vape Supply ("WCVS"). Founded in 2013, WCVS represents several dozen brands of products for the tobacco-smoking alternative known as "Vaping". WCVS has a database of more than 300,000 customers of its online store, with an online order processing volume in excess of 1,000 U.S. orders per day. WCVS has a flagship retail store in California, as well as an online store and a wholesale distribution network that collectively has access to more than 20,000 U.S. retail stores.

Manufacturing and Logistics

On September 2, 2020, the Company entered into an agreement with a commercial-scale contract manufacturer for the production of TAAT™. Obtaining favourable pricing terms on manufacturing was a key objective achieved when the Company entered into its agreement with the Manufacturer. The manufacturing agreement is full-service and includes the production of TAAT™, procurement of all required materials used in the assembly of TAAT™, pack and carton packaging, master case packaging, pallets, and short-term warehousing. The Company's agreement with the Manufacturer provides for renewal of the favourable pricing terms provided an order volume threshold is met within the year. The Company fully anticipates meeting and exceeding these thresholds and looks forward to a long-term strategic relationship with the Manufacturer. The current production capacity of the Manufacturer is up to 2,000 sticks per minute. If the Company's order volume is greater than anticipated, the Manufacturer has assured the Company that it will make additional capacity available to meet the volume requirements. The Company will also work with the Manufacturer to build a "safety stock" of its products to ensure continuous availability in the event of unforeseen supply disruptions.

Outlook

The Company has recently reached numerous milestones which include the finalization of BCM formulation, the finalization of a pack design, the filing of a provisional patent, the closing of a private placement, procurement of a commercial-scale contract manufacturer with favorable pricing terms, and the addition of an executive team experienced in tobacco sales, distribution, commercialization, and marketing.

For the period of Q1 2021 through Q4 2021, the Company has several objectives which include but are not limited to the following:

- Increased market penetration in retail points of sale in the state of Ohio;
- Expansion into additional U.S. markets;
- Identifying opportunities in U.S. markets which were not initially deemed “eligible” for TAAT™;
- Procuring additional manufacturing capacity for TAAT™, as needed;
- Enhancing production bandwidth of the Beyond Tobacco™ base material, as needed;
- Approval of patent and trademark applications which are currently pending; and
- Formation and execution of a national-scale marketing campaign targeted towards smokers aged 21 or older.

The Company is looking forward to the launch of TAAT™ in brick-and-mortar locations in the United States. The Company has undertaken an extensive study of the US market and understands the key markets in which to launch TAAT™. The Company’s focus in 2021 will be to solidify and execute the route to market strategy, develop and execute its marketing plan, and ensure that the appropriate infrastructure is built both internally and externally to support the ongoing scaling of the business.

Specialized Skill and Knowledge

TAAT International’s management team has years of experience in hemp, vapor, wine, CBD, and tobacco. In particular, the Founder has already built one company and sold it in the hemp space. Other TAAT International staff members have worked in liquor distribution as well as the tobacco industry.

Specialized knowledge is required from farming to manufacturing of consumer ready products. Though hemp farming has taken place in the U.S. on a limited scale, not all farmers across Nevada, Utah, the Midwest and Texas have access to local expertise regarding the cultivation of smokable hemp. Through relationships with Colorado farmers, TAAT International has access to four years of data on growing consistent, high quality smokable hemp product.

Competitive Conditions

TAAT International has identified firms listed below as its potential competitors. When compared to producers of hemp cigarettes, the Company’s TAAT™ product is unique in that products made by these firms do not closely resemble tobacco cigarettes in their taste, smell, or other experiential attributes. Likewise, when compared to producers of tobacco cigarettes, the Company’s TAAT™ product is unique in that it is designed to closely replicate the user experience of these products, though it does so with no tobacco or nicotine content. Thus, these are not necessarily “direct” competitors as the firms in question produce either hemp cigarettes which do not taste or smell like tobacco, or tobacco cigarettes with nicotine.

Wild Hemp, headquartered in Dallas, Texas, was founded by the Founder under the America Juice umbrella of brands. Wild Hemp has significant distribution in the United States and conducts business in 26 countries around the world. Wild Hemp leverages distribution channels built over decades through America Juice, and also Global Tobacco. Wild Hemp is best known for being the innovators of the hemp cigarette and coining the term “hempettes”. Wild Hemp claims to have issues fulfilling all the demand for hemp cigarettes.

Colorado Pure Hemp (“Pure”), the most recent competitor to Wild Hemp on the market. Pure is manufactured in Virginia and contracts large scale distributors in four regions of the United States. Pure is

a relatively new brand fighting for shelf space, but has strong distributors committed to representing it and scaling its growth in the market.

Chief Stix, whose production process is designed to provide the highest quality hemp smokes via advanced removal of stems and seeds. This creates a smooth experience and sets the standard for Chief Stix products.

In addition, TAAT International intends to compete directly for shelf space and sales with major and minor tobacco firms including well-known companies or brands such as Phillip Morris (Marlboro, Benson Hedges, etc.), British American Tobacco (Lucky Strike, Rothmans, etc.) and Imperial Brands (Winston, Davidoff, etc.).

Economic Dependence

TAAT International is not currently reliant on any one customer and does not expect such reliance in the future as sales ramp up.

Environmental Protection

As TAAT International contracts farmers for hemp cultivation, TAAT International does not expect that there will be any financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of TAAT International in the current fiscal year or in future years.

Hemp products are increasingly seen as mitigation elements in climate change and environmental degradation. The crop is less demanding than the other crops in terms of pesticides and has beneficial effects on soil structure. The raw fibre is increasingly used in the automobile industry for the manufacture of interior panels, because of its lower weight and its lower carbon footprint. Similarly, hemp is becoming more prevalent in building materials and is becoming an important carbon sink. Overall hemp production is expected to contribute very positively to environmental protection.

Regulatory Issues

Hemp Cultivation in USA

The 2018 Farm Bill was signed into law on December 20, 2018, which effectively removed hemp from the controlled substances list and made it federally legal in the United States.

The 2018 Farm Bill changed federal policy regarding industrial hemp, including the removal of hemp from the *Controlled Substances Act* and the consideration of hemp as an agricultural product. The 2018 Farm Bill legalized hemp under certain restrictions and expanded the definition of industrial hemp from the last 2014 Farm Bill. The 2018 Farm Bill also allows states and tribes to submit a plan and apply for primary regulatory authority over the production of hemp in their state or in their tribal territory. A state plan must include certain requirements, such as keeping track of land, testing methods, and disposal of plants or products that exceed the allowed THC concentration.

Additionally, as hemp is now federally legal and is no longer classified as a Schedule 1 drug, the 2018 Farm Bill guarantees that hemp and hemp products can be moved from state to state and imported and exported the same as any other crop.

Previously, the 2014 Farm Bill defined industrial hemp and allowed for state departments of agriculture or universities to grow and produce hemp as part of research or pilot programs. Specifically, the law allowed universities and state departments of agriculture to grow or cultivate industrial hemp if: (1) “the industrial hemp is grown or cultivated for purposes of research conducted under an agricultural pilot program or other agricultural or academic research; and (2) the growing or cultivating of industrial hemp is allowed under the

laws of the state in which such institution of higher education or state department of agriculture is located, and such research occurs.”

To comply with state regulations for commercial and research programs, growers must be licensed, registered or permitted with the state agency overseeing the program. Requirements for registration, licenses and permits might include:

- Criminal background checks;
- Periodic renewals, usually every one-to-three years;
- Registering the location or Global Positioning System (GPS) coordinates of grow sites;
- Record keeping and reporting any sales or distributions including to whom it was sold or distributed, including processors; and/or
- Documentation from the state agency or institution of higher education to prove the grower is participating in an approved program.

The state agencies overseeing these programs are typically authorized to conduct inspections, test the plants and review records. State agencies may revoke licenses and impose civil and criminal penalties against growers who violate regulations.

Any activities involving industrial hemp that fall within the following would require a license: cultivation (including plant breeding/propagation); sale; importation; exportation; cleaning; preparing (conditioning); and, processing (including rendering non-viable and producing derivatives/products).

The USDA announced October 29, 2019, the “U.S. Domestic Hemp Production Program”. The interim final rule governs the production of hemp under the 2018 Farm Bill. The interim final rule does not affect industrial hemp that was or is being cultivated under the 2014 Farm Bill programs. That industrial hemp remains subject to the requirements of the 2014 Farm Bill. Key take-aways from the USDA 161 page guidelines are as follows:

- **Federal Pre-emption:** The USDA re-confirmed that the 2018 Farm Bill pre-empts state law with regard to interstate transport of hemp. Specifically, States and Indian Tribes may not prevent the movement of hemp through their States or Territories even if they prohibit its production. States that regulate hemp must do so in a manner that is at least as strict as the 2018 Farm Bill and the USDA federal plan. Importantly, they are permitted to regulate hemp in a manner that is more stringent than the USDA plan. This includes making the cultivation and commerce of hemp and hemp products unlawful, though it is unlawful for a state or Indian Tribe to prohibit the transport hemp through its borders.
- **Seed Certification Hemp:** The USDA will not establish a federal seed certification program. The USDA acknowledged the magnitude of this undertaking and has decided it is not feasible at this time.
- **“Total” THC:** The definition of hemp is still based on the delta-9-THC concentration. However, the testing for THC will now include a calculation of THC-A, referred to in the Rule as “potential THC”, contained in a sample. If a testing method, such as gas chromatography, is used that converts THC-A to THC, (a “decarboxylation” method) then the sample must test at or below the 0.3% threshold. If a testing method is used that does not use heat, such as liquid chromatography, and thus does not convert THC-A to THC, the THC-A concentration will be multiplied by a factor of .877, and that value will be added to the THC concentration, which again must test at or below the 0.3% threshold.

- “Acceptable Hemp THC Level” and “Measurement of Uncertainty” (MU): These are new concepts for hemp introduced by the USDA interim rule. The purpose of these concepts is to acknowledge that there is a margin of error with testing, even with the most accurate testing methods. In order for a test to be deemed valid under the rule, the testing facility must provide a “Measurement of Uncertainty” (MU), which roughly correlates to a “margin of error”. The margin of error figure is added to, and subtracted from, the figure that represents the THC concentration to create a range. The 0.3% must fall somewhere within the range.
- “Negligence” Standard. The USDA plan creates a framework to protect licensees from criminal prosecution when their failure to produce a compliant hemp crop is the result of negligence.
- 15 Day Pre-Harvest Testing Window: Cultivators must submit samples to a certified lab fifteen (15) days prior to the estimated harvest date. Licensees must allow state and local law enforcement unfettered access to the cultivation sites.

Hemp Cigarettes

Hemp cigarettes enjoy a new, semi-regulated market. The product is early in the consumer adoption stage, so new companies have a chance to compete based on service, quality, and niche, and not just on distribution and funding.

Currently, hemp cigarettes are not subject to the same levels of regulation as tobacco cigarettes, however there are a series of bills that are currently circulating throughout state governments in Indiana, South Carolina and North Carolina regarding the legality of the possession, sale, and consumption of smokable hemp flower. Most products currently on the market are unregulated and made with poor or low quality hemp. This can affect the marketplace, the consumer experience, and bring faster regulation into the space.

Law enforcement has stated that smokable hemp and marijuana are indistinguishable based on smell and looks, thus making critical decisions more difficult as adequate training on this topic has not been provided, and many field tests only decipher the presence of THC rather than the concentration being greater than three-tenths percent.

TT Enterprises Inc. (dba TrueToke)

The Company further intends to broaden its product offering by introducing its now wholly-owned TrueToke brand of cannabis grinders and paraphernalia into the distribution network of its US subsidiary TAAT International LLC.

TrueToke is a private company incorporated on August 13, 2018 in British Columbia under the *Business Corporations Act*. TrueToke looks to become one of the pre-eminent brands of recreational cannabis products and accessories across North America. TrueToke’s ethos is to create compelling and highly functional design-forward cannabis accessories for the modern cannabis consumer.

TrueToke draws inspiration from minimalist design, fashion, and contemporary culture, using colors like gold, rose gold, and gunmetal to create products like their flagship original one-hitters & blunt-hitters, premium grinders, carry collection, and other coveted accessories.

Creating pieces that are designed with purpose and intention has been central to the ethos of the brand. This ultimately has been instrumental in allowing TrueToke to connect with modern consumers who are looking for functional products that are more aesthetically suited to their personal styles.

Since TrueToke’s launch in November 2018, it has secured distribution in over 130 stores across Canada, including some of the largest and most prominent cannabis retail chains.

TrueToke Product Line

It is the Company's goal to expand the TrueToke brand and product reach across multiple cannabis-related products and categories. Management is presently focused on currently available TrueToke accessories which span a range of categories including grinders, trays, grinder cards, storage & carry items, and TrueToke's flagship original one hitters & blunt-hitters. See Appendix "A" for images of TrueToke's products.

Prices for TrueToke grinders range from MSRP CAD \$25.00 to MSRP CAD \$40.00, prices for grinder cards are approximately MSRP CAD \$13.00, and prices for one-hitters and blunt-hitters range from MSRP CAD \$15.00 to MSRP CAD \$20.00.

What differentiates TrueToke's products is that the TrueToke employs anodized aerospace grade aluminum in its grinder products along with razor sharp diamond curved teeth, a textured grip, a powerful neodymium rare-earth magnetic enclosure, as well as a 100 micron mesh screen.

The machined, aerospace grade aluminum structure ensures durability and function.

TrueToke has engaged several 3rd party manufacturers in China who have proven to be consistent and dependable suppliers of its products. TrueToke orders from Chinese suppliers on an 'on-demand' basis, and thus is not locked into any supply agreements.

Prices have been negotiated over time to get the best possible discounts for the current volume of products ('in-hand' orders) and minimum quantities are typically based on minimum order requirements for packaging.

Chinese suppliers to TrueToke are largely based in Shenzhen, China and include the following suppliers:

Product	Supplier	Location
Metal Tin Trays	EasyLife Smart Tech.	China, Shenzhen
GrinderCards	EasyLife Smart Tech.	China, Shenzhen
Grinders	VA Grinders	China, Shenzhen
Pre-Roll Protectors	VA Grinders	China, Shenzhen
Cache Case	VA Grinders	China, Shenzhen
One Hitters	Syntime Metal Products	China, Shenzhen
One Hitter Tube Packaging	Highdeal Solutions	Canada, Pitt Meadows

The TrueToke Acquisition augmented Company's acquisition of TAAT International with an additional high-margin revenue stream. TrueToke has established sales, along with a distribution strategy within specific cannabis and cannabis paraphernalia stores across Canada. TAAT International plans to access this same retail network to expand beyond its US distribution of hemp cigarettes. Furthermore, TAAT International has identified its own US-based distribution network as attractive for the distribution of TrueToke's suite of cannabis paraphernalia and grinder products.

Distribution

TrueToke sells its products through authorized wholesalers, directly to retailers, and directly to consumers. TrueToke offers authorized dealers of their products access to their core collection, upcoming collections, limited edition drops, and exclusive offers at wholesale pricing. TrueToke has a commitment to building strong relationships with its retail partners by offering support and working together to maximize success. Since the official launch of TrueToke in Canada in November 2018, TrueToke has secured distribution in over 130 retail locations, including:

Store	Number of Locations
Cannabis Culture	1
Cottonmouth Smoke Shop	1
Dr. Vape	1
Vaporz	1
Herbal Essentials	2
Hemp City	1
Bud Runners	3
Growin' Smoke	1
Fire & Flower	48
Nova Cannabis Stores	30
Four20 Premium Market	11
Choom Cannabis Stores	14
Hive Cannabis Stores	3
Clarity Cannabis Stores	3
Canna Cold Lake	1
Grassroots	1
Grasshopper Retail Inc.	1
Hoots Cannabis	1
URBN Leaf	2
Valhalla Cannabis	1
Cannabis House	4

In addition, TrueToke products are available for licensed cannabis stores to purchase through Open Fields Distribution. Open Fields Distribution sells cannabis and cannabis accessories to any new and existing legal cannabis stores in Saskatchewan as well as all Fire & Flower locations.

Beyond the current legal and registered cannabis retailers across Canada which could potentially carry TrueToke products, it is management's intention (where permitted) over the next few years to penetrate TrueToke's products into the many new the stores that will be opening across Canada.

Furthermore, the Company's plan for the TrueToke brand includes gradually introducing the products into TAAT International's network of US-based smoke shops and cannabis dispensaries.

Competitive Conditions

Management believes TrueToke's closest competitors are Ryot (ryot.com); Sharpstone (sharpstonegrinders.com); SpaceCase (spacecase.com); SilverStick (thesilverstick.com) & Toyko Smoke (ca.tokyosmoke.com) as they sell similar products at similar price points.

Ryot sells a range of less expensive hitters and grinders. Sharpstone offers grinders at comparable prices to TrueToke. SpaceCase focuses exclusively on higher-end grinders (average MSRP CAD \$35.00). Silverstick manufactures Hitters and Pipes and market their products as being highly reliable and easy to clean. Tokyo Smoke sells a wide range of cannabis products and accessories and are renowned for their award-winning product design.

Lending

The Company has not adopted any specific policies or restrictions regarding investments or lending.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Company.

Reorganization

The Company has not completed any reorganization in the last three years except for the TAAT International Acquisition as described above.

Social and Environmental Policies

The Company is not expected to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies). However, the Company's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local laws in the jurisdictions in which it does business.

Risk Factors

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

Reliance on Licenses

The ability of the Company to successfully grow, store and sell hemp in the US is dependent on the Company's licenses. The licenses are subject to ongoing compliance and reporting requirements as well as requirements related to renewal. Failure to comply with the requirements and terms of the licenses or any failure to maintain the licenses or any failure to renew the licenses after their expiry date, would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes that it will meet the requirements of the 2018 Farm Bill and The Oregon Department of Agriculture for future extensions or renewals of the licenses, there can be no assurance that the State will extend or renew the licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should the Company fail to extend or renew the licenses or should they renew the licenses on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

Change in Laws, Regulations and Guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines, including, but not limited to, those relating to the manufacture, management, transportation, storage and disposal of hemp, as well as laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Company, the Company may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Company's business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plan and result in a material adverse effect on certain aspects of its planned operations.

Changes in regulations, more vigorous enforcement thereof, the imposition of restrictions on the Company's ability to operate in the U.S, as a result of regulatory changes or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

General Regulatory Risks

The Company's business will be subject to a variety of laws, regulations and guidelines and licensing requirements in Canada and the United States. Achievement of the Company's business objectives will be contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals.

The Company will be required to obtain or renew further government permits, licenses and registrations for its contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses will be contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent permits, licenses or registrations are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations or prospects.

There is no assurance that the Company's licenses, permits or registrations will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses held by the Company could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, results of operations or prospects.

Differing Local Rules and Regulations May Limit Ability to Expand into New Markets

Expansion of the Company's business into new markets with different rules and regulations or distant from then-existing operations, may not succeed. Any such expansion may expose the Company to new operational, regulatory and/or legal risks. In addition, expanding into new localities may subject the Company to unfamiliar or uncertain local rules and regulations that may adversely affect the operations of the Company. For example, different localities may impose different rules on how hemp may be cultivated, manufactured, processed, distributed and/or transported. Each of the political subdivisions currently has the right to subject participants in the hemp industry operating within its jurisdiction to its own set of rules and regulations regarding the acquisition and maintenance of required licenses, permits or registrations, and the conduct of business, including prohibiting such operations and business in full or in part, regardless of the rules and regulations of other political subdivisions in which the Company operates. Newly entered localities may also have competitive conditions, consumer preferences and spending patterns that are more difficult to predict or satisfy than the existing markets.

Constraints on Marketing Products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada and the United States, and the legal environment in the United States — particularly the existence of federal criminal laws that may prohibit certain marketing of hemp or hemp products limits companies' abilities to compete for market share in a manner similar to other industries. 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 results of operations could be adversely affected.

Environmental Risk and Regulation

The Company's operations are subject to environmental regulation in the various jurisdictions in which it will operate. 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 (or the equivalent thereof) 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.

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 medical hemp, 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.

Economic Environment

The Company's operations could be affected by general economic context conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Company's management.

Governmental Regulations and Risks

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 cultivation of industrial hemp 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 industrial hemp, 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.

Limited Operating History

The Company business was founded in early 2019 and has generated minimal revenue. 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.

Volatile Stock Price

The stock price of the Company is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the industrial hemp industry. The Company cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Common Shares.

Risks Inherent in an Agricultural Business

The Company's business may, in the future, involve the growing of industrial hemp, 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 such growing of the Company is expected to be completed by experienced farmers, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Reliance on Management

Another risk associated with the cultivation and sale of industrial hemp is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment 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.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company will be an Entrant Engaging in a New Industry

The industrial hemp industry is fairly new. There can be no assurance that an active and liquid market for the Common Shares will develop and shareholders may find it difficult to resell their Common Shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on Contract Farmers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. The Company's success is also dependent on its ability to establish and maintain ongoing relationships with contract farmers. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industrial hemp industry in the USA. A failure in the demand for its 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.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

Need for Additional Financing and Possible Effects of Dilution

The Company may issue equity securities to finance its activities, including future acquisitions. If the Company were to issue additional Common Shares, existing holders of such Common Shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be adversely affected.

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 Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Unfavourable Publicity or Consumer Perception

The success of the industrial hemp and cannabis industry may be significantly influenced by the public's perception of industrial hemp and medicinal applications. Hemp and medical cannabis are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical cannabis will be favourable. Any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of CBD may have a material adverse effect on the Company's operational results, consumer base and financial results.

Fluctuating Prices of Raw Materials

The Company's revenues, if any, are expected to be in large part derived from the production, sale and distribution of processed hemp biomass. The Company purchases hemp from farmers at market prices at the time of harvest. Changes in the price for processed biomass between the purchase from farmers and sale to customers cannot be predicted with any level of certainty.

Facility Expansion

The overall success of the Company is in part dependent on the ability of the Company expanding its processing facilities or alternatively in securing outsourced manufacturing of its herbal hemp cigarette product. The development of construction of such facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond the Company's control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed the Company's budgets. As a result of construction delays, cost overruns, changes in market circumstances or other

factors, the Company may not be able to achieve the intended economic benefits from the construction of the new facility, which in turn may materially and adversely affect its business, prospects, financial condition and results of operations.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Common Shares on the CSE.

COVID-19

The outbreak of the coronavirus ("COVID-19") pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets may reduce resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

Risks Specifically Related to the United States

Farm Bill Risks

The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. The FDA's responsibilities include regulating ingredients in, as well as the marketing and labeling of, drugs sold in interstate commerce.

On December 20, 2018 the 2018 Farm Bill was signed into law. The 2018 Farm Bill, among other things, removes industrial hemp and its cannabinoids, including CBD derived from industrial hemp, from the CSA and amends the Agricultural Marketing Act of 1946 to allow for industrial hemp production and sale in the United States. Under the 2018 Farm Bill, industrial hemp is defined as "the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a [THC] concentration of not more than 0.3 percent on a dry weight basis." The U.S. Department of Agriculture has been tasked with promulgating regulations for the industrial hemp industry, which, among other things, requires the Department of Agriculture to review and approve any state-promulgated regulations relating to industrial hemp. Until such time as the Department of Agriculture approves a state's industrial hemp regulations, commercial sale of industrial hemp may not be permissible. Although Interim Rules for Hemp Production are now in place federally, the timing of finalized federal rules and regulations, in addition to state specific rules and regulations, cannot be assured. Further, under the 2018 Farm Bill, the FDA has retained authority over the addition of CBD to products that fall within the FDCA. There can be no assurance that the FDA will approve CBD as an additive

to products under the FDCA. It is not yet fully known what role the FDA will have in regulating industrial hemp and CBD derived from industrial hemp.

The potential for multi-agency enforcement post-rescheduling of cannabis and post-removal of industrial hemp from the CSA could threaten or have a materially adverse effect on the operations of existing state-legal cannabis businesses, including certain of Company's State Operators.

Regulation of Hemp-Derived CBD Products

CBD derived from hemp as defined in the 2018 Farm Bill may be subject to various laws relating to health and safety. Specifically, CBD may be governed by the FDCA as a drug. The FDCA is intended to assure the consumer, in part, that drugs and devices are safe and effective for their intended uses and that all labeling and packaging is truthful, informative and not deceptive. The FDCA and FDA regulations define the term drug, in part, by reference to its intended use, as "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease" and "articles (other than food) intended to affect the structure or any function of the body of man or other animals." Therefore, almost any ingested or topical or injectable product that, through its label or labeling (including internet website, promotional pamphlets, and other marketing material), is claimed to be beneficial for such uses will be regulated by the FDA as a drug. The definition also includes components of drugs, such as active pharmaceutical ingredients. The FDCA defines cosmetics by their intended use, as "articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body...for cleansing, beautifying, promoting attractiveness, or altering the appearance." See FDCA, sec. 201(i). Among the products included in this definition are skin moisturizers, perfumes, lipsticks, fingernail polishes, eye and facial makeup preparations, cleansing shampoos, permanent waves, hair colours and deodorants, as well as any substance intended for use as a component of a cosmetic product. Under the FDCA, cosmetic products and ingredients with the exception of colour additives, do not require FDA approval before they go on the market. Drugs, however, must generally either receive premarket approval by the FDA through the NDA process or conform to a "monograph" for a particular drug category, as established by the FDA's OTC Drug Review.

CBD is an active ingredient in drug products that have been approved or authorized for investigation by the FDA and therefore, under FDA's current position, cannot be used in dietary supplements or as a food additive.

Laws and regulations governing the use of hemp in the U.S. are broad in scope; subject to evolving interpretations, and subject to enforcement by several regulatory agencies and law enforcement entities. Under the 2018 Farm Bill, a state that desires to have primary regulatory authority over the production of hemp in the state must submit a plan to monitor and regulate hemp production to the Secretary of the USDA. The Secretary must then approve the state plan after determining if the plan complies with the requirements set forth in the 2018 Farm Bill. The Secretary may also audit the state's compliance with the federally-approved plan. If the Secretary does not approve the state's plan, then the production of hemp in that state will be subject to a plan established by the USDA, such as the Interim Rules for Hemp Production. It is anticipated that many states will seek to have primary regulatory authority over the production of hemp. States that seek such authority may create new laws and regulations that permit the use of hemp in food and beverages.

Federal and state laws and regulations on hemp may address production, monitoring, manufacturing, distribution, and laboratory testing to ensure that the hemp has a THC concentration of not more than 0.3%. Federal laws and regulations may also address the transportation or shipment of hemp or hemp products, as the 2018 Farm Bill prohibits states from prohibiting the transportation or shipment of hemp or hemp products produced in accordance with that law through the state, as applicable. Violations of these laws, or

allegations of such violations, could disrupt our business and result in a material adverse effect in the Company's operations, as well as adverse publicity and potential harm to the Company's reputation.

Negative Impact of Regulatory Scrutiny on Raising Capital

The Company's business activities will rely on newly established and/or developing laws and regulations in multiple jurisdictions. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The hemp industry may come under scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Authority or other applicable federal, state, or non-governmental regulatory authorities or self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, create a public trading market in the U.S. for securities of the Company or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in the Company.

DIVIDENDS AND DISTRIBUTIONS

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for business development (*See "Description of the Business"*). Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deem relevant. *See "Risk Factors"*.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The Company's authorized share capital consists of an unlimited number of Common Shares.

As at the date of this AIF, 95,546,672 Common Shares, 11,659,666 Options, 450,000 RSUs and 1,991,230 Warrants are issued and outstanding.

Common Shares

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 Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company.

Options

Options are governed by the Stock Option Plan. The purpose of the Stock Option Plan is to provide eligible persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to five years as determined by the board of directors of the Company, to buy Common Shares of the Company at a price equal to the market price prevailing on the date the Option is granted less applicable discount, if any, permitted by the policies of the exchanges and approved by the board of directors. Each one (1) Option entitles the holder thereof to purchase one (1) Common Share, subject to terms set out in the Stock Option Plan. The aggregate number of Common Shares that may be reserved for issuance, at any time, under the Stock Option Plan and under any other share compensation arrangement adopted by the Company, including the RSU Plan, shall not exceed 20% of the issued and outstanding Common Shares at the time of grant. An Option holder shall have no rights whatsoever as a shareholder of the Company in respect of any of the unissued underlying

Common Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

Warrants

From time to time, the Company may grant share purchase warrants (the "**Warrants**") in connection with a financing or transaction. Each one (1) Warrant is exercisable to purchase one (1) Common Share on the terms and conditions set out pursuant to each grant of such Warrant. Until a Warrant is exercised to purchase a Common Share, the holder of such Warrant shall have no rights whatsoever as a shareholder of the Company in respect of any of the unissued underlying Common Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

Restricted Share Units

RSUs are governed by the RSU Plan. RSUs are intended to be used by the Company to compensate eligible persons who have forgone salary to assist the Company in cash management in exchange for the grant of RSUs and Options. Each one (1) vested RSU shall converted into one (1) Common Share. The aggregate number of Common Shares that may be reserved for issuance, at any time, under the RSU Plan and under any other share compensation arrangement adopted by the Company, including the Stock Option Plan, shall not exceed 20% of the issued and outstanding Common Shares at the time of grant. RSUs are not considered to be Common Shares or securities of the Company, and an RSU holder will not be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor be entitled to exercise voting rights or any other rights attaching to the ownership of Common Shares or other securities of the Company, and will not be considered the owner of Common Shares by virtue of such issuance of RSUs.

MARKET FOR SECURITIES

The Common Shares are currently listed and traded on the CSE under the symbol "TAAT".

Trading Price and Volume

The following table provides the historical trading data of the Common Shares for the financial year ended October 31, 2020, and subsequently:

Period Ended	High (\$)	Low (\$)	Volume
March 31, 2021	5.250	3.320	8,950,865
February 28, 2021	6.000	3.020	22,525,175
January 31, 2021	3.100	2.510	7,920,192
December 31, 2020	3.670	2.270	12,931,976
November 30, 2020	4.200	2.420	13,829,373
October 31, 2020	4.400	2.140	25,148,544
September 30, 2020	2.850	0.830	19,387,760
August 31, 2020	1.010	0.790	7,515,597
July 31, 2020	1.170	0.730	11,699,550
June 30, 2020	0.900	0.410	2,735,918
May 31, 2020 ⁽¹⁾	N/A	N/A	Nil
April 30, 2020 ⁽¹⁾	N/A	N/A	Nil

Period Ended	High (\$)	Low (\$)	Volume
March 31, 2020 ⁽¹⁾	N/A	N/A	Nil
February 28, 2020 ⁽¹⁾	N/A	N/A	Nil
January 31, 2020	0.410	0.230	109,791
December 31, 2019	0.285	0.140	379,715
November 30, 2019	0.300	0.140	108,712

Notes:

(1) The Common Shares were voluntarily halted from January 15, 2020, to June 21, 2020, in connection with the TAAT International Acquisition.

Prior Sales

The following table summarizes the securities that are not listed or quoted on a marketplace and were issued by the Company during the financial year ended October 31, 2020, and subsequently:

Issue Date	Price per Security (\$)	Number of Securities	Type of Securities
December 30, 2020	2.36	955,000	Options
December 16, 2020	N/A	450,000	RSUs
December 2, 2020	2.93	1,000,000	Options
October 21, 2020	2.75	77,500	Options
October 15, 2020	2.00	5,192,308	Warrants
September 28, 2020	2.00	150,000	Options
September 17, 2020	1.19	3,100,000	Options
September 11, 2020	1.00	1,288,048	Warrants
September 1, 2020	0.90	1,000,000	Options
August 28, 2020	1.00	1,871,502	Warrants
August 14, 2020	1.00	1,250,000	Options
June 16, 2020	0.25	6,264,070	Options
June 10, 2020	0.25	26,160	Warrants
June 6, 2020	0.10	9,283,745	Warrants

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The Company had no securities held in escrow or subject to a contractual restriction on transfer for the financial year ended October 31, 2020. The table below includes the details of the Escrow Securities following the completion of the TAAT International Acquisition:

Name of Securityholder	Designation of Class Held in Escrow⁽¹⁾	Number of Securities Held in Escrow⁽²⁾	Percentage of Class
Joseph Deighan	Common Shares	7,500,000	7.85%
Syed Haider Rizvi	Common Shares	1,125,000	1.18%
Total	N/A	8,625,000	9.03%

Notes:

(1) The Common Shares are subject to escrow pursuant to the Escrow Agreement among the Company, National Securities and the holders of the Escrow Securities, whereby National Securities acts as depository in respect of the Escrow Securities.

(2) 15% of the Escrow Securities will be released on June 22, 2021, followed by 4 subsequent releases of 15% every 6 months thereafter.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth the name of all directors and officers of the Company, their municipalities of residence, their current positions with the Company, their principal occupations during the past five years and the number and percentage of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this AIF.

Name, province or state and country of residence and position, if any, held in the Company	Occupation, Business, or Employment⁽¹⁾	Served as director and/or officer of the Company since	Common Shares Beneficially Owned or Controlled at present⁽¹⁾
Setti Coscarella Ontario, Canada <i>CEO and Director</i>	Mr. Coscarella was the Lead Strategist, Reduced Risk Products at Phillip Morris International from 2017 to 2020. He also served as a Management Consultant at a boutique firm which specializes in advising small to mid-sized companies from 2009 to 2020.	July 31, 2020	Nil Common Shares
Joel Dumaresq ⁽²⁾ British Columbia, Canada <i>CFO and Director</i>	Mr. Dumaresq has 30 years of experience in the financial sector, has Forestry as well as Oil and Gas executive management experience, and for the last 6 years he has been a principal in the Vancouver-based private equity firm Pashleth Merchant Capital.	December 9, 2010	310,750 ⁽³⁾ Common Shares

Name, province or state and country of residence and position, if any, held in the Company	Occupation, Business, or Employment ⁽¹⁾	Served as director and/or officer of the Company since	Common Shares Beneficially Owned or Controlled at present ⁽¹⁾
Timothy Corkum Ontario, Canada <i>CRO</i>	From 1998 to 2020, Mr. Corkum held various positions in sales, trade marketing, corporate affairs, and business development at Philip Morris affiliates in Canada and the Caribbean. Beginning in 2016, Corkum was a Director for Philip Morris' Reduced Risk Products category with its Caribbean affiliates and in the Dominican Republic, transitioning back to the Canadian market in 2018.	August 21, 2020	Nil Common Shares
John Cumming ⁽²⁾ British Columbia, Canada <i>Director</i>	Mr. Cumming is a barrister and solicitor practicing in the jurisdiction of British Columbia with over 39 years' experience in the public company sector.	April 5, 2016	82,125 Common Shares
Joseph Deighan ⁽²⁾ Dallas Texas, USA <i>Director</i>	Mr. Deighan founded TAAT International and is a successful entrepreneur with extensive experience in the hemp, tobacco, and vapor industries.	April 6, 2020	10,000,000 ⁽⁴⁾ Common Shares

Notes:

(1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective director/officer and from insider reports available at www.sedi.ca. Each director/officer has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

(2) Member of the Audit Committee.

(3) 55,000 Common Shares are held by Pashleth Merchant Capital Corp., a company controlled by Mr. Dumaresq

(4) 7,500,000 Common Shares are held in escrow. (See "Escrowed Securities and Securities Subject to Contractual Restriction on Transfer").

Each director stands for re-election at the Annual General Meeting of shareholders.

Audit Committee

Audit Committee Charter

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Appendix "B"

Composition of the Audit Committee

The Company's Audit Committee consists of Joel Dumaresq, John Cumming and Joe Deighan, each of whom is a director and financially literate in accordance with NI 52-110. John Cumming and Joe Deighan are independent, as defined under NI 52-110, and Joel Dumaresq is not independent as he is an officer of the Company. The Audit Committee members will devote 3 to 4 hours a quarter to the Company. The Company is relying on the exemption found in Section 6.1(6) of NI 52-110 in respect of having a majority of non-officer directors on the audit committee of the Company.

Each member of the audit committee has adequate education and experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

Relevant Education and Experience

Joel Dumaresq, Director (Age 54) – CFO and Director

Mr. Dumaresq obtained a Bachelor of Arts degree in Economics and Psychology from the University of British Columbia. Mr. Dumaresq has a background in finance and investment banking and formerly worked for 10 years for RBC Dominion Securities, a division of the Royal Bank of Canada. Mr. Dumaresq was formerly the President of Greenwater Forest Products, a diversified forest products Company located on the coast of British Columbia.

Mr. Dumaresq is a director of reporting issuers Christina Lake Cannabis Corp., Black Isle Resources Corporation, Major Precious Metals Corp., the Company, and Experion Holdings Ltd. and is an officer of reporting issuers Christina Lake Cannabis Corp., Major Precious Metals Corp., the Company, and Clean Power Capital Corp. Mr. Dumaresq has acted in an operating capacity for a range of companies in the forestry, medical and oil and mining spaces and has assisted many of these companies in securing financing from the public and private market sources.

John Cumming (Age 69) - Director

Mr. Cumming is a barrister and solicitor practicing in the jurisdiction of British Columbia with over 39 years' experience in the public company sector. Mr. Cumming graduated from Kings College, University of London with a Masters of Law specializing in Corporate and Commercial Law and practiced exclusively as a corporate, securities and mining lawyer. He has also been active in the Canadian securities markets and resource exploration sector since 1978. Until 1992, Mr. Cumming was the senior securities and mining law partner at a mid-sized Vancouver law firm. Mr. Cumming is a currently a director, Vice-President, and Secretary of Stellar AfricaGold Inc.

Joseph Deighan (Age 32) – Director

Mr. Deighan is an experienced entrepreneur who has built one of the largest USA based e-liquid manufacturing businesses, JJuice, and subsequently sold it to a major tobacco company.

He has proven ability to innovate new brands, scale businesses, manage cashflow, and launch disruptive products successfully; including pioneering the first hemp cigarette to market with his previous brand, Wild Hemp. His bachelor's degree with an emphasis in entrepreneurship solidifies his know-how supplemented by his intangible drive and determination to continue pushing the envelope of innovation in the better-for-you-alternative market of nicotine replacement therapy's. He was motivated to start TAAT with a deep passion for providing the first to market hemp cigarette that has no-nicotine and no-tobacco, yet tastes, smells, and smokes just like a traditional tobacco cigarette.

The board of directors of the Company may from time to time establish additional committees.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on any of the following exemptions of NI 52-110:

- the exemption in section 2.4 (*De Minimis Non-audit Services*);
- the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*);
- the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
- an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

On October 22, 2020, DMCL resigned as the Company's auditor, at the request of the Company. On the same date, the Company appointed Smythe as the successor auditor of the Company.

The following table sets forth the fees paid by the Company and its subsidiaries to DMCL for services rendered in the fiscal years ended October 31, 2020 and 2019.

	2020 (\$)	2019 (\$)
Audit fees ⁽¹⁾	17,000	21,000
Audit Related Fees ⁽²⁾	4,500	256
Tax Fees ⁽³⁾	1,000	1,000
All Other Fees ⁽⁴⁾	1,324	-
Total	23,824	22,256

Notes:

(1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.

(2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

Exemption in Section 6.1

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

Corporate Cease Trade Orders

No director, officer or promoter of the Company has, within the last 10 years, been a director, officer or promoter of any company that,

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days; or
- (b) was subject to an order that was issued after he or she ceased to act in that capacity, which resulted from an event that occurred while that person, was acting as director, officer or promoter.

Bankruptcies

No director, officer, or promoter of the Company or any shareholder anticipated to hold a sufficient amount of securities of the Company,

- (a) is, as at the date hereof, or has been within the last 10 years, a director or executive officer of any company that, while acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No director, officer, or promoter of the Company or any shareholder anticipated to hold a sufficient amount of securities of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best knowledge of the Company and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Company and a director, officer or promoter of the Company except that certain of the directors, officers and promoters of the Company serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of the Company and their duties as a director, officer and promoter of such other companies. See *"Risk Factors"*.

The directors, officers and promoters of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern

themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

PROMOTERS

Mr. Joel Dumaresq, CFO and Director the Company may be considered to be a promoter of the Company, as that term is defined in the *Securities Act* (British Columbia). Information about Mr. Dumaresq is disclosed elsewhere in this AIF in connection with his role as an officer and a director of the Company. See “*Directors and Officers*”.

Mr. Dumaresq holds directly and/or indirectly an aggregate of 310,750 Common Shares (representing >1% of the Company’s current issued and outstanding Common Shares) and received NEO compensation of \$240,000 during the financial year ended October 31, 2020. Mr. Dumaresq will also be entitled to receive additional stock options under the Stock Option Plan.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this AIF, there are no legal proceedings material, and no contemplated legal proceedings known to be material, to the Company or its expected subsidiaries, to which the Company or its expected subsidiaries is a party or of which any of the Company or its expected subsidiaries’ respective property is the subject matter.

As of the date of this AIF, the Company has not been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date hereof, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Company’s securities or would be likely to be considered important to a reasonable investor making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than services as directors, executive officers and employees of the Company, the Company has not acquired any assets or been provided any services in any material transaction, or in any proposed material transaction, from any director, executive officer, insider or promoter of the Company, the proposed nominees for election as directors of the Company, the proposed executive officers, insiders or promoters of the Company, or their Associates and affiliates. Other than as disclosed below, no director, executive officer, insider or promoter of the Company or any Associate or affiliate of any such person or Company has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The Company’s transfer agent and registrar is National Securities, located at 760-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company within the financial year ended October 31, 2020, and subsequent period or before the last financial year but are still in effect:

- Distribution Agreement with ADCO dated October 6, 2020;

- Production Agreement dated September 2, 2020;
- Distribution Agreement with Artisan dated August 28, 2020;
- Distribution Agreement with WCVS dated July 24, 2020;
- Distribution Agreement with WWV dated July 3, 2020;
- Transfer Agent and Registrar Agreement between the Company and National Securities dated March 3, 2020;
- SEA between the Company and TAAT International dated February 21, 2020;
- Escrow Agreement among the Company, National Securities and the holders of the Escrow Securities dated February 21, 2020;
- SPA between the Company and TrueToke dated February 12, 2020;
- Standard Industrial/Commercial Multi-Tenant Lease between the Company and Post Industrial dated January 27, 2020; and
- Corporate Management Agreement dated November 1, 2017, with Partum Advisory Services Corp. (formerly Pender Street Corporate Consulting Ltd.) to provide management, accounting and administrative services to the Issuer.

Copies of all material contracts and reports referred to in this AIF may be inspected at the registered office of the Company located at Suite 810 – 789 Pender Street, Vancouver, British Columbia V6C 1H2 during normal business hours, as well as under the Company's SEDAR profile at www.sedar.com upon the effective date of this AIF.

INTEREST OF EXPERTS

The audited financial statements included in this AIF have been subject to audit by Smythe LLP and their audit report is included herein. Smythe LLP, is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

None of the foregoing persons or companies have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company and is not expected to own any securities of the Company or any Associate, affiliate or related person of the Company.

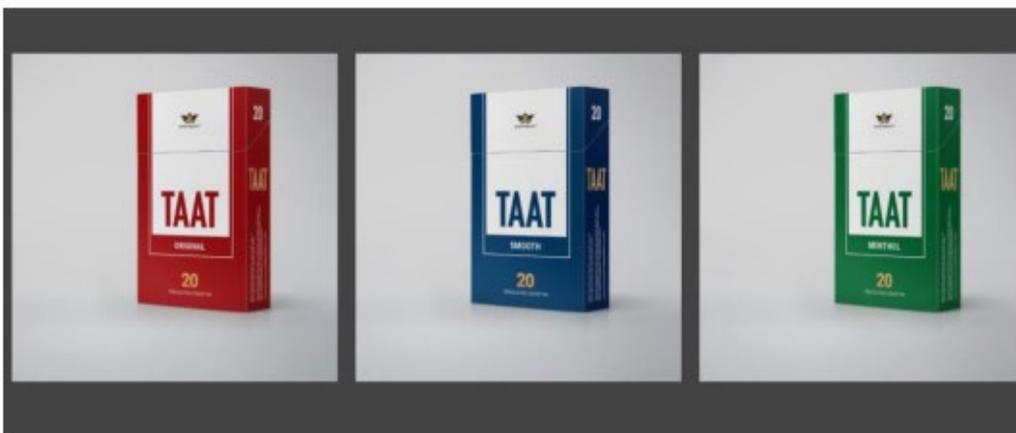
ADDITIONAL INFORMATION

Financial information about the Company is contained in its comparative financial statements and MD&A for the fiscal years ended October 31, 2020 and 2019, and additional information relating to the Company is available on SEDAR, under the Company's profile, at www.sedar.com.

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Management Information Circular dated July 15, 2020.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

APPENDIX "A"

TAAT International Products

Provisional new pack designs for Beyond Tobacco™ "Original", "Smooth", and "Menthol" varieties

TrueToke Products**4-PIECE GRINDERS**

The TrueToke grinder is made from anodized aerospace grade aluminum using precision CNC machine technology. Its razor-sharp curved diamond teeth with 4 cutting edges are designed to shred and fluff herb with ease. Precisely sized and placed holes ensure that only herb ground to the proper size falls through to the holding chamber. The 4-piece design is enclosed by a powerful rare-earth magnet and a fine micron mesh stainless

steel screen to separate pollen from your shredded herb.



includes





LARGE

Wholesale: \$20.00
MSRP: \$40.00
 Black, Gunmetal
 2.5" x 1.77"
 SKU: LRG-4PC-BLK
 SKU: LRG-4PC-GUN



MEDIUM

Wholesale: \$17.50
MSRP: \$35.00
 Black, Gunmetal
 2.2" x 1.7"
 SKU: MED-4PC-BLK
 SKU: MED-4PC-GUN



MINI

Wholesale: \$15.00
MSRP: \$30.00
 Black, Gunmetal
 1.5" x 1.5"
 SKU: MIN-4PC-BLK
 SKU: MIN-4PC-GUN

KEY PRODUCT FEATURES

Anodized aerospace grade aluminum, Razor sharp diamond curved teeth, Textured grip, Powerful neodymium rare-earth magnetic enclosure, 100 Micron Mesh Screen. Also includes black TrueToke carry bag and pollen scraper.

2-PIECE GRINDERS

The TrueToke grinder is made from anodized aerospace grade aluminum using precision CNC machine technology. It's razor sharp curved diamond teeth with 4 cutting edges are designed to shred and fluff herb with ease. The 2-piece is designed with discretion in mind and is enclosed by a powerful rare-earth magnet.



LARGE

Wholesale: \$15.00
MSRP: \$30.00
 Black
 2.5" x 0.86"
 SKU: LRG-2PC-BLK



MINI

Wholesale: \$12.50
MSRP: \$25.00
 Black, Gunmetal
 1.5" x 1"
 SKU: MIN-2PC-BLK
 SKU: MIN-2PC-GUN

KEY FEATURES

CNC machined from aerospace grade aluminum for premium durability and function, Razor sharp diamond curved teeth, Textured grip, Powerful neodymium rare-earth magnetic enclosure. Also includes black TrueToke carry bag.



GRINDER CARD

The credit card-sized TrueToke Grinder Card fits perfectly in your pocket, card sleeve or wallet, allowing you to have a grinder accessible while on-the-go.

Wholesale: \$6.50

MSRP: \$13.00

Black, Gunmetal

3 3/8" x 1 1/8"

SKU: GC-INFI-GUN

SKU: GC-INFI-GLD



KEY FEATURES

Easy access grinder, Grind fine or large flower for your optimal smoke experience, Portable and easy to clean, Protective sleeve for storage.



ROLLING PAPERS 50 PACK BOX

Retail display box containing 50 premium TrueToke rolling paper booklets. Each paper is watermarked with our criss cross imprint to help prevent runs and maintain a smooth and slow burn.

Wholesale: \$55.00

MSRP: \$2.50 / pack

1 1/4"

SKU: PPR-BOX-50-1-25

KEY FEATURES

100% pure organic hemp, Unbleached, Natural Arabic gum, 40 papers per booklet.



ROLLING TRAY

An elegant spin on the classic metal rolling tray.

Wholesale: \$6.50

MSRP: \$13.00

7.08" X 5.5"

SKU: RT-WHT-MRBL-LRG



PREROLL PROTECTOR

The TrueToke PreRoll Protector is perfect for keeping your joints safe while on the go. It's durable, discrete, and airtight design keeps odors contained while defending against external moisture.

Wholesale: \$9.00

MSRP: \$18.00

Gun Metal, Rose Gold

4.3" x 0.6"

SKU: TTPRP-GM

SKU: TTPRP-RG

KEY FEATURES

Keeps odors in while keeping water and humidity out, Airtight seal helps preserve freshness, High-grade aluminum shell for premium durability, Discrete profile is optimal for carrying on-the-go



CACHECASE

The TrueToke CacheCase is a slim storage container that's perfect for slipping in your pocket. Its threaded interlock design will help keep moisture out while keeping odor in, so you can conveniently bring your supply anywhere without having to deal with bulky containers. The CacheCase fits perfectly under our 2.2" grinders, allowing for easy mess-free loading.

Wholesale: \$8.50

MSRP: \$17.00

Gun Metal, Rose Gold

2.2" x 0.9"

SKU: TTCC-GM

SKU: TTCC-RG

KEY FEATURES

Slim profile for pocket carry, Threaded interlock closure, Keeps moisture out while keeping odors in, Fits perfectly with 2.2" grinder for mess-free loading, Perfect for use with one-hitters

APPENDIX “B”

AUDIT COMMITTEE CHARTER

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of **TAAT Lifestyle & Wellness Ltd.**, (the “**Company**”), designed to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the adequacy of the Company’s internal controls, (3) the independence and performance of the Company’s external auditor, and (4) conflict of interest transactions.

I. **ROLES AND RESPONSIBILITIES**

A. **Maintenance of Charter.**

The Committee shall review and reassess the adequacy of this formal written Charter on at least an annual basis.

B. **Financial Reporting.**

The Committee shall review and make recommendations to the Board regarding the adequacy of the Company’s financial statements and compliance of such statements with financial standards. In particular, and without limiting such responsibilities, the Committee shall:

With respect to the Annual Audited Financial Statements:

- Review and discuss with management and with the Company’s external auditor the Company’s audited financial statements, management discussion and analysis (“**MD&A**”) and news releases regarding annual financial results before the Company publicly discloses this information.
- Review an analysis prepared by management and the external auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company’s audited financial statements.
- Discuss with the external auditor the matters required to be discussed by National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currencies* (as may be modified or supplemented) relating to the conduct of the audit.
- Based on the foregoing, indicate to the Board whether the Committee recommends that the audited financial statements be included in the Company’s Annual Report.

With respect to Interim Unaudited Financial Statements:

- Review and discuss with management the Company’s interim unaudited financial statements, MD&A and news releases regarding interim financial results before the Company publicly discloses this information. The review may be conducted through a designated representative member of the Committee.
- Approve interim unaudited financial statements and interim MD&A on behalf of the Board.

Generally

- Be satisfied that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, and annually assess the adequacy of those procedures.

C. Internal Controls.

The Committee shall evaluate and report to the Board regarding the adequacy of the Company's financial controls. In particular, the Committee shall:

- Ensure that the external auditor is aware that the Committee is to be informed of all control problems identified.
- Review with the Company's counsel legal matters that may have a material impact on the financial statements.
- Review the effectiveness of systems for monitoring compliance with laws, regulations and instruments relating to financial reporting.
- Receive periodic updates from management, legal counsel, and the external auditor concerning financial compliance.
- Establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company from officers, employees and others regarding accounting, internal accounting controls, or auditing matters and questionable practices relating thereto; and
 - (ii) the confidential, anonymous submission by officers or employees of the Company or others or concerns regarding questionable accounting or auditing matters.

D. Relationship with External Auditor.

The Committee shall:

- Interview, evaluate, and make recommendations to the Board with respect to the nomination and retention of, or replacement of, the external auditor.
- Ensure receipt from external auditor of a formal written statement delineating all relationships between the external auditor and the Company.
- Ensure that the external auditor is in good standing with the Canadian Public Accountability Board ("**CPAB**") and enquire if there are any sanctions imposed by the CPAB on the external auditor.
- Ensure that the external auditor meets the rotation requirements for partners and staff on the Company's audits.
- Actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor.
- Take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor.
- Review and approve the compensation to be paid to the external auditor.
- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.

- Review and resolve disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all non-audit services to be provided to the Company or any subsidiary by the external auditor in accordance with subsection 2.3(4) and sections 2.4 and 2.6 of Multilateral Instrument 51-110 *Audit Committees*.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

Notwithstanding the foregoing, the external auditor shall be ultimately accountable to the Board and the Committee, as representatives of shareholders. The Board, upon recommendation from the Committee, shall have ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the external auditor (or to nominate the external auditor to be proposed for shareholder approval in any information circular).

E. Conflict of Interest Transactions.

The Committee shall:

- Review potential conflict of interest situations, including transactions between the Company and its officers, directors and significant shareholders not in their capacities as such.
- Make recommendations to the Board regarding the disposition of conflict of interest transactions in accordance with applicable law.

II. MEMBERSHIP REQUIREMENTS

- The Committee shall consist of at least **three (3)** directors chosen by the Board, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- The members of the Committee will be appointed annually by and will serve at the discretion of the Board.
- At least **one (1)** member of the Committee shall be able to read and understand a set of financial statements, including the Company's balance sheet, income statement, and cash flow statement, or will become able to do so within a reasonable period of time after his or her appointment to the Committee.
- At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or comparable experience or background (such as a position as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities), which results in financial sophistication, recognized financial or accounting expertise.

III. STRUCTURE AND POWERS

- The Committee shall appoint one of its members to act as a Chairperson, either generally or with respect to each meeting.
- The Committee Chairperson shall review and approve an agenda in advance of each meeting.
- The Committee shall meet as circumstances dictate.

- The Committee shall have the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties, and to set and pay the compensation for any advisors employed by the Committee.
- The Committee shall have the authority to communicate directly with the internal and external auditors.
- The Committee may request any officer or employee of the Company or the Company's outside counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- The Committee shall possess the power to conduct any investigation appropriate to fulfilling its responsibilities.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the external auditor. Nor is it the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's Corporate Governance Policies and Practices.

IV. MEETINGS

- The quorum for a meeting of the Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.
- The members of the Committee must elect a chair from among their number and may determine their own procedures.
- The Committee may establish its own schedule that it will provide to the Board in advance.
- The external auditor is entitled to receive reasonable notice of every meeting of the Committee and to attend and be heard thereat.
- A member of the Committee or the external auditor may call a meeting of the Committee.
- The Committee may hold meetings by telephone conference call where each member can hear the other members, or pass matters that would otherwise be approved at a meeting by all members signing consent resolutions in lieu of holding a meeting.
- The Committee will meet with the President and with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.
- The Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- The chair of the Committee must convene a meeting of the Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board or the shareholders.
- The Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board's meeting at which those recommendations are presented.

- The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.