Form 51-102F4

BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

TAAT Lifestyle & Wellness Ltd. (formerly Molori Energy Inc.)
(“TLW” or the Company”)

Head Office:
2630 – 1075 West Georgia Street,
Vancouver, BC V6E 3C9

Registered and Records Office:
810 – 789 West Pender Street,
Vancouver, BC V6C 1H2

1.2 Executive Officer

The following individual is knowledgeable about the particulars described in this business acquisition report.

Joel Dumaresq, CEO & Director
604-687-2038

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On January 27, 2020, the Company entered into a letter of intent (“LOI”) with TAAT International to complete an acquisition by the Company of all of the issued and outstanding securities of TAAT International (the “TAAT International Acquisition”).

On February 21, 2020, the Company completed the TAAT International Acquisition by way of a share exchange. 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 Shares in the capital of the Company at a deemed price of $0.20 per Share for an aggregate gross proceeds of $2,600,000 and resulting in TAAT International becoming a wholly-owned subsidiary of Company, following which the Company continued the business of TAAT International, being the manufacturing and distribution of hemp cigarettes. The Company paid a finder’s fee of 956,200 Shares at a deemed price of $0.20 per Share for an aggregate gross proceeds of $191,240.00 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.

The Transaction is more fully described in the press releases of the Company dated February 13, 2020 and April 6, 2020 filed on SEDAR at www.sedar.com under the Company's SEDAR profile.

2.2 Acquisition Date

The TAAT International Acquisition was effective on February 21, 2020 upon the receipt of the required director and shareholder approvals, the completion of the due diligence investigations and entering into the definitive documentation.

2.3 Consideration

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 Shares in the capital of the Company at a deemed price of $0.20 per Share for an aggregate gross proceeds of $2,600,000. The Company paid a finder's fee of 956,200 Shares at a deemed price of $0.20 per Share for an aggregate gross proceeds of $191,240.00 to certain qualified third parties in connection with closing of the TAAT International Acquisition.

2.4 Effect on Financial Position

Following completion of the TAAT International Acquisition, TAAT International became a wholly-owned subsidiary of the Company. Since closing, 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.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion obtained within the last twelve months by the Company or TAAT International required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company under the Transaction.

2.6 Parties to Transaction

The Transaction was not with an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 -- Continuous Disclosure Obligations), associate or affiliate of the Company.

2.7 Date of Report

July 3, 2020

Item 3 Financial Statements and Other Information

To address the requirements of Part 8 of National Instrument 51-102, attached hereto as Appendix A to this Business Acquisition Report are:

- Appendix A – Audited TAAT International LLC Financial Statements and Management Discussion & Analysis for the period from incorporation on

November 19, 2019 to January 31, 2020.

Smythe LLP, Chartered Professional Accountants, has given its consent to the inclusion of their audit report(s) in this Business Acquisition Report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: This Business Acquisition Report includes “forward-looking information” as defined under applicable Canadian securities legislation. Forward looking information and statements include, but are not limited to, disclosure regarding possible events, that are based on assumptions about future economic conditions and courses of action. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties, uncertain and volatile equity and capital markets, lack of available capital, future demand for digital assets and risks related to the cloud computing thereof, integration issues, personnel and staffing requirements and technological change and obsolescence. There are no assurances with respect to: the financial performance and/or success from operations of the Company and TAAT International. Actual results and future events could differ materially from those anticipated in such forward looking information. Accordingly, readers should not place undue reliance on forward-looking information. All forward looking information in this release is made as of the date hereof and qualified by these cautionary statements and those in our continuous disclosure filings.

Appendix A

See attached Audited TAAT International LLC Financial Statements and Management Discussion & Analysis for the period from incorporation on November 19, 2019 to January 31, 2020.

TAAT International LLC

Financial Statements
For the period from incorporation on November 19, 2019 to January 31, 2020

(Expressed in United States dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF TAAT INTERNATIONAL LLC

Opinion

We have audited the financial statements of TAAT International LLC (the "Company"), which comprise:

- the statement of financial position as at January 31, 2020;
- the statement of loss and comprehensive loss for the period from incorporation on November 19, 2019 to January 31, 2020;
- the statement of changes in shareholder's equity for the period from incorporation on November 19, 2019 to January 31, 2020;
- the statement of cash flows for the period from incorporation on November 19, 2019 to January 31, 2020; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020, and its financial performance and its cash flows for the period from incorporation on November 19, 2019 to January 31, 2020 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has a deficit of $9,018 as at January 31, 2020 and has not earned revenue to date. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe LLP | smythecpa.com

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe LLP | **smythecpa.com**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 12, 2020

Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe LLP | smythecpa.com

TAAT INTERNATIONAL LLC
STATEMENT OF FINANCIAL POSITION
(Expressed in United States dollars)

As at	**January 31, 2020** **$**
ASSETS	
Current	
Cash	5,139
Account receivable	24,841
Inventory (Note 4)	240,000
Total current assets	269,980
Non-current	
Equipment (Note 5)	70,961
TOTAL ASSETS	**340,941**
LIABILITIES AND SHAREHOLDER'S EQUITY	
Current liabilities	
Account payable	29,980
Due to related party (Note 6)	9,017
Total current liabilities	38,997
Shareholder's equity	
Share capital (Note 7)	1
Contributed capital (Note 6)	310,961
Deficit	(9,018)
Total shareholder's equity	301,944
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**340,941**

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board on May 12, 2020.

"Joe Deighan" , Director

(The accompanying notes are an integral part of these financial statements)

TAAT INTERNATIONAL LLC
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in United States dollars)

	For the period from incorporation on November 19, 2019 to January 31, 2020 $
EXPENSES	
Meals and entertainment	1,303
Office	1,761
Travel	5,954
Loss and comprehensive loss for the period	9,018
Loss per common share – basic and diluted	9,018
Weighted average number of common shares – basic and diluted	1

(The accompanying notes are an integral part of these financial statements)

TAAT INTERNATIONAL LLC
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Expressed in United States dollars)

	Number of shares	Share capital	Contributed capital	Deficit	Total
Incorporation on November 19, 2019	1	$ 1	$ -	$ -	$ 1
Contribution of inventory and equipment by director (Note 6)	-	-	310,961	-	310,961
Loss and comprehensive loss for the period	-	-	-	(9,018)	(9,018)
Balance, January 31, 2020	1	$ 1	$ 310,961	$ (9,018)	$ 301,944

(The accompanying notes are an integral part of these financial statements)

TAAT INTERNATIONAL LLC
STATEMENT OF CASH FLOWS
(Expressed in United States dollars)

	For the period from incorporation on November 19, 2019 to January 31, 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss and comprehensive loss for the period	(9,018)
Changes in non-cash working capital	
Account receivable	(24,841)
Account payable	29,980
Net cash used in operating activities	(3,879)
CASH FLOWS FROM FINANCING ACTIVITIES	
Advances from related party	9,017
Issuance of incorporation shares	1
Net cash provided by financing activities	9,018
INCREASE IN CASH	5,139
Cash, beginning of period	-
Cash, end of period	5,139

There were no cash flows from investing activities for the period from incorporation on November 19, 2019 to January 31, 2020.

Supplemental cash flow information (Note 11)

1. NATURE OF OPERATIONS AND GOING CONCERN

TAAT International LLC (the "Company") was incorporated in the state of Nevada on November 19, 2019. The Company is a private entity in the business of producing hemp cigarettes. The Company's head office is 155-4730 W Post Road, Las Vegas, Nevada, 89118, and the registered records office is suite 810-789 West Pender, Vancouver, British Columbia, V6C 2V6.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the next 12 months rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing. The Company has earned no revenues since incorporation and has accumulated losses of $9,018 as at January 31, 2020. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") for the period presented. These are the Company's first financial statements and IFRS has been applied since November 19, 2019 (date of incorporation).

These financial statements were authorized for issue by the Board of Directors on May 12, 2020.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, modified where applicable. The financial statements are presented in United States dollars, unless otherwise noted, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant Accounting Judgements, Estimates and Assumptions

The preparation of these financial statements in conformity of IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, could result in a material adjustment to the carrying amounts of assets or liabilities. Information about the critical accounting judgement, estimates and assumptions made in applying accounting policies that have the most significant effect on the financial statements include, but are not limited to, the following:

Valuation of inventory

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates management considers the shelf-life of inventory and the expected profitability of sales.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Significant Accounting Judgements, Estimates and Assumptions (Continued)

Deferred income taxes

The determination of income tax expense and deferred income taxes involves judgement and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

Estimated useful lives and depreciation of equipment

Depreciation of tangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Fair value measurements

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company will engage third party qualified valuators to perform the valuation.

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the period ended January 31, 2020. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubts as to the ability of the Company to meet its obligations as they fall due.

Non-monetary transactions

Management makes estimates in determining the fair value of any assets received through a non-monetary transaction. During the year, the Company received inventory and equipment in non-monetary transactions.

b) Financial Instruments

Recognition

The Company recognizes a financial instrument when it becomes party to the contractual provision of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (Continued)

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial instruments at initial recognition. The classification of financial assets is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are recognized in profit and loss when incurred. Subsequently they are measured at fair value, with gains and losses recognized in profit and loss.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss). Cash is recognized at FVTPL. The Company does not have any financial liabilities as at January 31, 2020 classified in this category.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs directly attributable to the asset. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss). The Company does not have any financial assets as at January 31, 2020 classified in this category.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest rate method, less any impairment for financial assets. Account receivable, account payable and due to related party are recognized at amortized cost.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (Continued)

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit and loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition of assets are generally recognized in profit and loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized at the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

c) Impairment of non-financial assets

The Company reviews and evaluates its non-financial assets for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Impairment of non-financial assets (Continued)

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

d) Inventory

Inventory consists primarily of raw materials. Inventory is valued at the lower of cost and net realizable value with cost based upon the weighted average method. The cost of an item of inventory consists of the purchase price. The net realizable value of inventory represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

e) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from equipment and any gain or loss is reflected as a gain or loss from operations.

f) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares.

g) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

i) Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset received, unless the transaction lacks commercial substance. When the future cash flows are not expected to change significantly as a result of the transaction, the transaction lacks commercial substance. If the fair value of a non-monetary transaction cannot be reasonably measured, it is recorded at the carrying amount of the consideration given.

4. INVENTORY

During the period ended January 31, 2020, a director of the Company contributed inventory with a fair value of $240,000. Inventory consists of dried hemp flower and trim.

5. EQUIPMENT

During the period ended January 31, 2020, a director of the Company contributed equipment with a fair value of $70,961. The equipment is not yet ready for its intended use and no depreciation has been recorded during the period from incorporation on November 19, 2019 to January 31, 2020.

6. RELATED PARTY BALANCES AND TRANSACTIONS

The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing and controlling of the activities of the Company.

The Company's sole director provided inventory and equipment to the Company with a fair value of $240,000 and $70,961, respectively. These amounts have been recorded as contributed capital in the statement of financial position.

As at January 31, 2020, the Company owes $9,017 to the sole director of the Company for payment of operating expenditures on behalf of the Company. The amount is without interest and due on demand.

7. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value.

Issued
On incorporation on November 19, 2019, the Company issued 1 common share to the sole director of the Company for gross proceeds of $1.

(Expressed in United States dollars)

8. FINANCIAL INSTRUMENTS

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Assets and liabilities measured at fair value presented in the statement of financial position as at January 31, 2020 are as follows:

	Fair Value Measurements Using			
	Level 1 $	Level 2 $	Level 3 $	Total $
January 31, 2020				
Cash	5,139	-	-	5,139
Account receivable	24,841	-	-	24,841
Account payable	(29,980)	-	-	(29,980)
Due to related party	(9,017)	-	-	(9,017)
Total	(9,017)		-	(9,017)

9. FINANCIAL RISK MANAGEMENT

The Company examines various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The Company has exposure to the following risks from its use of financial instruments:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i) Interest rate risk

The Company's cash is held in bank accounts, which have nominal interest rates attached to them; therefore, fluctuations in market interest rates would not have a material impact on their fair market values as at January 31, 2020.

ii) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company's functional currency and presentation currency are the United States dollar. The Company is not exposed to significant foreign currency risk.

(Expressed in United States dollars)

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to significant other price risks.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company's exposure to credit risk is limited to its cash balances. The risk exposure is limited to the carrying amounts at the statement of financial position dates.

The Company's cash balances are held in accounts at a major Canadian financial institution. The credit risk associated with cash is mitigated, as cash is held at major institutions with high credit ratings.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company assesses its liquidity risk by forecasting cash flows required by operations and anticipated financing activities.

As of January 31, 2020, the Company has working capital of $230,983. The Company relies upon external financing to maintain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

The Company's account payable is due in the short-term (0 to 3 months).

(d) Capital management

The Company's policy is to maintain a strong capital base so as to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, contributed capital and accumulated deficit. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable growth. The Company is not subject to externally imposed capital requirements.

10. INCOME TAX

The following table reconciles the expected income tax expense (recovery) at the United States statutory income tax rate to the amounts recognized in the statement of loss and comprehensive loss for the period ended January 31, 2020:

		2020
Loss before income taxes	$	(9,018)
Income tax recovery at statutory rate of 21%		(1,894)
Changes in deferred tax asset not recognized		1,894
	$	-

(Expressed in United States dollars)

10. INCOME TAX (CONTINUED)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets at January 31, 2020 are comprised of the following:

		2020
Non-capital loss carryforwards	$	9,018

The Company has non-capital loss carryforwards of approximately $9,018 (tax effected - $1,894) as of January 31, 2020 which may be carried forward to apply against future income tax for United States income tax purposes, subject to the final determination by taxation authorities, with no date of expiry.

11. SUPPLEMENTAL CASH FLOW INFORMATION

For the period ended January 31, 2020, the Company had the following non-cash transactions:

		2020
Inventory contributed by the sole director	$	240,000
Equipment contributed by the sole director		70,961
	$	310,961

A summary of interest and taxes paid in the period ended January 31, 2020 is as follows:

		2020
Interest paid	$	-
Taxes paid		-
	$	-

12. SEGMENTED INFORMATION

The Company has one reportable operating segment, the production of hemp cigarettes. All of the Company's long-term assets are located in the United States.

13. SUBSEQUENT EVENTS

On February 21, 2020 the Company closed a Membership Interest Purchase Agreement with Molori Energy Inc. ("Molori") whereby Molori shall acquire 100% of the Company's common shares in exchange for 13,000,000 common shares of Molori. The shares of Molori are subject to a three-year escrow, with one-third of the escrow shares being released from escrow on the first, second, and third year anniversaries from the closing of this agreement. Upon completion of this agreement, the shareholders of Molori acquired control of the Company.

Since January 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

TAAT International LLC

Management's Discussion & Analysis

(Expressed in United States dollars)

For the period from incorporation on November 19, 2019 to January 31, 2020

Dated: May 12, 2020

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period from incorporation on November 19, 2019 to January 31, 2020. This report prepared as at May 12, 2020 intends to complement and supplement our financial statements (the "Financial Statements") as at January 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the financial statements and the accompanying notes.

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

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

Where we say "we", "us", "our", the "Company" we mean TAAT International LLC, as it may apply.

OVERVIEW

TAAT International LLC (the "Company" or "TAAT") was incorporated in the state of Nevada on November 19, 2019. The Company is a private entity in the business of producing hemp cigarettes. The Company's head office is 155-4730 W Post Road, Las Vegas, Nevada, 89118, and the registered records office is suite 810-789 West Pender, Vancouver, British Columbia, V6C 2V6. The Company's fiscal year-end is January 31.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including in the financial statements and management's discussion and analysis ("MD&A"), is complete and reliable.

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

DESCRIPTION OF BUSINESS

BUSINESS DEVELOPMENT

- On incorporation on November 19, 2019, the Company issued 1 common share to the sole director of the Company for gross proceeds of $1.

- During the period ended January 31, 2020, a director of the Company contributed inventory with a fair value of $240,000. Inventory consists of dried hemp flower and trim. The inventory is recorded at the lower of cost and net realizable value.

- During the period ended January 31, 2020, a director of the Company contributed equipment with a fair value of $70,961. The equipment is not yet ready for its intended use and no depreciation has been recorded during the period from incorporation on November 19, 2019 to January 31, 2020. The equipment is recorded at the lower of cost and net realizable value.

- On February 21, 2020 the Company closed a Membership Interest Purchase Agreement with Molori Energy Inc. ("Molori") whereby Molori acquired 100% of the Company's common shares in exchange for 13,000,000 common shares of Molori (the "TAAT International Acquisition"). The shares of Molori are subject to a three-year escrow, with one-third of the escrow shares being released from escrow on the first, second, and third year anniversaries from the closing of this agreement. Upon completion of this agreement, the shareholders of Molori acquired control of the Company.

FACILITY

The Company's production facility is located in Las Vegas and in February 2020, TAAT moved into an expanded facility on the outskirts of Las Vegas (the "Nevada Facility"). The Nevada Facility is now complete and includes executive offices, an operational sales call center, an approximately 2,000 square foot mezzanine where hemp pre-rolls and cigarettes are assembled, and approximately 5,000 square feet of warehouse where TAAT's smokable hemp is stored by strain in the form of hemp trim, hemp kief and hemp flower.

SELECTED ANNUAL INFORMATION

A summary of selected annual financial information is as follows, as expressed in United States dollars, and in accordance with IFRS:

	For the period from incorporation on November 19, 2019 to January 31 , 2020 $
Revenue	-
Total assets	340,941
Total long-term financial liabilities	-
Net loss and comprehensive loss	9,018
Loss per share, basic and diluted	9,018

The Company was incorporated on November 19, 2019 and has a January 31 year-end, therefore there are no comparative period numbers prior to this date.

RESULTS OF OPERATIONS

	For the period from incorporation on November 19, 2019 to January 31, 2020 **$**
EXPENSES	
Meals and entertainment	1,303
Office	1,761
Travel	5,954
Loss and comprehensive loss for the period	9,018

The Company recorded net loss of $9,018 for the period ended January 31, 2020. The Company was incorporated on November 19, 2019, and as such, there are no comparative periods. Some of the significant charges to operations are as follows:

- The Company incurred travel, meals and office expenditures to count move and inspect hemp and various derivatives.

SUMMARY OF QUARTERLY RESULTS

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

	Jan 31, 2020 $
Deficit and Cash Flow	
Net loss	9,018
Basic and diluted loss per share	9,018
Balance Sheet	
Total assets	340,941

There are no general trends regarding the Company's quarterly results and the Company's business is not seasonal, as it can develop and progress on a year-round basis (funding permitting). Quarterly results may vary significantly depending mainly on whether the Company has engaged in new activities or abandoned any projects and these factors which may account for material variations in the Company's quarterly net income (loss) are not predictable. The Company was incorporated on November 19, 2019, and as such, there are no comparative quarters.

LIQUIDITY AND CAPITAL RESOURCES

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

As at January 31, 2020, the Company had a working capital of $230,983 which primarily consisted of cash of $5,139, inventory of $240,000, and accounts receivable of $24,841. Current liabilities, being accounts payable and accrued liabilities of $38,997.

Cash used in operating activities were $3,897 The Company was incepted on November 19, 2019 and incurred minimal activity during the period ended January 31, 2020.

Cash provided by financing activities were $9,018 During the period ended January 31, 2020, a director of the Company provided an advance of $9,017 to the Company to fund operations.

Other than the above-mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The executive officers and directors of the Company are as follows:

Joseph Deighan	CEO and sole director
Haider Rizvi	CFO

The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing and controlling of the activities of the Company.

The Company's sole director provided inventory and equipment to the Company with a fair value of $240,000 and $70,961, respectively. These amounts have been recorded as contributed capital in the statement of financial position.

As at January 31, 2020, the Company owes $9,017 to the sole director of the Company for payment of operating expenditures on behalf of the Company. The amount is without interest and due on demand.

PROPOSED TRANSACTIONS

There are no proposed transactions as of the date of this MD&A.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process. In preparing the MD&A, management has made significant assumptions regarding the circumstances and timing of the transactions contemplated therein, which could result in a material adjustment to the carrying amount of certain assets and liabilities if changes to the assumptions are made.

FINANCIAL INSTRUMENTS AND RISKS

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

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company's exposure to credit risk is limited to its cash and account receivable balances. The risk exposure is limited to the carrying amounts at the statement of financial position dates.

The Company's cash balances are held in accounts at a major United States financial institution. The credit risk associated with cash is mitigated, as cash is held at major institutions with high credit ratings.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of January 31, 2020, the Company had working capital of $230,983 to cover short term obligations.

Historically, the Company's sole source of funding has been loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

Foreign Currency Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at January 31, 2020, the Company did not have any financial instruments subject to interest rate risk.

Management of Capital

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

ADDITIONAL SHARE INFORMATION

As at the date of this MD&A the Company had 1 common share issued and outstanding.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of January 31, 2020 and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

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

ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its financial statements for the period ended January 31, 2020. These statements are available on SEDAR - Site accessed through www.sedar.com.

DISCLAIMER

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

RISK FACTORS

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

Risk Factors Associated with the Company's Business

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

Negative Cash Flow from Operations

During the period ended January 31, 2020, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company's cash as at January 31, 2020 was approximately $5,139. Although the Company anticipates it will have positive cash flow from operating activities in future periods, it is possible the Company may have negative cash flow in any future period as the Company continues to progress its expansion plans and its capacity of operations.

Reliance on Licenses

The ability of the Company to successfully grow, store and sell hemp in the United States is dependent on the Company obtaining the required licenses (the "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 manufacturing, 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 United States, 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.

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 the Company's ability 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.

Limited Operating History

The Company has generated minimal revenue 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, post TAAT International Acquisition, 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 Company's 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.

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 financial statements and materially adversely affect the trading price of the Company's 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 following the TAAT International Acquisition, 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.

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.

Risk Factors Related to the Common Shares

There is Currently no Public Trading Market for the Common Shares

Currently there is no public market for the common shares of the Company, and there can be no assurance that an active market for the common shares will develop or be sustained.

Volatility of Stock Price and Market Conditions

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

Cautionary Statement

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

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

- treatment under government regulatory and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- the listing of the Company common shares on the Canadian Securities Exchange;
- the Company's business strategies, intentions to develop its business and operations, objectives and plans to pursue the commercialization of its products;
- the Company's estimates of the size of the potential markets for its products and the rate and degree of market acceptance of such products and its competitive positions in relation thereto;
- projections of market prices and costs and the future market for the Company's products and conditions affecting same;
- estimates of the Company's future revenues and profits;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- statements relating to the business and future activities of, and developments related to the Company after the date of the listing statement and thereafter; and
- liquidity of the common shares following the listing of the common shares.

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

- treatment under government regulatory and taxation regimes and potential changes thereto;
- limited operating history and negative operating cash flow;
- reliance by the Company on a single production facility and factors relating to the development of the Nevada Facility;
- dependence on management and conflicts of interest;
- restrictions on marketing activities in the medical cannabis industry;
- product liability and recall risks as well as general operating risks;
- environmental risks;
- availability of financing opportunities;
- risks relating to global financial and economic conditions;
- future liquidity and financial capacity; and
- other factors discussed under "*Risk Factors*".

It is the Company's policy that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at January 31, 2020 and are subject to change after this date. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward looking statements. Consequently, all forward-looking statements made in this MD&A are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.