TAAT LIFESTYLE & WELLNESS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JANUARY 31, 2021 AND 2020

(Expressed in Canadian dollars)

Set out below is a review of the activities, results of operations and financial condition of TAAT Lifestyle & Wellness Ltd. ("TAAT", or the "Company") for the period ended January 31, 2021. The discussion below should be read in conjunction with the Company's consolidated financial statements ("financial statements") for the period ended January 31, 2021. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. ***This MD&A has been prepared as at April 1, 2021.***

The Company is listed on the CSE:TAAT, OTCQB: TOBAF and Frankfurt :2TP2

Additional information related to the Company is available on SEDAR at www.sedar.com and the Company's website is www.taatusa.com

BACKGROUND AND CORE BUSINESS

TAAT Lifestyle & Wellness Inc. ("TAAT" or the "Company") was incorporated on June 5, 2006 in British Columbia under the Business Corporations Act. The Company is a life sciences company focused on non-tobacco based smokable products. The Company changed its name from Molori Energy Inc. to TAAT Lifestyle & Wellness Ltd on April 6, 2020, following the acquisitions of TAAT International LLC and TT Enterprises Inc.

The Company's head office is 345 Horner Avenue, Toronto, ON M8W 1Z6 and its registered address is Suite 810 – 789 West Pender Street, Vancouver BC, V6C 1H2.

CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULTS OF OPERATIONS

MANAGEMENT TEAM UPDATES

On November 17, 2020, the Company appointed Chief Executive Officer ("CEO") Setti Coscarella to its Board of Directors.

On December 8, 2020, the Company named Laura McCormally Vice President of Finance and Corporate Development for the Company as it takes on a greater magnitude of organizational responsibilities associated with the current launch of TAAT™ in the United States.

OUR PRODUCTS AND PROPRIETARY PROCESS

The Company is innovating nicotine-free and tobacco-free alternatives to traditional cigarettes. The Company utilizes a proprietary, patent-pending, 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.

The Company released three primary flavour variants in Q4 2020, namely Original, Smooth, and Menthol. Original is 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. The Company will market its products under the TAAT brand and position its base material as Beyond TobaccoTM.

OUR PRODUCTS AND PROPRIETARY PROCESS (CONTINUED)

The Company 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, the Company is able to completely transform the raw material into a finished product that tastes and smells like tobacco when combusted. This material is referred to as *Base Cigarette Material* ("BCM"). Similar 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. The Company anticipates the granting of a US patent on this process which could further protect the company's intellectual property and allow it to potentially scale rapidly.

DISTRIBUTION

The Company is proud to provide an update on the Company's distribution network. As of the date of this MD&A, 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+, the Company has cultivated considerable interest in TAAT™ across the United States.

On January 8, 2021, the Company announced that that two tobacco wholesalers in the Columbus area of Ohio are now carrying TAAT™ Original, Smooth, and Menthol among their current tobacco product offerings sold to their respective accounts in the convenience channel. Through the Company's relationship with ADCO Distributors, Inc. ("ADCO"), its first tobacco wholesaler in Ohio, the TAAT™ product lineup has been introduced to the warehouses of other tobacco distributors in ADCO's network including Flichia Wholesale Distributing ("Flichia") based in the city of Columbus, OH (population 892,000) as well as JES Wholesale ("JES") located approximately 20 miles east of Columbus. As Ohio's capital and most populous city, Columbus is a key market in which to build a presence as the Company seeks to prompt trials of TAAT™ by legal-aged smokers in all areas of Ohio. ADCO's network of distributors across Ohio allows it to act as a "redistributor" of products such as TAAT™ and other products in the convenience channel, which the Company is leveraging to potentially expand within Ohio more rapidly.

On January 29, 2021, the Company announced that after TAAT™ became available to purchase at tobacco retail stores in Ohio, approximately 60% of retailers who carried TAAT™ for three or more weeks have reordered at least once, with several reorders being for a greater quantity than the first. Additionally, the Company has confirmed through its first distribution partner in Ohio that TAAT™ has been placed in approximately 1.4% of all convenience and gas station retail points of sale in the state of Ohio.

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. Besides food, beverage and household products in the consumer-packaged goods (CPG) category, CROSSMARK has also had success in commercializing tobacco category offerings 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 March 5, 2021, the Company announced that CROSSMARK began its early-stage initiatives to bring TAAT™ to new points of sale, starting in Ohio.

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 26, 2021, the Company entered into a memorandum of understanding ("MOU") dated February 24, 2021 with Christina Lake Cannabis Corp. ("CLC") (CSE: CLC) to develop and distribute TAAT™ for the Canadian market. The MOU grants CLC exclusive rights to develop and distribute TAAT™ in Canada for a two-year renewable term, and provides for budgets, schedules, and contributions of both parties for each stage of product development to be agreed upon by way of written agreements to set out specific stipulations for each stage.

MANUFACTURING AND LOGISTICS

On November 13, 2020, the Company announced it was upgrading its equipment in order to increase the production rate of Beyond Tobacco™. The Company has received and installed several upgraded units of production machinery and reconfigured its equipment and fixtures to maximize use of space and achieve greater efficiency through automation. As a result, the Company has determined it will be able to produce more than 2,400 lb / 1,088 kg of Beyond Tobacco™ per day, which is sufficient to manufacture more than four pallets (1,440 cartons each) of TAAT™. Furthermore, the Company has engaged a REALTOR® who specializes in industrial properties to find a larger facility which could allow for in-house production of Beyond Tobacco™ to be scaled to an even greater degree.

On December 31, 2020, the Company announced that it has made additional trademark filings in dozens of new jurisdictions, the Company has more than 100 applications for TAAT™ and/or Beyond Tobacco™ in a total of 54 countries.

On January 15, 2021, the Company brought on Mr. Edmond DeFrank, a patent and trademark attorney based in Los Angeles, California as counsel to manage its intellectual property ("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 February 9, 2021, the Company announced that its flagship product TAAT™ is now 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 when its e-commerce portal launches this quarter. Recent improvements to the Company's processing facility in Las Vegas, Nevada have enabled TAAT™ to produce a greater volume of Beyond Tobacco™, the product's base material which is refined in-house using a 14-step process including a patent-pending refinement technique. Additionally, the Company has coordinated with its contract manufacturer, who also produces cigarettes for regional and global tobacco brands, to allocate additional production bandwidth to making TAAT™ in order to maintain the current output with the ability to scale further upward as needed.

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:

(i) Increased market penetration in retail points of sale in the state of Ohio
(ii) Expansion into additional U.S. markets
(iii) Identifying opportunities in U.S. markets which were not initially deemed "eligible" for TAAT™
(iv) Procuring additional manufacturing capacity for TAAT™
(v) Enhancing production bandwidth of the Beyond Tobacco™ base material
(vi) Approval of patent and trademark applications which are currently pending
(vii) Formation and execution of a national-scale marketing campaign targeted towards smokers aged 21+

The Company is looking forward to the launch of TAAT™ in additional 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 is 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.

STRATEGIC ACQUISITIONS - TAAT INTERNATIONAL LLC AND TT ENTERPRISES INC.

On March 18, 2020, the Company completed an acquisition of all of the issued and outstanding securities of TAAT International LLC ("TAAT Intl.") (the "TAAT International Acquisition") pursuant to a definitive share exchange agreement dated February 21, 2020. The TAAT International Acquisition was completed by way of a share exchange resulting in TAAT Intl. becoming a wholly-owned subsidiary of the Company, following which the Company continued the business of TAAT Intl.. The TAAT International Acquisition constituted an arm's length transaction.

In connection with the TAAT International Acquisition, on February 21, 2020, the Company issued 13,000,000 common shares as equity consideration and paid a finder's fee of 956,200 common shares to an arm's length party.

TAAT Int. is based in Las Vegas, Nevada and is focused upon the development of Beyond Tobacco™ to prepare for commercialization in the United States as a tobacco-free combustible product that is an alternative to smoking tobacco. Mr. Joe Deighan, the controlling shareholder and founder of TAAT Intl, is a pioneer in the tobacco-free combustibles, having developed and launched the "Wild Hemp" brand of hemp cigarettes while the Chief Executive Officer ("CEO") of America Juice Co. On April 5, 2020, Mr. Joseph Deighan was appointed as a Director of the Company.

The change of business and TAAT International Acquisition has positioned the Company to enter the USD $814 billion global tobacco market.

On February 12, 2020, the Company entered into a Share Purchase Agreement to acquire all of the issued and fully diluted outstanding shares of TT Enterprises Inc. d/b/a True Toke ("TrueToke").

STRATEGIC ACQUISITIONS - TAAT INTERNATIONAL LLC AND TT ENTERPRISES INC. (CONTINUED)

The consideration payable by the Company for the purchase of TrueToke consists of the issuance of 7,500,000 common shares of the Company (issued on February 24, 2020) and a payment of $50,000 (paid on March 18, 2020) on closing day. An additional $150,000 (paid during the current period) shall be payable by the Company upon the Company completing a financing of at least $500,000 post of concurrent listing of the Company's common shares on the CSE. On February 24, 2020, the Company issued 525,000 common shares to an arm's length party in connection with the acquisition of TrueToke.

FINANCING AND CORPORATE MATTERS

During the three months ended January 31, 2021, the Company issued 5,499,308 common shares related to exercise of warrants for gross proceeds of $10,412,817 and 605,834 common shares for gross proceeds of $257,482 related to exercise of stock options. Upon exercise of the stock options, the Company transferred $283,557 from reserves.

On August 14, 2020, the Company granted 1,250,000 stock options to an officer of the Company with an exercise price of $1.00 per option expiring August 14, 2024. The options vest over the several periods, 25% vest immediately, 25% vest on June 30, 2021, and 50% vest on December 31, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $761,978 assuming an expected life of 4 years, a risk-free interest rate of 0.33%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $295,890 during the year ended October 31, 2020 and $124,313 during the period ended January 31, 2021.

On September 1, 2020, the Company granted 300,000 stock options to an employee of the Company with an exercise price of $0.90 per option expiring September 1, 2024. The options vest over several periods, 50% vest on December 31, 2020 and 50% vest on June 30, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $159,778 assuming an expected life of 3.67 years, a risk-free interest rate of 0.29%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $56,160 during the year ended October 31, 2020 and $67,345 during the period ended January 31, 2021.

On September 17, 2020, the Company granted 3,100,000 stock options to consultants of the Company with an exercise price of $1.19 per option expiring September 17, 2025. The options vest over several periods, 3,088,750 options vest immediately and 11,250 options vest on October 20, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $2,725,166 assuming an expected life of 5 years, a risk-free interest rate of 0.36%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $2,717,072 during the year ended October 31, 2020 and $2,104 during the period ended January 31, 2021.

On September 28, 2020, the Company granted 150,000 stock options to a consultant of the Company with an exercise price of $2.00 per option expiring September 28, 2022. The options vest over several periods, 100,000 options vest immediately and 50,000 vest on January 29, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $152,575 assuming an expected life of 2 years, a risk-free interest rate of 0.25%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $117,281 during the year ended October 31, 2020 and $39,229 during the period ended January 31, 2021.

On October 21, 2020, the Company granted 77,500 stock options to a consultant of the Company with an exercise price of $2.75 per option expiring October 21, 2022. The options vest over several periods, 50% of the options vest immediately and 50% vest on October 21, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $108,408 assuming an expected life of 2 years, a risk-free interest rate of 0.23%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $55,296 during the year ended October 31, 2020 and $69,393 during the period ended January 31, 2021.

On December 2, 2020, the Company granted 100,000 stock options to a consultant of the Company with an exercise price of $2.93 per option expiring December 2, 2022. The options vest over several periods, 50% of the options vest immediately and 50% vest on February 1, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $152,885 assuming an expected life of 2 years, a risk-free interest rate of 0.27%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $152,885 during the period ended January 31, 2021.

On December 2, 2020, the Company granted 900,000 stock options to consultants and an officer of the Company with an exercise price of $2.93 per option expiring December 2, 2024. The options vest over several periods, 200,000 of the options vest immediately, 325,000 stock options vest on June 30, 2021 and 375,000 stock options vest on December 30, 2021.

FINANCING AND CORPORATE MATTERS (CONTINUED)

These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $1,807,531 assuming an expected life of 4 years, a risk-free interest rate of 0.41%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $703,148 during the period ended January 31, 2021.

On December 16, 2020, the Company granted 250,000 Restricted Share Units ("RSUs") to an officer of the Company. 125,000 RSUs vest on August 31, 2021 and 125,000 RSUs vest on August 31, 2022. The RSUs expire on the earlier of December 16, 2030 and five years from the vesting date. During the period ended January 31, 2021, the Company recognized $100,852 as share-based payments for the RSUs.

On December 16, 2020, the company granted 200,000 RSUs to an employee of the Company. 100,000 RSUs vest on November 30, 2021 and 100,000 RSUs vest on November 30, 2022. The RSUs expire on the earlier of December 16, 2030 and five years from the vesting date. During the period ended January 31, 2021, the Company recognized $62,794 as share-based payments for the RSUs.

On December 30, 2020, the Company granted 955,000 stock options to consultants of the Company with an exercise price of $2.36 per option expiring December 30, 2025. The options vest immediately. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $1,665,870 assuming an expected life of 5 years, a risk-free interest rate of 0.41%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $1,665,870 during the period ended January 31, 2021.

On December 27, 2019 and January 24, 2020, the Company received the subscription payments of $31,205 and $25,000, respectively. Proceeds were related to the non-brokered private placement completed on September 18, 2019.

During the three months ended January 31, 2020, the Company received totaling $370,512 for a non-brokered private placement.

Subsequent to January 31, 2021, the Company issued 2,471,186 common shares through the exercise of 2,471,186 share purchase warrants with exercise price of $0.1 for gross proceeds of $248,501 and 654,500 common shares through the exercise of 554,500 stock options with exercise prices between $0.80 and $1.19 for gross proceeds of $590,230.

On March 23, 2021, the Company announced that OTC Markets Group Inc. ("OTCM"), operator of financial markets for 11,000 U.S. and global securities, has confirmed that the Company has officially been upgraded from the OTCQB® Venture Market ("OTCQB") to the OTCQX® Best Market ("OTCQX"), the highest tier of OTCM's markets.

SELECTED FINANCIAL INFORMATION

For the three-months ended	**January 31, 2021 $**	January 31 2020 $
REVENUE		
Sales	**165,786**	-
Cost of goods sold	**(65,892)**	-
Gross profit	**99,894**	-
EXPENSES		
Accounting and legal	**109,354**	7,043
Amortization	**47,774**	-
Filing and regulatory	**26,128**	2,089
Foreign exchange (gain) loss	**58,492**	(3,642)
Accretion and interest expense	**13,478**	2,042
Management and consulting	**912,439**	431,346
Office, rent and administrative	**196,040**	32,786
Marketing and shareholder communication	**1,019,124**	7,941
Research and development	**171,830**	-
Share-based payments	**2,824,287**	-
Share-based payments – RSU	**163,646**	-
Travel	**15,695**	13,237
Salaries and wages	**364,824**	-
	(5,923,111)	(492,842)
Loss for the period	**(5,823,217)**	(492,842)
Other item		
Interest income	**101**	-
Net loss	**(5,823,116)**	(492,842)
OTHER COMPREHENSIVE LOSS		
Item that may be reclassified subsequently to profit or loss		
Foreign exchange loss on translating foreign operations	**12,819**	-
Comprehensive loss	**(5,810,297)**	(492,842)

Results of Operations for the three-months ended January 31, 2021 compared to the year ended January 31, 2020

As a result of TAAT Intl. and TrueToke acquisitions, the Company began generating revenue in the after the first quarter of 2020. Therefore, the Company's activity in the prior period ended January 31, 2020 is not indicative of the Company's current period. However, the Company still relies on external financings to generate capital. As a result, the Company has continued to incur losses from operations.

The net loss for the period increased by $5,330,274 for the period ended January 31, 2021. This increase in net loss is primarily due to increased activities related to changing its principal business to the distribution of tobacco-free combustible products from the prior year, which resulted in significant increases in marketing and shareholder communication expenditures. Further, the Company made share-based payments to employees, officers, and consultants of the Company and incurred salaries and wages expenditures.

- Management and consulting expenses increased to $912,439 for the period ended January 31, 2021 (2020 - $431,346) as the Company hired more consultants to assist with the expansion of the business. In the prior year after Q1, the Company changed its business model to become an early-stage life sciences company and acquired TrueToke and TAAT Intl. Please see table below for a breakdown of material consulting expenditures.
- Office, rent, administration and travel increased to $196,040 for the period ended January 31, 2021 (2020 - $32,786) primarily from office expenses related to setting up the new Las Vegas operations in the United States.

Results of Operations for the three-months ended January 31, 2021 compared to the year ended January 31, 2020 (cont'd)

- Accounting and legal expenses increased to $109,354 for the period ended January 31, 2021 (2020 - $7,043) primarily due to increased legal and accounting fees associated with acquisitions of TrueToke and TAAT Intl. in the prior year, and increased staffing in its finance departments in Canada and the United States.
- Marketing and shareholder communication increased to $1,019,124 (2020 - $7,941) as a result of the Company's increased marketing effort related to promotion of its products during the period.
- Research and development of $171,830 (2020 - $Nil) for the period ended January 31, 2021 is related to the Company's development of its non-tobacco based smokable products and flavorings.
- Salaries and wages increased to $364,824 for the period ended January 31, 2021 (2020 - $Nil) due to the Company's acquisitions in the prior year and the amounts paid to the CEO and Chief Revenue Officer ("CRO").
- Share-based payments of $2,824,287 (2020 - $Nil) for the period ended January 31, 2021 is related to the stock options granted to directors, officers and consultants of the Company to assist with the increased operations.
- Share-based payments for Restricted Share Units of $163,646 (2020 - $Nil) for the period ended January 31, 2021 is related to the Restricted Share Units granted to the CRO and an employee of the Company during the period.
- Accretion and interest expense of $13,478 (2020- $2,042) for the period ended January 31, 2021 is related to costs of the lease liability and the payment the remaining consideration of the prior year acquisitions of TrueToke and TAAT Intl.
- Amortization expense of $47,774 (2020- $Nil) for the period ended January 31, 2021 relates to the amortization of the right of use lease asset and property and equipment acquired from business combinations.
- Revenue of $165,786 (2020 – $Nil) and cost of sales of $65,892 (2020 - $Nil) for the period ended January 31, 2021 is related to non-tobacco combustible products and cannabis accessories products sales generated by TAAT Intl. and TrueToke after the acquisition.

Below is a break-down of the various consulting fees incurred by the Company:

	Period ended January 31	
	2021 **$**	**2020** **$**
Management consulting fees	160,840	155,067
Financial advisory	-	32,000
Advisory and business development consulting fees	503,215	243,279
Professional fees, accounting	71,000	1,000
Professional fees, legal	14,153	-
Sales consulting	163,231	-
Total	**912,439**	**431,346**

Cash flows for the three-months ended January 31, 2021 compared to 2020

Cash used in operating activities for continued operations $3,070,105 (2020 - $284,516) increased over the prior period as more cash spent was spent on general administrative items and the Company's change in its principal business activities in 2020.

Cash used in investing activities of $488,934 (2020 - $Nil) increased over the prior period due to the Company advancing funds to a third party, paying the remaining consideration for the acquisition of TrueToke Enterprises Inc. and incurring expenditures on property, plant and equipment.

Cash inflows from financing activities of $10,637,807 (2020 - $406,717) increased from the prior period due to an increase in equity activity. The equity activity during the period ended January 31, 2021 consisted of funds received from exercises of warrants and options, whereas equity activity in prior period consisted of receipt of private placement funds.

Summary of Quarterly results

	2021	2020				2019		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
				$	**$**	**$**	**$**	**$**
Net Sales	99,894	98,704	63,481	9,007	-	-	-	-
Net income (loss)	(5,810,297)	(6,319,065)	(3,753,980)	(610,766)	(492,842)	161,395	(232,543)	(192,593)
Basic net earnings (loss) per share	(0.06)	(0.10)	(0.10)	(0.02)	(0.01)	0.01	(0.01)	(0.02)
Diluted net earnings (loss) per share	(0.06)	(0.10)	(0.10)	(0.02)	(0.01)	0.01	(0.01)	(0.02)

The fluctuation of net loss and profit throughout the different quarters is a result of a variety of factors, including moving from Oil & Gas exploration and development activities to a life sciences company focused on non-tobacco based smokable products in 2020. The increase in net loss in was due to an expansion operations as a result of acquisition of TAAT Intl. and TrueToke. The Company incurred higher administration, legal, and research and development costs in 2020 as a result of the business expansion. The large increase in net loss in Q4 2020 is due to share-based payments related to stock options granted to certain consultants, advisors, and management and management and consulting fees.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2021, the Company had working capital of $19,601,600, including cash of $19,026,183 as compared to a working capital of $11,805,643, including cash of $11,934,596 as at October 31, 2020.

The Company's ability to fund operational activities and investing in capital assets such as production machinery and equipment are contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company and if and when the Company will be profitable; however, management is committed to pursuing all possible sources of financing and other resources in order to execute its business plan including new equity issues and other forms of financing.

OUTSTANDING SHARE DATA

At the date of this report the Company has 95,446,672 issued and outstanding common shares, 11,711,094 outstanding stock options, 450,000 restricted share units and 2,091,237 outstanding warrants.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At the date of this report, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

RELATED PARTY TRANSACTIONS

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

Setti Coscarella	CEO
Joel Dumaresq	Chief Financial Officer ("CFO") and Director, Former CEO
Theo van der Linde	Former CFO
Tim Corkum	CRO
John Cumming	Director
Kevin Ma	Director
Joe Deighan	Director

Key management personnel are comprised of the CEO, CRO, CFO, and Directors of the Company. The remuneration of the key management personnel is as follows:

	January 31, 2021 $	January 31, 2020 $
Salaries – CEO and CRO	91,250	
Management fees - CFO	60,000	60,000
Share-based payments to the CEO	124,313	-
Share-based payments to the CRO	244,852	-
	520,415	105,000

The Company incurred the following transactions with companies that are controlled or managed by directors of the Company:

	January 31, 2021 $	January 31, 2020 $
Office expenses to a company controlled by the CFO	9,000	9,000
	9,000	9,000

Balances at period end

As at January 31, 2021, $247,726 (October 31, 2020 - $279,736) is due to related parties. All balances are unsecured, non-interest bearing and are due on demand.

During the year ended October 31, 2020, the Company settled debt of $560,000 with the former CFO and Corporate Secretary by issuing 800,000 units of the Company with a fair value of $560,000.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported 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.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment valuation of inventory, impairment of property and equipment, intangible assets and goodwill, business combination vs asset acquisition, provision of income taxes, share based compensation, going concern assumption, determination of the Company and its subsidiaries' functional currency, right of use assets and lease liability, accounts receivable and decommissioning liability. Actual results may differ from those estimates and judgments.

Financial Instruments

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities, and notes payable approximate their fair value because of the short-term nature of these instruments. The receivables, prepaid expenses, consideration payable and lease liability are classified as level 3.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

As at January 31, 2021, the Company had a cash balance of $19,026,183 (October 31, 2020: $11,934,596) to settle current liabilities of $1,422,791 (October 31, 2020: $1,227,279). The Company may need additional capital in the future to support its recent change of business model to non-tobacco combustible products and cannabis accessories. The Company's future revenues, if any, are expected to be from the sale of non-tobacco combustible products.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of the commodity tax receivable and loan recievable. The Company has been successful in recovering receivables and believes credit risk with respect to receivables to be insignificant.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at January 31, 2021, the Company the Company does not have any short-term deposits.

b) Foreign currency risk

The majority of the Company's business is conducted in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Group's business, actually occur, the Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may stand to lose all or part of their investment.

Regulatory Risks

Some of the proposed activities of the Company will be subject to regulation by governmental authorities, which may include, but are not limited to the various state departments of agriculture, U.S. Food and Drug Administration, USDA, and/or Drug Enforcement Administration. The Company's business objectives are, in part, contingent upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the cultivation and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to cultivate or sell industrial hemp. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of industrial hemp, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Limited Operating History
TAAT 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 Issuer, post TAAT International Acquisition, is expected to be highly volatile and could be drastically affected by governmental and regulatory regimes and community support for the industrial hemp industry. The Issuer 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 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 for 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.

RISK FACTORS (CONTINUED)

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 non-tobacco cigarette industry is fairly new. There can be no assurance that an active and liquid market for the Issuer's Shares will develop and shareholders may find it difficult to resell their Shares. Accordingly, no assurance can be given that the Issuer will be successful in the long term.

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 Company's Shares.

Need for Additional Financing and Possible Effects of Dilution
The Issuer may issue equity securities to finance its activities, including future acquisitions. If the Issuer were to issue additional Shares following the TAAT International Acquisition, existing holders of such Shares may experience dilution in their holdings. Moreover, when the Issuer's intention to issue additional equity securities becomes publicly known, the Issuer'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 finalized against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Unfavourable Publicity or Consumer Perception
Any adverse or negative publicity, scientific research, limiting regulations, medical opinion, and public opinion relating to the consumption of non-tobacco combustible products and 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 derived largely 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.

RISK FACTORS (CONTINUED)

Facility Expansion
The overall success of the Company is partially dependent on the ability of the Company to expand its processing facility. The development or 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 Issuer 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 Issuer 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 Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Issuer and its management. If uncertain market conditions persist, the Issuer'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 Issuer's Shares on the CSE.

The Issuer could be deemed a passive foreign investment company which could have negative consequences for U.S. investors.
Depending upon the composition of the Issuer's gross income or its assets, the Issuer could be classified as a passive foreign investment company ("PFIC") under the United States tax code. If the Issuer is declared a PFIC, then owners of the Common shares who are U.S. taxpayers generally will be required to treat any "excess distribution" received on their Common shares, or any gain realized upon a disposition of Common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a qualified electing fund ("QEF") election or a mark-to-market election with respect to the Common shares. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of the Issuer's net capital gain and ordinary earnings for any year in which the Issuer is classified as a PFIC, whether or not the Issuer distributes any amounts to its shareholders. U.S. investors should consult with their tax advisors for advice as to the U.S. tax consequences of an investment in the Common shares.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosures concerning TAAT's expenses are provided in the Company's statement of comprehensive loss and note disclosures contained in its financial statements for the period ended January 31, 2021. These statements are available on the TAAT website – www.taatusa.com and its SEDAR profile, which can be accessed through www.sedar.com.

Dividends

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 activities. 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.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE (CONT'D)

Management's Responsibility for Financial Statements (Continued)

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company's securities 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. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are currently no significant proposed transactions, other than what is disclosed elsewhere in the MD&A.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the Financial Statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing future performance, and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our business model and strategic plans;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our ability to develop and commercialize product candidates;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;
- the rate and degree of market acceptance utility of our future products, if any;
- the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- estimates of our expenses, capital requirements, and our needs for additional financing

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company are inherently subject to significant business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions including, but not limited to: (i) obtaining positive results of trials with of-age users of combustible products; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.