FORM 2A – LISTING STATEMENT
(the "Listing Statement")

Dated as at September 29, 2021

THE BC BUD CORPORATION
(the "Resulting Issuer")

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TABLE OF CONTENTS

SCHEDULES

Schedule "A" - Audited Financial Statements of the Issuer for the years ended December 31, 2020 and December 31, 2019

Schedule "B" - Management's Discussion & Analysis of the Issuer for the year ended December 31, 2020

Schedule "C" Interim Financial Statements of the Issuer for the six months ended June 30, 2021

Schedule "D" Management's Discussion & Analysis of the Issuer for the six months ended June 30, 2021

Schedule "E" - Audited Financial Statements of the Target for the years ended February 28, 2021 and

ITEM 1: GENERAL

1.1 Effective Date of Information

All information in this Listing Statement is as of September 29, 2021 unless otherwise indicated.

1.2 Forward Looking Statements

Cautionary Statement Regarding Forward-Looking Statements

This Listing Statement contains "forward-looking statements" concerning anticipated developments and events that may occur in the future. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Issuer and assumptions concerning future events. 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.

In particular, this Listing Statement contains forward-looking statements pertaining to the following:

- use of proceeds from the Financing;
- the obtaining of all required regulatory approvals in connection with the Transaction and Financing;
- the potential benefits of the Transaction;
- estimates of the Resulting Issuer's future revenues and profits;
- treatment under government regulatory and taxation regimes;
- the timing of the listing of the Resulting Issuer's Shares on the CSE;
- the Resulting Issuer's and the Target's business strategies, objectives and plans to pursue the commercialization of its products;
- expectations regarding costs of goods sold;
- the Resulting Issuer's and the Target'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;
- the Target's intentions to develop its business and operations;
- projections of market prices and costs and the future market for the Target's products and conditions affecting same;
- estimates of the Resulting Issuer's or the Target's future revenues and profits;
- the Resulting Issuer's anticipated cash needs, needs for additional financing and use of funds;
- ability to obtain and protect the Resulting Issuer's intellectual property and proprietary rights;
- expectations regarding the Resulting Issuer's ability to raise capital;

- market position, and future financial or operating performance of the Resulting Issuer; and
- anticipated developments in operations of the Resulting Issuer.

With respect to forward-looking statements listed above and contained in this Listing Statement, management of the Issuer has made assumptions regarding, among other things:

- the ability of Black Rose Organics Cannabis Inc. and Habitat Craft Cannabis Ltd. to either obtain the necessary licenses and/or license amendments to be able to produce and sell the Target's products or retain partnerships with existing license holders;
- the legislative and regulatory environment;
- the timing and receipt of governmental approvals;
- foreign currency and exchange rates;
- predictable changes to market prices for the Resulting Issuer's and the Target's products and other predicted trends regarding factors underlying the market for the cannabis industry;
- the ability to secure necessary personnel, equipment and services;
- that tax regimes will remain largely unaltered;
- the Resulting Issuer's ability to obtain additional financing on satisfactory terms; and
- the global economic environment.

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 Listing Statement:

- the possibility that operating results will not be consistent with the Resulting Issuer's or Target's expectations;
- the fact that cannabis is not an approved drug or medicine in Canada and that the Target does not hold a Cannabis License nor has the Target applied to received a Cannabis License;
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions and federal announcements;
- limited operating history and negative operating cash flow;
- dependence on Cannabis Act license holders;
- dependence on management and conflicts of interest;
- risks related to the Target's ability to attract and retain qualified personnel, including the ability to keep essential operational staff as a result of COVID-19;
- restrictions on marketing activities in the cannabis industry;
- competition for, among other things, customers, supply, capital, capital acquisitions of products and skilled personnel;
- consumer acquisition and retention;
- liabilities inherent in cannabis operations;
- fluctuations in currency and interest rates;
- unfavorable publicity or consumer perception;
- product liability and recall risks as well as general operating risks;
- risks relating to global financial and economic conditions and the impact of the COVID-19 pandemic;
- risks related to the COVID-19 pandemic;
- alteration of tax regimes and treatments;
- the Resulting Issuer's holding company status;
- changes in legislation affecting operations of the Resulting Issuer;
- failure to realize the benefits of the Transaction and any future acquisitions;

- incorrect assessments of the value of acquisitions; and
- other factors discussed under *"Risk Factors"* below.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Issuer and the Target 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 Issuer or the Target.

Although the Issuer 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 Listing Statement and, other than as required by applicable securities laws, the Issuer assumes no obligation to update or revise them to reflect new events or circumstances.

1.3 Currency

Unless otherwise indicated herein, references to "$", "CDN$" or "Canadian dollars" are to Canadian dollars.

1.4 Accounting Principles

All financial information in this Listing Statement is prepared in accordance with International Financial Reporting Standards.

1.5 Information Concerning the Target

The information contained or referred to in this Listing Statement relating to the Target has been furnished by the Target. In preparing this Listing Statement, the Issuer has relied upon the Target to ensure that the Listing Statement contains full, true and plain disclosure of all material facts relating to the Target. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning the Target are untrue or incomplete, neither the Issuer nor any of its principals assumes any responsibility for the accuracy or completeness of such information or for any failure by the Target to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

1.6 Market and Industry Data

The industry data contained in this Listing Statement is based upon information from independent industry and other publications and the Issuer's management's knowledge of, and experience in, the industry in which the Resulting Issuer will operate. None of the sources of industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Acquisition. Industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. The Issuer has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying assumptions relied upon by such sources.

1.7 Glossary of Terms

For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Listing Statement. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Listing Statement and in such cases, will have the meanings ascribed thereto.

ACMPR	*Access to Cannabis for Medical Purposes Regulation* (ACMPR) issued pursuant to the CDSA which was replaced by the Cannabis Act and the Cannabis Regulations.
Acquisition Agreement	The share purchase agreement dated March 15, 2021 between the Issuer, the Target and the Target Shareholders pursuant to which the Issuer will acquire all of the issued and outstanding Target Shares.
Affiliate	Unless specified otherwise, has the meaning ascribed to such term in NI 45-106.
Arm's Length Transaction	A transaction which is not a related party transaction as defined under applicable securities laws. The Transaction described in this Listing Statement, is **NOT** an Arm's Length Transactions.
Associate	Unless specified otherwise, has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder.
Audit Committee	The audit committee of the Board.
BCBCA	The *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended from time to time, including the regulations promulgated thereunder.
BevCanna	BevCanna Enterprises Ltd., a company incorporated pursuant to the BCBCA
BevCanna Agreements	The co-packing agreement and quality agreement, each dated July 28, 2021 between the Target and BevCanna.
Black Rose	Black Rose Organics Canada Inc., a company incorporated pursuant to the laws of the Province of Ontario.
Black Rose Agreement	The manufacturing and co-packing agreement dated November 16, 2020 between the Target and Black Rose.

Board of Directors or Board	The board of directors of the Issuer or the Resulting Issuer, as the context requires.
cannabis	Unless specified otherwise, has the meaning ascribed to such term in the Cannabis Act.
Cannabis Act	The shortened title to *"An Act respecting cannabis and to amend the Controlled Dugs and Substance Act, the Criminal Code and other acts"*, S.C. 2018, c.16, which came into effect on October 17, 2018, as amended from time to time.
Cannabis License	A license to be issued by Health Canada under the Cannabis Act whether for cultivation, processing or sale or the subclasses thereunder.
Cannabis Regulations	The regulations to the Cannabis Act which came into effect on October 17, 2018, as such may be amended from time to time.
CBCA	The *Canada Business Corporations Act*, R.S.C., 1985 c. C-44, as amended from time to time, including the regulation promulgated thereunder.
CDSA	*Controlled Drugs and Substances Act* (Canada) S.C. 1996, c. 19, as amended from time to time, including the regulations promulgated thereunder.
CEO	Each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
CFO	Each individual who served as Chief Financial Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
Closing	The closing of the Transaction.
Closing Date	The date on which the Closing occurs, as agreed by the Issuer and the Target and the Target Shareholders.
Common Shares	The common shares without par value in the capital of the Issuer.
company	Unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
Control Person	Any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that

	issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
CSE	Canadian Securities Exchange.
CSE Policies	The rules and policies of the CSE in effect as of the date hereof.
Escrow Agreement	The escrow agreement dated September 9, 2021 pursuant to which the Payment Shares and certain other securities held by principals of the Resulting Issuer, will be deposited with the Transfer Agent, in accordance with the policies of the CSE and NP 46-201.
Excluded Persons	Those Shareholders who were excluding from voting on the Transaction in accordance with MI 61-101 who were not Minority Shareholders and in particular means Brayden Sutton and Thomas Joshua Taylor.
executive officer	(i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of a company, including the Issuer, the Target or the Resulting Issuer.
Financing	The financing completed by the Issuer raising $1,000,000 through the sale of 4,000,000 Subscription Receipts at a price of $0.25 per Subscription Receipt on a non-brokered basis.
Habitat	Habitat Craft Cannabis Ltd., a company incorporated pursuant to the CBCA.
Health Canada	The Canadian federal department responsible for health.
IFRS	International Financial Reporting Standards.
Insider	if used in relation to a company, means: (a) a director or senior officer of a company; (b) a director or senior officer of a company that is an Insider or subsidiary of a company; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10%

of the voting rights attached to all outstanding voting shares of a company; or

(d) a company itself if it holds any of its own securities.

Issuer Entheos Capital Corp., a corporation continued under the BCBCA on December 12, 2000, following incorporation in province of Alberta on September 17, 1987, and listed on the NEX under the trading symbol "ENTH", prior to the completion of the Transaction, Financing and Name Change.

Letter Agreement The letter agreement dated February 7, 2021 between the Issuer and the Target in respect of the Transaction which was superseded by the Acquisition Agreement.

license holder A holder of a Cannabis License.

Listing Statement This listing statement dated September 29, 2021.

Listing Date The date on which the Resulting Issuer Shares are listed on the CSE.

MD&A Management's discussion and analysis, as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

MMAR The *Marihuana Medical Access Regulations* (Canada), which was replaced by the MMPR.

MMPR The *Marihuana for Medical Purposes Regulation* (Canada), which was replaced by the ACMPR.

MI 61-101 Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions.*

Minority Shareholders Holders of Common Shares other than the Excluded Persons.

Name Change The change of the Issuer's name from "Entheos Capital Corp." to "The BC Bud Corporation."

Named Executive Officer or NEO One of the (i) the CEO, (ii) the CFO, (iii) each of the Issuer's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Issuer, nor in a similar capacity, as at the end of the most recently completed financial year end.

NEX	The NEX board of the TSX Venture Exchange.
NI 52-110	National Instrument 52-110 Audit Committees as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
NP 46-201	National Policy 46-201 Escrow for Initial Public Offerings as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
Payment Shares	An aggregate of 26,250,000 Common Shares having a deemed price of $0.25 per Payment Share to be issued to the Target Shareholders as the total consideration payable for the acquisition of the Target Shares by the Issuer pursuant to the Acquisition Agreement.
person	Broadly interpreted and includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.
Placement Warrant	The warrants issuable as part of the Units in the Financing, each whole warrant entitling the holder to acquire a Common Share at a price of $0.50 per Common Shares until September 29, 2023, subject to accelerated expiry provisions.
Related Party Transaction	A 'related party transaction' as defined in MI 61-101. The Transaction is a Related Party Transaction.
Resulting Issuer	The Issuer, following completion of the Transaction, Financing and Name Change, being "The BC Bud Corporation".
Resulting Issuer Shares	Common Shares in the capital of the Resulting Issuer.
Resulting Issuer Stock Option Plan	The stock option plan of the Resulting Issuer, being the Stock Option Plan.
RSUs	Restricted stock units to acquire Resulting Issuer Shares granted to directors and consultants of the Resulting Issuer pursuant to consulting agreements.
SEC	The United States Securities and Exchange Commission.
SEDAR	The System for Electronic Document Analysis and Retrieval as located on the internet at www.sedar.com.
Shareholders	Holders of one or more Common Shares.

Stock Option Plan	The current incentive stock option plan of the Issuer as ratified by the Shareholders on July 29, 2021.
Stock Options	Existing options granted by the Issuer pursuant to the Stock Option Plan.
Subscription Receipts	A subscription receipt offered pursuant to the Financing at a price of $0.25 per subscription receipts with each subscription receipt convertible into on Unit.
Target	The BC Bud Holdings Corp., a company incorporated pursuant to the CBCA on March 1, 2019.
Target Shareholders	The holders of the Target Shares.
Target Shares	The common shares in the capital of the Target.
Transaction	The acquisition of all of the issued and outstanding Target Shares by the Issuer pursuant to the Acquisition Agreement.
Transfer Agent	Computershare Trust Company of Canada.
TSXV	TSX Venture Exchange.
Unit	A unit offered pursuant to the Financing, upon the conversion of the Subscription Receipts, at a price of $0.25 per unit, each comprised of one Common Share and one Placement Warrant.
United States or USA	The United States of America, its territories and possessions, any state of the United States and the District of Columbia.
Valuation Report	The independent valuation report dated December 21, 2020 as prepared by Malahat Valuation Group regarding the Target.
Warrants	Existing warrants issued by the Issuer to acquire Common Shares.
1933 Act	The United States Securities Act of 1933, as amended.
1934 Act	The United States Securities Exchange Act of 1934, as amended.

ITEM 2: CORPORATE STRUCTURE

2.1 Names, Address and Incorporation

The Resulting Issuer was incorporated under the *Business Corporations Act* (Alberta) on September 17, 1987 and continued under the BCBCA on December 12, 2000 as “Waterfront Capital Corporation” On June 12, 2013, the Issuer amended its articles following the adoption of an advance notice policy. On March 31, 2020, the Issuer completed a ten (10) old for one (1) new consolidation of the Common Shares and changed its name to "Entheos Capital Corp.". On September 26, 2021, the Resulting Issuer changed its name to "The BC Bud Corporation". In connection with the completion of the Transaction, the Resulting Issuer's trading symbol was changed to "BCBC".

The business office of the Issuer is located at Suite 1500-409 Granville Street, Vancouver, British Columbia, V6C 1T2 and the registered and records office of the Issuer is located at Suite 2080, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Issuer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

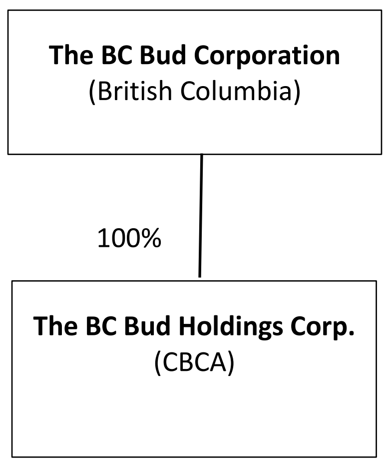
The Target was incorporated under the CBCA on March 1, 2019 as "The BC Bud Corporation". On September 28, 2021, the Target changed its name to "The BC Bud Holdings Corp."

The Target maintains a head office at 151 West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8 and a registered office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

2.2 Intercorporate Relationships

Following completion of the Transaction, the Resulting Issuer has one wholly-owned subsidiary, being the Target. The Target is governed by the CBCA. The Issuer does not anticipate having any other subsidiaries at this time.

The following chart illustrates the organizational structure of the Resulting Issuer after giving effect to the Transaction:



Prior to the Transaction, the Resulting Issuer had no subsidiaries.

All references within this Listing Statement to the Resulting Issuer, refer to the Resulting Issuer immediately following the completion of the Transaction and include the Target, unless otherwise indicated.

2.3 Fundamental Change

The Resulting Issuer is requalifying for listing on the CSE following the Transaction, which constituted a "Fundamental Change" under Policy 8 of the CSE. Following the Transaction, the Resulting Issuer has reclassified itself from being a financial services issuer to an industrial issuer operating in the cannabis industry.

Summary of the Transaction

The Issuer entered into the Acquisition Agreement with the Target and the Target Shareholders, whereby the Resulting Issuer acquired all of the issued and outstanding securities of the Target in consideration of the issuance of the Payment Shares to the Target Shareholders, pro rata in accordance with their holdings of Target Shares, such that each Target Shares was exchanged for 2.1 Resulting Issuer Shares.

The Acquisition Agreement is available on SEDAR at www.sedar.com. The Transaction is Related Party Transaction and as a result was subject to the additional requirements of MI 61-101. The completion of the Transaction was conditional upon the completion of the Financing as described below, the receipt of the approval of the CSE and certain other closing conditions as more particularly described in the Acquisition Agreement.

Approval for the Transaction was sought from the Minority Shareholders at an annual and special meeting held on July 29, 2021.

The Target Acquisition was completed on September 29, 2021.

Financing

In connection with the Transaction, the Resulting Issuer completed the Financing on April 26, 2021, consisting of a non-brokered offering of Subscription Receipts at a price of $0.25 per Subscription Receipt. An aggregate of 4,000,000 Subscription Receipts were sold generating gross proceeds of $1,000,000.

Each Unit comprised one Common Share and one Placement Warrant, each Placement Warrant entitling the holder to acquire a further Common Shares at a price of $0.50 per Common Share until September 29, 2023.

Following the Closing, the Resulting Issuer will conduct the principal business of the Target. No further fundamental changes are proposed. The Issuer is not proposing any further acquisition, merger, re-organization or arrangements at this time.

2.4 Non-Corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable.

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

Business of the Issuer

Prior to the date of entering into the Acquisition Agreement, the Issuer was inactive and was listed on the NEX on October 22, 2018.

Three Year History - Issuer

Previous Transactions

On January 23, 2018, the Issuer entered into a letter of intent with Water Street Profile Services Inc. (“WSPS”) to acquire all of the issued and outstanding shares of WSPS, which was an office space sharing entity operating through a social business club model. On October 17, 2018, the Issuer terminated the letter of intent following a determination not to proceed with the transaction. Following such termination, on October 22, 2018, the Issuer was moved to the NEX board of the TSXV for failure to meet continued listing requirements.

On March 5, 2019, the Issuer entered into a letter of intent with Whistler Water Inc. (“WW”) to acquire all of the issued and outstanding shares of WW, which was a glacial spring water bottling company. On October 9, 2019, the Issuer and WW entered into a binding share exchange agreement for the transaction. On December 30, 2019, the Issuer announced that the share exchange agreement had been terminated by WW. The Issuer took the position that such termination was not in accordance with the terms of the share exchange agreement as WW had breached certain material conditions and covenants with respect to the share exchange agreement.

On February 7, 2021, the Issuer entered into the Letter Agreement and the Common Shares were halted for trading. On March 15, 2021, the Issuer, the Target and the Target Shareholders entered into the Acquisition Agreement, superseding the Letter Agreement.

Consolidation

On March 31, 2020, the Issuer completed the Consolidation, consolidating the Common Shares on a 10 old for one new basis and changed its name to “Entheos Capital Corp.”.

Recent Financings

The Issuer completed the following financings in the last three financial years:

- 3,333,331 units issued at $0.075 per unit for aggregate proceeds of $250,000. Each unit was comprised of one Common Share and one half of one Warrant, with each whole Warrant exercisable at a price of $0.15 for a period of 12 months ending April 13, 2021. No finder’s fees were payable in association with the financing.

- 5,000,000 units issued at $0.15 per unit for aggregate proceeds of $750,000. Each unit was comprised of one Common Share and one half of one Warrant, with each whole Warrant exercisable at a price of $0.30 for a period of 12 months ended May 22, 2021. No finder’s fees were payable in association with the financing.

- 4,000,000 Subscription Receipts issued at a price of $0.25 per Subscription Receipt for aggregate gross proceeds of $1,000,000. Each Subscription Receipt is convertible into one Unit for no additional consideration upon the satisfaction of certain escrow release conditions on before September 30, 2021, including the completion of the Transaction and the approval for listing of the Common Shares on the CSE. Each Unit comprises one Common Share and one Placement Warrant. Each Placement Warrant is exercisable at a price of $0.50 per Common Share for a period of 24 months following issuance and is subject to accelerated expiry provisions, whereby if the closing price of the Common Shares exceeds

$0.75 per share for a period of ten consecutive trading days, at the Issuer's election, provided that applicable resale restrictions have lapsed, the 24 month period within which the Placement Warrants are exercisable will be reduced and the holders of the Placement Warrants will be entitled to exercise their Placement Warrants for a period of 30 days commencing on the day the Issuer provides notice of same. No finder's fees were payable in association with the Financing. The Subscription Receipts are subject to a four month hold period expiring on August 27, 2021 and were converted into Units on September 29, 2021, following the completion of the Transaction.

Acquisition of the Target

As described above, the Issuer entered into the Acquisition Agreement with the Target and the Target Shareholders, whereby the Resulting Issuer acquired on September 29, 2021, all of the issued and outstanding securities of the Target in consideration of the issuance of an aggregate of 26,250,000 Payment Shares at a deemed price of $0.25 per Payment Share. The Payment Shares were distributed to the Target Shareholders pro rata in accordance with their holdings of Target Shares, such that a Target Shareholder will receive 2.1 Payment Shares for each Target Share held.

The Acquisition was a Related Party Transaction as Brayden Sutton, the CEO, a director of the Issuer and a 10% holder of Common Shares is a director and was a Control Person of the Target holding 5,000,000 Target Shares representing 40% of the outstanding Target Shares and Thomas Joshua Taylor, a director of the Issuer is the President and a director and was a Control Person of the Target, also holding 5,000,000 Target Shares representing 40% of the outstanding Target Shares. As a result, the additional requirements of MI 61-101 applied to the Transaction such that the Transaction required the approval of the Minority Shareholders, which approval was obtained on July 29, 2021 and the Issuer was required to obtain a valuation in respect of the Transaction, which satisfied by the completion of the Valuation, as described below. For additional information of the requirements of MI 61-101, please see the Issuer's information circular dated June 21, 2021 as filed on SEDAR under the Issuer's profile at www.sedar.com.

Details regarding the Transaction including the background to, reasons for, details of, conditions to and effect of the Transaction are set forth in this Listing Statement and the Schedules hereto. Readers are urged to carefully read the information in this Listing Statement and the Schedules hereto.

Upon the completion of the Transaction in accordance with the terms of the Acquisition Agreement, the Resulting Issuer will carry on the business of selling its branded portfolio of premium craft cannabis products through joint venture and manufacturing and sales relationships with license holders.

Following completion of the Transaction and the Financing, the Payment Shares held by the Target Shareholders represent in aggregate of 58.54% of the issued and outstanding Resulting Issuer Shares.

Acquisition Agreement

The Transaction was effected in accordance with the Acquisition Agreement, which has been filed by the Issuer on SEDAR at www.sedar.com as a material document. The following summary of the Acquisition Agreement is qualified in its entirety by the text of the Acquisition Agreement.

The Acquisition Agreement contains certain representations and warranties made by (i) the Issuer in respect of its assets and financial condition, the consideration and other matters, (ii) by the Target in respect of its business, assets, operations and financial condition, and (iii) the Target Shareholders relating to their Target Shares. The assertions embodied in those representations and warranties are solely for the purposes of the Acquisition Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an “adverse event” or “adverse change”. Therefore, the representations and warranties in the Acquisition Agreement should not be relied on as statements of factual information. The representations and warranties of the parties in the Acquisition Agreement will survive the Closing and a Party may make a claim for a breach thereof for a period of twelve (12) months following the Closing, subject to the provisions of the Acquisition Agreement.

Valuation Report

The services of Malahat Valuation Group were retained by the Target in connection with the provision of the comprehensive valuation report related to the Acquisition. Pursuant to the engagement, Malahat Valuation Group delivered a Valuation Report dated December 21, 2020 to the Target as to the fair market value of the Target as at December 2, 2020 (the “**Valuation Date**”). Malahat Valuation Group has expressed no opinion, nor was Malahat Valuation Group requested to, as to the expected trading price of the Resulting Issuer (assuming completion of the Transaction).

A summary of the comprehensive Valuation Report is as follows, which is derived directly from the comprehensive Valuation Report.

Conditions of the Valuation Report

The author of the Valuation Report has consented to the inclusion in this Listing Statement of this summary of the Valuation Report, but the Valuation Report is not issued to any stock exchange or regulatory authority and may not be used or relied upon in any legal proceeding and or court matter.

Value Conclusion

Having regards to the assumptions, scope of review, restrictions, and qualification noted in the Valuation Report, the author of the Valuation Report concluded the en bloc fair market value (“FMV”) of the Target as at December 2, 2020 to be in the range of $7,900,000 to $8,700,000. This approximate value range was determined using an Earnings Approach using a management prepared forecast based on what the business can earn.

Scope of Review

In preparing the Valuation Report, the author thereof relied upon the following:

- representations made the Target Shareholders;
- unaudited Proforma five-year financial forecast prepared by management of the Target;
- interviews with the directors of the Target and certain of its advisors;
- management list of product categories, retail penetration rates and unit sales;
- the Target’s business plan;
- The Target’s constating documents;

- The Target's applications and supporting documents;

- joint venture manufacturing and distribution agreements with Black Rose and Habitat; and

- the Target's pitch deck and investor presentation slides.

The author of the Valuation Report relied on the statements of management without independent verification. The author discussed with management of the Target the future operations of the Target, useful lives of existing assets along with their replacement costs, the ability to sustain exiting revenue levels, and future growth opportunities.

Assumptions

In preparing the Valuation Report, the author has, in addition to the assumptions noted elsewhere therein, made the following assumptions:

- At the Valuation Date, no specific special purchaser(s) were identified that would pay a premium to purchase the Target shares and/or assets.

- Representations by management that there are no partnership agreements in place at the Target or any related companies with respect to the sale and/or purchase or any other conditions that may have an impact on any conclusions made in the Valuation Report.

- The Target has no contingent liabilities, unusual contractual obligations, or substantial commitments, other than in the ordinary course of business.

- The Target has no litigation pending or threatened. All contracts governing the operation of the Target have been disclosed and that these agreements are legal and binding.

- There are no verbal agreements contradicting the written agreements that would have a significant impact on other assumptions, calculations, or conclusions in the Valuation Report.

- There were no contracts being negotiated at the current date which might have a material effect on the future operating results of the Target that have not been noted in the Valuation Report.

- There are no Canada Revenue Agency, WorkSafe BC, or any other regulatory issues or obligations that would have a material effect on the financial position of the Target.

Basis of Valuation

In general, there are three basic approaches to estimating value, being the earning-based approach, the asset-based approach and the market-based approach.

Earnings-based methods are predicated on the idea that a business's value lies in its ability to generate earnings or cash flows. This valuation method determines the business value based on its income-producing capacity, the consistency, and the risk associated with those earnings. These future earnings or cash flows are converted to a single present amount (discounted to present day dollars). There are several variations of this approach such as the capitalized earnings approach, the capitalized cash flow approach, and the discounted cash flow approach. These methods seek to arrive at a business value by applying a multiple or capitalization rate to normalized earnings. The capitalization rate can vary substantially, depending upon the industry, the economy, the outlook for the business, and its associated risk factors.

The underlying concept is to determine an amount that a purchaser is willing to pay today for an anticipated earnings or cash-flow stream to be realized in the future.

Given that the Target is a pre-revenue start-up company with no established revenues, the Earnings-Based Approach to determine the fair market value based on management-prepared best estimate forecast is most appropriate. More specifically the author used a Discounted Cash Flow ("DCF") methodology based on management prepared five-year Pro-forma financial forecast. In reviewing the Market Approach, the author considered using the Guideline Public Company Method, however, the challenge in using such a method in respect to the Target was the lack of historical revenues and the uncertainty with respect to the timing and amount of short and long-term revenues. However, the author made efforts to corroborate the reasonableness of its primary value conclusion using industry established rules of thumb and precedent market transaction metrics that were available at the Valuation Date.

Valuation Approach

Pro Forma Five-Year Income Statement Summary

Earnings Approach uses the best estimate of the after-tax cash flows that can be reasonably expected. The author applied a Discounted Cash Flow Approach to forecasted normalized earnings to arrive at the En Bloc FMV of equity.

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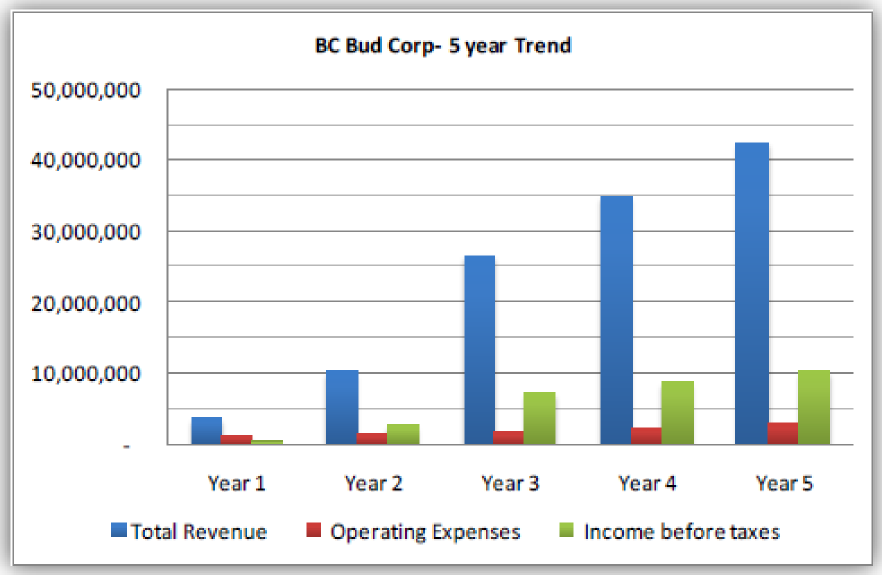
BCBC Proforma 5-year Statement of Income Summary

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
Total Revenue	3,557,659	10,225,005	26,428,067	34,949,944	42,403,323	$ 23,512,800
COST OF SALES	2,293,257	6,432,310	17,754,719	24,291,207	29,515,675	$ 16,057,434
Gross Profit	1,264,402	3,792,695	8,673,348	10,658,737	12,887,649	$ 7,455,366
	36%	37%	33%	30%	30%	33%
Operating Expenses	923,000	1,161,000	1,490,000	1,973,000	2,796,000	$ 1,668,600
% of revenue	26%	11%	6%	6%	7%	11%
Income before taxes	**308,069**	**2,598,361**	**7,150,014**	**8,652,403**	**10,058,316**	$ 5,753,433
	9%	25%	27%	25%	24%	22%
Revenue Growth Rate		187%	158%	32%	21%	100%
Expense Growth		26%	28%	32%	42%	32%
Income Growth		743%	175%	21%	16%	239%



	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Revenues										
Flower 3.5g	$ 393,566	11%	$ 1,080,577	11%	$ 2,942,294	11%	$ 3,437,016	10%	$ 4,202,533	10%
Flower Pre-roll 1.5 - 2.0g	$ 399,930	11%	$ 1,098,050	11%	$ 2,989,872	11%	$ 3,492,593	10%	$ 4,270,489	10%
Vape Cartridges	$ 401,940	11%	$ 1,103,568	11%	$ 3,004,896	11%	$ 3,510,144	10%	$ 4,291,949	10%
Beverages	$ 323,880	9%	$ 1,143,456	11%	$ 1,669,978	6%	$ 1,832,189	5%	$ 2,172,566	5%
CanaBean - Rec	$ 217,718	6%	$ 693,054	7%	$ 1,028,778	4%	$ 1,281,402	4%	$ 1,459,236	3%
CanaBean - Medical	$ 298,125	8%	$ 1,117,500	11%	$ 1,496,250	6%	$ 1,785,000	5%	$ 2,073,750	5%
Hash	$ 761,250	21%	$ 1,994,400	20%	$ 6,648,000	25%	$ 9,805,800	28%	$11,966,400	28%
Rosin	$ 761,250	21%	$ 1,994,400	20%	$ 6,648,000	25%	$ 9,805,800	28%	$11,966,400	28%
Total Revenues	**$ 3,557,659**	**100%**	**$10,225,005**	**100%**	**$26,428,067**	**100%**	**$34,949,944**	**100%**	**$42,403,323**	**100%**
Cost of Goods Sold										
Flower 3.5g	$ 286,215	73%	$ 785,832	73%	$ 2,139,736	73%	$ 2,499,515	73%	$ 3,056,225	73%
Flower Pre-roll 1.5 - 2.0g	$ 159,570	40%	$ 438,116	40%	$ 1,192,944	40%	$ 1,393,527	40%	$ 1,703,904	40%
Vape Cartridges	$ 100,485	25%	$ 275,892	25%	$ 751,224	25%	$ 877,536	25%	$ 1,072,987	25%
Beverages	$ 177,486	55%	$ 626,614	55%	$ 915,148	55%	$ 1,004,039	55%	$ 1,190,566	55%
CanaBean - Rec	$ 145,145	67%	$ 462,036	67%	$ 685,852	67%	$ 854,268	67%	$ 972,824	67%
CanaBean - Medical	$ 99,375	33%	$ 372,500	33%	$ 498,750	33%	$ 595,000	33%	$ 691,250	33%
Hash	$ 662,491	87%	$ 1,735,660	87%	$ 5,785,533	87%	$ 8,533,661	87%	$10,413,959	87%
Rosin	$ 662,491	87%	$ 1,735,660	87%	$ 5,785,533	87%	$ 8,533,661	87%	$10,413,959	87%
Total Cost of Goods Sold	**$ 2,293,257**	**64%**	**$ 6,432,310**	**63%**	**$17,754,719**	**67%**	**$24,291,207**	**70%**	**$29,515,675**	**70%**
Gross Profit	**$ 1,264,402**	**36%**	**$ 3,792,695**	**37%**	**$ 8,673,348**	**33%**	**$10,658,737**	**30%**	**$12,887,649**	**30%**

	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Operating Expenses										
Marketing	$ 280,000	7.9%	$ 350,000	3.4%	$ 500,000	1.9%	$ 700,000	2.0%	$ 1,000,000	2.4%
Equipment	$ 120,000	3.4%	$ 100,000	1.0%	$ 100,000	0.4%	$ 100,000	0.3%	$ 150,000	0.4%
R&D	$ 50,000	1.4%	$ 75,000	0.7%	$ 100,000	0.4%	$ 150,000	0.4%	$ 200,000	0.5%
Travel	$ 50,000	1.4%	$ 75,000	0.7%	$ 100,000	0.4%	$ 150,000	0.4%	$ 200,000	0.5%
Materials	$ 50,000	1.4%	$ 70,000	0.7%	$ 100,000	0.4%	$ 100,000	0.3%	$ 150,000	0.4%
Mortgage / Rent	$ 36,000	1.0%	$ 36,000	0.4%	$ 60,000	0.2%	$ 60,000	0.2%	$ 96,000	0.2%
Salary	$ 228,000	6.4%	$ 300,000	2.9%	$ 372,000	1.4%	$ 500,000	1.4%	$ 750,000	1.8%
Utilities	$ 12,000	0.3%	$ 15,000	0.1%	$ 15,000	0.1%	$ 20,000	0.1%	$ 25,000	0.1%
Insurance	$ 12,000	0.3%	$ 12,000	0.1%	$ 12,000	0.0%	$ 20,000	0.1%	$ 30,000	0.1%
Legal & Accounting	$ 50,000	1.4%	$ 75,000	0.7%	$ 75,000	0.3%	$ 100,000	0.3%	$ 100,000	0.2%
Telephone	$ 6,000	0.2%	$ 7,000	0.1%	$ 10,000	0.0%	$ 15,000	0.0%	$ 20,000	0.0%
Software	$ 5,000	0.1%	$ 10,000	0.1%	$ 10,000	0.0%	$ 10,000	0.0%	$ 15,000	0.0%
Admin	$ 24,000	0.7%	$ 36,000	0.4%	$ 36,000	0.1%	$ 48,000	0.1%	$ 60,000	0.1%
Total Operating Expenses	$ 923,000	**25.9%**	$ 1,161,000	**11.4%**	$ 1,490,000	**5.6%**	$ 1,973,000	**5.6%**	$ 2,796,000	**6.6%**
Operating Income (EBITDA)	$ 341,402	**9.6%**	$ 2,631,695	**25.7%**	$ 7,183,348	**27.2%**	$ 8,685,737	**24.9%**	$10,091,649	**23.8%**
Depreciation	$ 33,333	0.9%	$ 33,333	0.3%	$ 33,333	0.1%	$ 33,333	0.1%	$ 33,333	0.1%
Interests	$ -		$ -		$ -		$ -		$ -	
Pre-tax Income	**$ 308,069**	**9%**	**$ 2,598,361**	**25%**	**$ 7,150,014**	**27%**	**$ 9,217,302**	**25%**	**$11,727,009**	**24%**
Income Tax	$ 83,179		$ 701,558		$ 1,930,504		$ 2,488,672		$ 3,166,292	
Net Income	**$ 224,890**	**6%**	**$ 1,896,804**	**19%**	**$ 5,219,511**	**20%**	**$ 6,728,631**	**19%**	**$ 8,560,717**	**20%**

Annual Unit Sales Summary:

Annual Unit Sales by Product										
	Year 1		Year 2		Year 3		Year 4		Year 5	
Product Category	**Units**	**Growth**	**Units**	**Growth**	**Units**	**Growth**	**Units**	**Growth**	**Units**	**Growth**
Flower 3.5g	16,748	100%	45,982	175%	125,204	172%	146,256	17%	178,831	22%
Flower Pre-roll 1.5 - 2.0g	40,194	100%	110,357	175%	300,490	172%	351,014	17%	429,195	22%
Vape Cartridges	16,748	100%	45,982	175%	125,204	172%	146,256	17%	178,831	22%
Beverages	64,776	100%	228,691	253%	333,996	46%	366,438	10%	434,513	19%
CanaBean - Rec	58,058	100%	184,814	218%	274,341	48%	341,707	25%	389,130	14%
CanaBean - Medical	39,750	100%	149,000	275%	199,500	34%	238,000	19%	276,500	16%
Hash	10,150	100%	26,592	162%	88,640	233%	130,744	48%	159,552	22%
Rosin	10,150	100%	26,592	162%	88,640	233%	130,744	48%	159,552	22%

Revenue projections are based on detailed monthly retail store penetration rates as shown in the Valuation Report. Store count is assumed to remain static through the forecast period.

Operating Expenses notes:

Costs of goods sold vary by product category and are based on estimates provided by manufacturing and tolling partners.

1. Marketing spend is estimated at $70,000 per brand per province Year 1-3 (based on Black Rose Agreement) and proportionate to annual revenue in Years 4 and 5 as follows:

o Yr 1 - $280,000

o Yr 2 - $350,000

o Yr 3 - $350,000 plus promo of $150,000

o Yr 4 - Proportionate to revenue growth

o Yr 5 - Proportionate to revenue growth

2. Equipment purchases Year 1 - Solventless and CannaBean

o Yr 1 - Solventless & Cana Bean

o Yrs 2 to 5 - expansion of existing equipment and replacement of wearable parts

3. Travel proportionate to store penetration rates and expected travel demands.

4. Materials include R&D, new partner development/start-up costs, and sample product selection.

5. Salary expense is based on $36,000 per sales agent, $60,000 per management position, HR requirement expectations are as follows:

o Yr 1 - 3 sales agents, 2 management

o Yr 2 - 5 sales agents, 2 management

o Yr 3 - 7 sales agents, 2 management

o Yr 4 - 7 sales agents, 6 management

o Yr 5 - 7 sales agents, 6 management, 3 others @ $50,000

6. Gross profit ranges between 30% and 36% of revenues with an average of 33% over the forecast period.

7. Average operating expenses are 11% of revenues for the forecast period ranging from a high or 26% to a low or 6.6% in Yr 5.

8. Income before tax ranges from a low of 9% to 27% of revenues with an average of 22% over the forecast period

5-Year Forecasted Cash Flow

Forecasted Cash Flow							
	Forecast						
	2021	2022	2023	2024	2025	Terminal	
Net Income b/tax	**308,069**	**2,598,361**	**7,150,014**	**8,652,403**	**10,058,316**	-	
Amortization	33,333	33,333	33,333	33,333	33,333	-	
Interest expense	-	-	-	-	-	-	
EBITDA	**341,402**	**2,631,695**	**7,183,348**	**8,685,737**	**10,091,649**	**10,394,398**	
Normalizing adjustments							
Owners salary	-	-	-	-	-	-	
Normalized EBITDA	**341,402**	**2,631,695**	**7,183,348**	**8,685,737**	**10,091,649**	**10,394,398**	
Normalized EBITDA as a % of revenues	*9.6%*	*25.7%*	*27.2%*	*24.9%*	*23.0%*		
less: Taxes	(37,600)	(630,600)	(1,859,500)	(2,265,100)	(2,644,700)	(2,726,500)	(1)
less: sustaining capex	(120,000)	(100,000)	(100,000)	(100,000)	(150,000)	(125,000)	(2)
add: PV of Tax Shield	10,900	9,100	9,100	9,100	13,700	11,400	(3)
+/- Change in Working Capital	-	-	-	-	-	-	(4)
After Tax Cash Flow	**194,702**	**1,910,195**	**5,232,948**	**6,329,737**	**7,310,649**	**7,554,298**	

1. Taxes are estimated at the current general business rate of 27% in British Columbia.

2. Annual sustaining capital expenditure is estimated between $100,000 and $125,000 per year; this includes the capital expenditure for equipment and machinery.

3. Tax-shield on CAPEX, this is the tax savings that are anticipated on the sustaining capital expenditure.

4. Based on the forecast, we assume the Company will be earning sufficient free cash to support its working capital requirements without requiring additional capital injections.

Discount Rate

A discount rate represents the total expected rate of return that a prospective buyer or investor would demand on future anticipated economic benefits to be received based on the purchase of an ownership interest in an asset or security, given the perceived risk inherent in that particular asset or security to actually receive the economic benefits in the amounts and timeframes expected. The discount rate is referred to as the Cost of Equity or the Weighted Average Cost of Capital. An appropriate discount rate was selected after taking into consideration the following factors:

The basic formula for the Build-up Model is the following: E(Ri) = Rf + RPm + RPs +/- RPi + RPu

Where:

E(Ri) = Expected rate of return on a security in the marketplace

Rf = Rate of return for a risk-free security as of the valuation date

RPm = Equity risk premium for securities sold in the open market

RPs = Risk premium for small size equities traded in the open market

RPi = Industry Risk Premium

RPu = Unsystematic risk related to the specific security interest (Company Risk Premium)

Risk-Free Rate of Return (Rf)

The risk-free rate is the return an investor can expect to receive on a totally risk-free asset. The risk-free rate normally used is the prevailing yield to maturity on long-term federal government bonds. The risk-free rate of return plays an important role in modern portfolio theory which argues that the risk-free rate of return is the minimum return investors will accept on their investment. As compensation for higher risk, investors demand the risk-free rate of return plus a premium on riskier cash flows and/or business opportunities. The Government of Canada's long-term benchmark bond yields is 1.28% (December 10, 2020).

Public Equity Market Risk (RPm)

The public equity market risk premium represents the historical returns public market equity investors have realized for placing capital in equity investments as opposed to risk-free securities. This premium is over and above the risk-free rate and is quantified with reference to long-term stock market rates of return including dividends and capital appreciation in excess of the long-term federal government bonds.

The equity risk premium is 6.12% in Canada (January 2020) (source: Aswath Damodaran, New York University – Stern School of Business January 2020 Study).

Small Size Equities Risk Premium (RPs)

To determine the indicated size-adjusted equity risk premium using the CRSP data provided by Cost of Capital Professional, we must add a size premium to the abovementioned equity risk premium, which reflects the additional required return associated with investments in smaller equity companies as compared to larger companies. The Size Premium was based on CRSP decile 10 which included 657 firms with an equity market capitalization size ranging from $1,973,000 to $229,748,000 in Q4 2019. The CRSP decile 10 mean annual return reached 19.33% between 1928 and 2018. The author utilized the CRSP data reflecting the risk premium for the tenth decile. This premium is 7.64%.

Industry Specific Risk Factors (RPi)

Industry-specific risks and opportunities related to external factors that all companies face in a particular industry. An adjustment may be required to increase or decrease the cost of equity, depending on whether the industry is more or less risky than the level of risk implied in public equity market rates of return as discussed above. Certain industries are more susceptible than others to fluctuations in the economic, regulatory, or political environments, and social trends such as health consciousness or environmental awareness. Other factors that may affect a specific industry to a greater degree include competitive structures, barriers to entry, the price of key inputs, transportation costs, technological changes, and overall growth rates.

The cannabis industry is experiencing a dramatic structural shift as the industry attempts to normalize and transition to the newly legalized recreational cannabis regime. Many industry participants are vying for a position in an ever-crowded marketplace resulting in underutilized capacity and oversupply; insolvencies are on the rise. The Government of Canada and the various provincial and local governments highly tax and regulate the industry while creating a myriad of bottlenecks in the licensing, distribution, and marketing of cannabis products. However, Health Canada is not limiting the number of industry licenses it issues and therefore by default is allowing the market to rationalize itself through traditional supply and demand market forces.

With a high current user rate and a growing market of would-be users, industry revenues are growing, including the proliferation of derivative cannabis products under the new cannabis 2.0 regulations. Based on market indicators for current and planned production there is a large oversupply situation in Canada driving prices down at the wholesale level leaving producers with projected revenue shortfalls as their production increases.

Regulatory compliance and various levels of taxation are adding a large number of costs to operators accustomed to a more profitable environment in the legacy and medical markets. The market is not concentrated but continues to become more crowded as new entrants are licensed each quarter. The path to profitability for many is still uncertain as companies keep investing in facilities and capacity as they become accustomed to the costs of compliance and levels of taxation.

Barriers to entry are high due to large capital outlays and mired with red-tape and government processing delays. Facilities must be fully built and ready to operate before the application for licensing can commence. Therefore, capital and investments are at risk without any indications or assurances a license application will ultimately be successful. A similar process is in place through Health Canada for product approvals that can take in excess of 60 days.

The merger & acquisition activity in this sector has been setting records in both 2018 and 2019 on both private and public fronts, as companies try to gain market share and economies of scale. Much of this activity has been completed using equity capital, which has seen very large market erosions especially in the latter part of 2019. The M&A trend is expected to continue through the balance of 2020 and into 2021.

The major threat for many will be running out of capital while trying to find a path to profitability and navigating the regulatory restrictions ranging from production and distribution to pricing and the way products are packaged. The Cannabis Act imposes very strict restrictions on product branding and marketing which leaves few opportunities for producers to differentiate their products from that of the competition in an increasingly commoditized and homogenous market. Overall industry-specific risk factors are high.

Company Specific Risk Factors (RPu)

Company-specific risk factors are internal in nature and are not accounted for in the industry risk mentioned above. An adjustment may be required to the cost of equity, where the business faces more or less risk than does the industry in general, and where the cash-flow projections do not adequately reflect the specific risk or opportunities. Major factors that need to be considered include brand, patents or copyright protection, product, geographic, and customer diversification, competitive advantages, management depth, experience and tenure, access to the labor force, supplier dependence, the company size relative to competitors, and cost structure.

The Target is a pre-revenue start-up company that is in the process of capitalizing on the industry experience of its founders and a brand that is synonymous with BC Cannabis culture affectionately known as “BC Bud”. This strategy provides the Target with pre-market brand awareness and serves as the Target’s point of difference in a crowded retail marketplace.

While many industry participants are vertically integrated from seed to shelf, the Target’s business model is centered around joint-venture agreements with established growers, processors, and product manufacturers, allowing the Target to leverage established growers/processors and focus on product branding, sales, and distribution rather than production. This strategy allows the Target to avoid the risk, capital expenditures, and lengthy licensing requirements associated with owning its own cultivation infrastructure.

The founders have a long history in the cannabis industry both in Canada and the United States, management depth, industry contacts, and canna-business experience are among the Target’s top strengths and a source of competitive advantage. Supplier dependence is low as the Target can utilize various suppliers, processors, and cultivators due to an abundance of capacity and an oversupply situation in Canada. The Target’s intellectual property and brand names are trademark protected and awaiting final approvals. The Target has two signed agreements or agreements of understanding with its initial partners to begin production, sourcing, and distribution of its four product categories in early 2021. While the Target is developing an innovative business model, leveraging off others’ capital investments, infrastructure, and assembled workforce; it is yet to prove its business model, demonstrate sales and consumer demand. Its first product line, CannaBeans, is in the process of submission for Health Canada approval that can take 30-60 days according to management. Based on the information available for this analysis, the overall company-specific risk factors are high.

Discount Rate Summary and Conclusion

In summary, there are several positive factors that would suggest a lower risk is attached to the Target’s cash flow, these include:

- Leveraged business model;
- Two joint-venture, manufacturing agreements in place, being the Black Rose Agreement and the agreement dated November 23, 2020 entered into by the Target with Habitat;
- Brand alignment with BC Bud culture;

- Focus on branding, sales, and distribution;
- Innovative product pipeline with a focus on cannabis 2.0;
- Trademark protection of IP assets;
- Management depth, experience, and industry contacts;
- Proven success in the cannabis industry;
- Low supplier dependence;
- The abundance of cannabis products for processing;
- High barriers to entry for production and cultivation;
- The rapid expansion of cannabis derivative product use in Canada;
- Branding becoming more important in a commoditized marketplace; and,
- Highly dynamic M&A market activity.

On the negative side, acknowledging risk in the cash flow projections that would suggest a higher risk, these include:

- Pre-revenue company;
- No proven sales record or brand demand;
- None of the products have received Health Canada approvals;
- No secured listing agreements or retail purchase orders;
- Highly regulated market and inefficient government distributions scheme;
- High levels of taxation at all levels of government;
- Regulatory and distribution bottlenecks;
- The market is in an oversupply situation in Canada;
- The industry still seeking a path to profitability;
- Market and branding opportunities are limited by legislation; and
- Cannabis equity markets and valuations experiencing high volatility.

Discount Rate Conclusion

The WACC has two primary components: the cost of equity and the cost of debt, each weighted relative to the size of the Target's overall capital structure. The Target's marginal tax rate is also considered in calculating the Target's cost of debt. The author estimated the marginal tax rate is 11% (blended federal and provincial tax rate). The formula used to calculate WACC is the following: WACC = (Ke * We) + [Kd *(1-t)*Wd]

Where: WACC = Weighted average cost of capital

Ke = Target's cost of common equity capital

Kd = Target's cost of debt capital

We = Percentage of equity capital in the capital structure

Wd = Percentage of debt capital in the capital structure

t = company's effective tax rate

Based on the Target's lack of underlying tangible assets that can be securitized, the levels of maintainable cash flows, and the existing capital structure on the Balance Sheet at the Valuation Date, the optimal capital structure of the Target, being the mix of debt and equity, it is assumed to be 100% equity and 0% debt. Considering all of these factors, the author has estimated the weighted Cost of Equity to be in the range of 49% to 52% and the weighted after-tax Cost of Debt to be 0% resulting in an average weighted cost of capital (WACC) return of 49% to 52%. This after-tax rate of return is adjusted for the Entity's revenue growth rate less inflation resulting in a net capitalization rate of 46% to 49%.

Fair Market Valuation Calculation – Discounted Cash Flow

Discounted Cash Flow

		2021	2022	2023	2024	2025	Terminal	
After Tax Cash Flow		**194,702**	**1,910,195**	**5,232,948**	**6,329,737**	**7,310,649**	**7,554,298**	
Terminal Multiple	3%						2.17	(1)
Discount period (mid-year)		0.5	1.5	2.5	3.5	4.5	4.5	(2)
Discount factor (low)	49.0%	0.82	0.55	0.37	0.25	0.17	0.17	(3)
Terminal Cash Flow							16,422,388	(4)
Present Value of Cash Flows		**159,506**	**1,050,263**	**1,930,993**	**1,567,594**	**1,215,116**	**2,729,594**	
Terminal Multiple	3%						2.04	(5)
Discount period (mid-year)		0.5	1.5	2.5	3.5	4.5	4.5	(6)
Discount factor (high)	52.0%	0.81	0.53	0.35	0.23	0.15	0.15	(7)
Terminal Cash Flow							15,416,935	(8)
Present Value of Cash Flow s		**157,924**	**1,019,324**	**1,837,120**	**1,461,952**	**1,110,861**	**2,342,620**	

	Low	High	
Sum of Cash Flow	7,929,801	8,653,067	(9)
add: PV of UCC	-	-	(10)
Enterprise Value (Business Value)	**7,929,801**	**8,653,067**	
add: redundant asset			(11)
less: debts			(12)
En Block FMV of Equity	**$ 7,929,801**	**$ 8,653,067**	

Note the following:

Terminal Value captures the value of a business beyond the projection period and is the present value of all subsequent cash flows after the terminal value multiple is applied and then discounted to the present value.

The capitalization multiple is the inverse of the capitalization rate: 1/Capitalization Rate = Capitalization Multiple

1. The Terminal Value multiple of 2.17x based on 46% (49% less 3% growth rate).

2. The author has used a mid-year discounting period in each year of the forecast.

3. A discount value factor of 49% was applied to the forecasted cash flow.

The discount factor is calculated using the following present value formula:

1/(1+rate)t = Discount Rate Factor

4. Terminal cash flow

5. The Terminal Value multiple of 2.04x based on 49% (52% less 3% growth rate).

6. The author used a mid-year discounting period in each year of the forecast.

7. A discount value factor of 52% is applied to the forecasted cash flow. The discount factor is calculated using the following present value formula: 1/(1+rate)t = Discount Rate Factor

8. Terminal cash flow.

9. The sum of the present value of the forecasted cash flows.

10. A purchaser will enjoy tax savings from the future capital cost allowances (“CCA”) to be claimed on capital assets at the date of the valuation, the present value of these savings are added to the Capitalized Cash Flow to arrive at the Enterprise Value of the business. At the Valuation Date, the Target does not own any fixed assets that carry future CCA balances.

11. Redundant assets are those assets that are not required for the ongoing operations of the Target and accordingly can be liquidated without any financial risk to the business. The FMV of redundant assets ultimately increases the FMV of the Target Shares. Redundant assets are added to Enterprise Value to arrive at the Total Enterprise Value. The Target has no redundant assets on its balance sheet at the Valuation Date.

12. Because the rate of return adopted in our analysis includes a blend of debt and equity rates of return, the Target value derived reflects a total value of the Target (Enterprise Value), including its interest-bearing debt. To determine the fair market value of equity, the value of interest-bearing debt is deducted from the Enterprise Value to arrive at En Bloc FMV of Equity. The Target has no debts at the Valuation Date.

Implied EV/EBITDA Multiple

The Enterprise Value (EV) to EBITDA multiple compares the value of the business with the amount it earns on an annual basis. This multiple can be used to compare the Target to the value of other, similar businesses trading multiples.

Implied Enterprise Value to EBITDA Multiple		
	Low	High
Business Enterprise Value	7,929,801	8,653,067
EBITDA Year 1	341,402	341,402
Implied Multiple	**23.23**	**25.35**
EBITDA (5 Yr average)	6,554,705	6,554,705
Implied Multiple	**1.21**	**1.32**

A copy of the Valuation Report will be available for inspection at the registered office of the Target located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4, during ordinary business hours from the date hereof and for a period of thirty days thereafter.

Three Year History - Target

The Target was incorporated on March 1, 2019 under the CBCA and remained largely inactive until October 1, 2020. On that date, the Target entered into an asset purchase agreement with Sutton Ventures Ltd., a company owned and controlled by Brayden Sutton and his spouse, and TJT Ventures Ltd., a company owned and controlled by Thomas Joshua Taylor, both directors of the Issuer, to acquire certain intangible and intellectual property assets beneficially owned by them, including trademark applications, domain names and social media accounts. As consideration therefore, the Target issued an aggregate of 10,000,000 Target Shares.

On November 16, 2020, the Target entered into the Black Rose Agreement with Black Rose in respect of the 'Canna Beans™' edibles brand held by the Target. Pursuant to the Black Rose Agreement, the Target will engage Black Rose to manufacture, co-pack and distribute a cannabis chocolate covered coffee mean using Black Roses services, facilities, equipment, distillate or extract, and licenses under the Cannabis Act, which will be provided at cost. The Target will supply all branding and marketing, at a minimum budget of $28,500 per quarter per province, relating to manufacturing the Canna Beans products. Gross revenues from the Canna Beans product will be split evenly between the parties. The agreement has a two-year term with one year automatic renewals to a maximum of five years. Black Rose holds a standard cultivation license, standard processing license and a medical sales license under the Cannabis Act, but is not yet authorized to sell edible products to registered patients or provincially authorized distributors/retailers. Black Rose has submitted the required applications with Health Canada for an amendment to its existing licenses, but in the interim maintains a sales partnership for its in house and white label products with Vortex Cannabis Inc., which currently holds a medical sales license for the sale of plants/seed, dried/fresh, edibles, extracts and topicals to registered patients and is permitted to sell such products to provincially authorized distributors/retailers.

On November 23, 2020, the Target entered into an agreement for an extracting and processing partnership with Habitat regarding the development of the 'Solventless Solutions™' cannabis concentrate brand held by the Target. Pursuant to the agreement, the Target will engage Habitat for an extraction and processing partnership for the development of cannabis concentrate product. Habitat is to supply no less than 40% of its total biomass at an agreed cost. The Target has the option to expand its production beyond what Habitat can supply by sourcing external biomass for processing for a 10% fee for use of the facility. Gross revenues from the Solventless solutions products will be split evenly between the parties. The agreement has a two-year term with one year automatic renewals to a maximum of five years. Habitat holds a micro-cultivation license and a micro-processing license under the Cannabis Act, but is not authorized to sell extracts to registered patients or provincially authorized distributors/retailers. Habitat has applied for amendments to its licenses in order to be able to sell to provincially authorized distributors/retailers under the Cannabis Act, but in the interim maintains a sales partnership for its in house and white label products with Apothecary Botanicals, which currently holds a medical sales license for the sale of plants/seed, dried/fresh, edibles, extracts and topicals to registered patients and is permitted to sell such products to provincially authorized distributors/retailers.

On January 20, 2021, the Target entered into a loan agreement with Sutton Ventures Ltd., a company owned and controlled by director Brayden Sutton pursuant to which the Company received a $100,000 loan. The loan is payable upon the earlier of January 15, 2023 or the occurrence of an event of default. The loan accrues interest at a rate of 8.0% per annum, compounded annually and payable upon maturity. The loan is secured by a general security agreement.

On February 1, 2021, the Target completed a non-brokered private placement of 2,500,000 Target Shares at a price of $0.14 per Target Share to generate aggregate funds of $350,000 for the further development of its business.

On July 28, 2021, the Target entered into the BevCanna Agreements with BevCanna regarding the development of the 'Buds' cannabis infused beverage line. Pursuant to the BevCanna Agreements, BevCanna will produce and, through its sale partner, sell, the Target's cannabis infused beverage products. The Target is obligated to purchase 120,000 beverage units from BevCanna during the initial 12 months following a successful pilot production, which is currently underway. The Target will also provide to BevCanna a right of first opportunity to manufacture new beverage based cannabis products. BevCanna holds a standard processing license under the Cannabis Act, but is not authorized to sell edible products to either registered patients or provincially authorized distributors/retailers. BevCanna has applied for amendments to its licenses in order to be able to sell to provincially authorized distributors/retailers under the Cannabis Act, but in the interim maintains a sales partnership for its in-house and white label products through 1998643 Alberta Ltd. DBA Stigma Grow, a subsidiary of CanadaBis Capital Inc., which is permitted to sell plants/seed, dried/fresh, edibles, extracts and topicals to provincially authorized distributors/retailers.

No significant acquisitions or significant dispositions have been completed by the Target since incorporation or are contemplated, with the exception of the Transaction.

Business of the Target

As stated above, the Target is a private entity incorporated pursuant to the CBCA. The Target intends to capitalize on the international cachet created by the well-known standard of excellence and recognition of the BC craft cannabis industry. The Target's products will include flowers, edibles, beverages, apparel and concentrates.

The Target is not a license holder under the Cannabis Act and does not intend in the short term to apply for such license. The Target instead will capitalize on relationships with existing license holders, which presently consists of Black Rose, BevCanna and Habitat, to manufacture and develop its products for sale, allowing the Target to focus on branding and marketing. Once demand for the Target's products has developed, the Target may look to constructing its own facilities and applying for licenses under the Cannabis Act.

The Target has entered into a manufacturing and joint venture arrangement with Black Rose dated November 16, 2020 for the production of its initial product launch, being Canna Bean ™, a dark chocolate covered coffee bean with 1 mg of THC, and with Habitat, dated November 23, 2020, for the production of Solventless Concentrate products from the Target's proposed Solventless Solutions ™ product line. The Target has also entered into the BevCanna Agreements with Bevcanna dated July 28, 2021 for the production of a 'Bud' cannabis infused beverage line. As of the date of this Listing Statement, Black Rose holds a standard cultivation license, a standard processing license and a license to sell plants/seeds and dried/fresh for medical purposes, Habitat holds a micro-cultivation license and a micro processing license and BevCanna holds a standard processing license, which licenses do not permit the sales of the Target's products. Each of Black Rose, Habitat and BevCanna have applied for an amendment to their existing licenses in order to be able to sell edibles to registered patients, in the case of Black Rose only, and to provincially and territorially authorized distributors/ retailers . In the interim period, each of Black Rose, Habitat and BevCanna have partnered with the holders of licenses allowing for the sales of their products and the products of their white label clients to registered patients and to provincially authorized distributors/ retailers. Black Rose retains a relationship with Vortex Cannabis Inc., Habitat with Apothecary Botanicals and BevCanna with 1998643 Alberta Ltd. DBA Stigma Grow.

The Target is also pursuing a vape product.

The primary source of revenue for the Target, is anticipated to be through direct sales by its license holder partners to distributors supplying provincially authorized adult use retailers.

Overview of the Cannabis Industry and Cannabis License Process

Cannabis

The terms cannabis and marijuana are used interchangeably in Canada. The two main types of cannabis/marijuana are the sativa and indica plants, with hybrid strains being created when the genetics of each are crossed. Within each type of cannabis, there are hundreds of different phytochemical compounds, including many different cannabinoids (the most common being detla-9-tetrahydrocannabinol ("**THC**") which is the psychoactive ingredient, and cannabidiol ("**CBD**") which is responsible for many of the non-psychoactive effects of medical marijuana.

Cannabis can be used for either recreational or medicinal purposes and typically comes in the form of dried plant; powder form, resin or oil. Using cannabis for medical use was legalized in Canada in 2001. Using cannabis for recreational use was legalized in Canada in 2018.

History of Statutory Regime in Canada

<u>The MMAR and MMPR</u>

The MMAR were implemented by Health Canada in 2001 thereby legalizing the use of medical marijuana in Canada. Under the MMAR, a patient could grow cannabis themselves or have it grown for them by a designated person in compliance with the provisions of the MMAR.

Health Canada replaced the MMAR with the MMPR in 2014. The MMPR was a set of rules and regulations for growing, buying and selling medical marijuana in Canada. Under the MMPR, physicians were allowed to prescribe medical cannabis to their patients and the patients were required to purchase their medical marijuana from a licensed producer under the MMPR. Under the MMPR, producing marijuana in a home or private dwelling was made illegal.

On February 24, 2016, a Federal Court of Canada decision rendered in Allard v. Canada, 2016 FCC 26, found that requiring individuals to obtain marijuana strictly from licensed producers violated an individual's right to liberty and security under section 7 of the Canadian Charter of Rights and Freedoms. The Court reasoned that the restrictions enforced under the MMPR denied reasonable access for those individuals that required marijuana for medical purposes. The Court ultimately repealed the MMPR, which repeal was suspended for six months to allow the Government to amend the MMPR or issue new regulations. On August 24, 2016, the ACMPR came into force, thereby replacing the MMPR as the regulations governing medical marijuana in Canada.

The ACMPR are very similar to the former MMPR, but restored the ability for a patient to grow their own cannabis at home or to designate a third-party grower, similar to the former MMAR provisions.

<u>The ACMPR</u>

From August 24, 2016 until October 17, 2018, cannabis in Canada was regulated by the CDSA, the ACMPR and the Narcotic Control Regulations, as well as other applicable laws and regulations. During this period, Health Canada was the primary regulator of the medical cannabis industry as a whole.

Until the Cannabis Act came into effect, cannabis was a Schedule II drug under the CDSA and unless otherwise regulated for production and distribution for medical purposes, was subject to offences under the CDSA. The ACMPR regulated the use, production and distribution of medical marijuana in Canada. Its purpose was to treat cannabis like any other narcotic used for medical purposes by creating conditions for a commercial industry that was responsible for its production and distribution. Under the ACMPR, licensed producers and sellers were permitted to sell fresh or dried marijuana or cannabis oil for medical purposes.

Current Statutory Regime in Canada

On April 13, 2017, the Government introduced the Cannabis Act in the House of Commons, with the intention that it establish a framework for the legalization of cannabis in Canada. The Cannabis Act received Royal Asset and was enacted on June 21, 2018, and came into force effective October 17, 2018.

Under the Cannabis Act, adults who are 18 years or older are able to legally:

- possess in a public place up to 30 grams of legal dried cannabis or equivalent in non-dried form;
- distribute up to 30 grams of legal cannabis to other adults;
- purchase dried or fresh cannabis and cannabis oil from a provincially licensed retailer; (In those provinces that have not yet or choose not to put in place a regulated retail framework, individuals are able to purchase cannabis online from a federally licensed producer.);
- grow up to 4 cannabis plants per residence for personal use from licensed seed or seedlings (regardless of the number of adults that reside at the residence); and
- make cannabis products, such as food and drinks, at home provided that organic solvents are not used.

The federal, provincial and territorial governments share responsibility for overseeing this new system. The Government's responsibility is to set strict requirements for producers who grow and manufacture cannabis and to set industry-wide rules and standards relating to: the types of cannabis products that can be sold, packaging and labeling requirements for products, standard serving sizes and potency, prohibiting the use of certain ingredients, good production practices, tracking of cannabis from seed to sale to prevent diversion to the illicit market and restrictions on promotional activities. The provinces and territories license and oversee the distribution and sale of cannabis, subject to federal conditions. They may also increase the minimum age in their province or territory (but not lower it), restrict where cannabis can be consumed and regulate a range of other matters.

In connection with the new framework for regulating cannabis in Canada, the Government has introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

The governments of all of the provinces and territories of Canada have announced regulatory regimes for the distribution and sale of legal cannabis within their jurisdictions. Most of the Canadian jurisdictions have announced a minimum age of 19 years old, except for Quebec and Alberta, where the minimum age is 18. Ontario, Quebec, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have chosen the government-regulated model for distribution; whereas, Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Alberta and British Columbia have announced plans to pursue a hybrid approval of public and private sale and distribution.

Regulations to support the coming into force of the Cannabis Act came into force at the same time as the Cannabis Act, on October 17, 2018.

When the Cannabis Act and its regulations came into force on October 17, 2018, cannabis ceased to be regulated under the CDSA and is now regulated under the Cannabis Act instead. At the same time, the Government repealed two regulations under the CDSA: (i) ACMPR and (ii) the Industrial Hemp Regulations. Certain regulations under the Food and Drugs Act were also amended, including the Cannabis Exemption (Food and Drugs Act) Regulations and Natural Health Products Regulations.

As set out in the Cannabis Regulations:

- licenses are required for: cultivating and processing cannabis; sale of cannabis for medical purposes; and analytical testing of and research with cannabis;

- permits are required to import or export cannabis for: scientific or medical purposes; or industrial hemp;

- license holders are subject to strict physical and personnel security requirements;

- plain packaging is required for cannabis products; the Cannabis Regulations set out strict requirements for logos, colours and branding; cannabis products must also be labelled with mandatory health warnings, standardized cannabis symbol and specific information about the product;

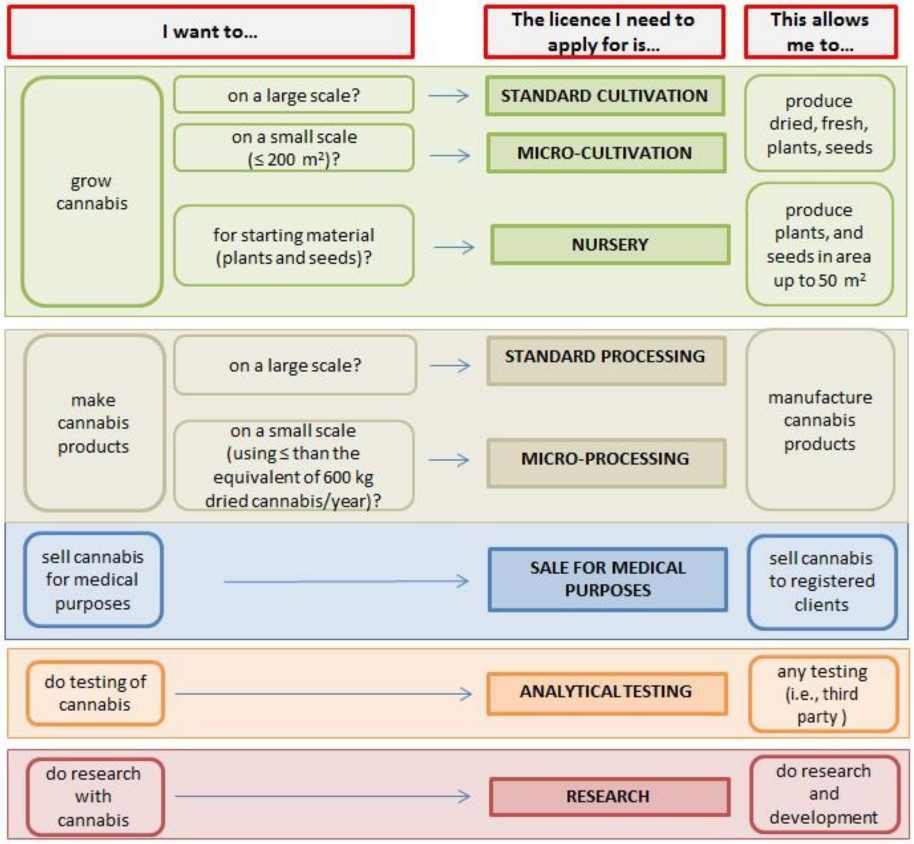
- access to cannabis for medical purposes will continue to be provided for patients who need it. The Cannabis Regulations have substantively incorporated the rules for access to cannabis for medical purposes as previously set out in the ACMPR. Certain changes have also been made to create consistency with rules for non-medical use of cannabis, to improve patient access and to reduce the risk of abuse of the system; and

- manufacturers of prescription drugs containing cannabis, while primarily subject to the Food and Drugs Act and its Regulations, are now also subject to certain regulatory requirements set out in the Cannabis Regulations.

The Government of Canada has indicated that it will monitor and evaluate patients' reasonable access to cannabis for medical purposes during the implementation of the new law, and then evaluate the medical access framework within five years of implementation of the new law.

On October 17, 2019, three new classes of cannabis products became legalized in Canada, being edibles, topicals and extracts. Commencing on October 17, 2019, Health Canada began accepting applications from Cannabis License holders to amend their existing licenses to produce and sell products within these classes and such license holders must give Health Canada 60 days written notice before introducing any new product for sale.

Figure 1 below provides an overview of the classes and subclasses of licenses available:



Source: https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensing-summary/guide.html

A holder of a standard cultivation license is authorized to possess cannabis and obtain dried/fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis. The standard cultivation license also allows the holder to sell and distribute the aforementioned types of cannabis to various entities enumerated under the Cannabis Regulations, including other federal licence holders or provincially/territorially authorized sellers.

A standard processing license authorizes the holder to possess, produce, and sell cannabis. With respect to sale of recreational cannabis, a standard processing license would authorize the intra-industry sale of recreational cannabis to other federal licence holders or provincially/territorially authorized sellers.

A holder of a medical sales license is authorized to possess cannabis products and sell cannabis products to other federal licence holders and cannabis products, other than cannabis plants and cannabis plant seeds, to a hospital employee within the confines of their employee duties. In addition to the above licences, in order to cultivate, produce, package, and sell cannabis, one needs to obtain a cannabis sales licence under the *Excise Act* (Canada). Holders of standard cultivation licenses and standard processing licenses who wished to produce the cannabis products following the October 17, 2019, amendments to the Cannabis Regulations require amendments to their licenses. Additionally, under Section 244 of the Cannabis Regulations, licence holders need to provide Health Canada with a 60 day notice, referred to as a “notification of new cannabis products”, when they develop a new SKU they wish to sell.

Operating Revenue

Neither the Issuer nor the Target has generated any material operating revenue since inception other than interest income from time to time. Management anticipates that the Resulting Issuer will continue to experience net losses as a result of ongoing capital expenditure costs associated with the development of its product portfolio and general corporate and administrative costs and expenses until such time as revenue generating activities are commenced. The Resulting Issuer's future financial performance is dependent on many external factors. Circumstances and events that could materially affect the Resulting Issuer's future financial performance are set out in *"Risk Factors"* below.

3.2 Significant Acquisitions and Dispositions

Other than as described in Sections 2.3 and 3.1 above, no significant acquisitions or significant dispositions have been completed by the Issuer during the last three financial years or are contemplated.

3.3 Trends, Commitments, Events or Uncertainties

The Issuer was an inactive financial services company.

The Resulting Issuer at present does not engage in commercial operations. The principal business of the Resulting Issuer will be the development and sale of cannabis and cannabis related products. Due to the early stage of its development and the early stages of legalization of adult use in Canada, it is difficult to fully determine all of the uncertainties which may face the Resulting Issuer and are likely to have an impact its business, financial condition or results of operations. In addition, it is uncertain what impact the COVID-19 pandemic may have on the manufacture of the Resulting Issuer's products or on Resulting Issuer's sales once it is able to commence such sales. The Resulting Issuer is not currently aware of any trends, events or uncertainty that reasonably can be expected to have material adverse effect on the Resulting Issuer's business, financial condition or results of operations, other than as described above or elsewhere in this Listing Statement. There are significant risks associated with the Issuer and the Resulting Issuer's business, as applicable, as described in "Part 17 – *Risk Factors".* Please also see Section 1.2 – *"Forward Looking Statements"* above.

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

Prior to the completion of the Transaction, the Issuer did not engage in commercial operations and had no significant assets other cash generated from recent financings.

On September 29, 2021, the Target became a wholly owned subsidiary of the Resulting Issuer and the Resulting Issuer became a life sciences agricultural issuer seeking to be engaged in the cannabis industry. The Target is an early-stage company pursuing premium recreational cannabis products in the cannabis industry through manufacturing and joint venture agreements with license holders under the Cannabis Act, being Black Rose, Habitat and BevCanna. The Target is a not a licensed producer and holds no cannabis licenses. Its expected branded products will include flower products, edibles under the brand 'Canna Beans', concentrates sold as Solventless Solutions, 'Buds' beverages line and select lifestyle apparel.

The Target's business model will be centered initially around strategic manufacturing and distribution agreements and joint venture agreements with established licensed producers currently consisting of

Black Rose, Habitat and BevCanna. The Target has contract manufacturing relationships with three license holders that will provide a ready market for their products. The Target's products will include flowers, edibles, solutions, beverages, and apparel. This joint venture model will allow the Target to leverage established producers and focus on product branding, sales, and distribution rather than production. This strategy allows the Target to avoid the risk, capital expenditures, and lengthy licensing requirements associated with owning its own cultivation infrastructure.

The Target does not hold a license to cultivate, process or sell cannabis products and is currently dependent upon the licensing and sales partnerships held by its third party partners. As a result, the Target is in the development stage with no current material operating income cash flow or revenues.

Stated Business Objectives

The primary business objective of the Resulting Issuer over the next 12 months are:

Milestones	Target Date	Cost
Commence sales of 'CannaBeans™'	Q4 2021	$90,000 (consisting of marketing expenses)
Commence sales of 'Solventless Solutions ™' concentrate	Q1 2022	$125,000 (consisting of marketing and purchases of biomass from Habitat)
Commence sales of flower	Q4 2021	$80,000 (consisting of materials costs)
Commence sales of vape cartridges	Q4 2021	$150,000 (consisting of product cost and marketing)
Commence sales of cannabis infused beverage	Q1 2022	$100,000 (consisting of stability and formulation costs, initial product run and provincial applications)
New product and brand development, including 'Buds' non-alcoholic beer and other research and development and materials costs	Ongoing	$330,000
Total		**$875,000**

The significant events that must occur for the business objectives set forth above to be accomplished are:

(a) The Resulting Issuer working with its partners to conclude product development and formulations for its initial product lines; and

(b) The Resulting Issuer engaging upon an active branding campaign the costs of which are includes in the objectives above.

On a longer term basis, the Resulting Issuer anticipates it may, following demand for its products, apply for licensing under the Cannabis Act and develop its own facilities for production. The Resulting Issuer also anticipates further growth through the acquisition of other businesses or through the acquisition of assets including additional branding portfolios or facilities. The Resulting Issuer will be actively seeking out and evaluating expansion opportunities on an ongoing basis. The Resulting Issuer expects to finance any growth strategies through equity, debt and cash flow from operations. The future expansion of the

Resulting Issuer will be based on the success of its short-term objectives specifically the development of demand for its products.

Other than as described in this Listing Statement, to the knowledge of management, there are no other particular significant events or milestones that must occur for the Resulting Issuer's initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

Available Funds

Upon completion of the Financing and the Transaction, the Resulting Issuer will have an estimated $2,075,722 in funds available, comprised of:

Description	**Amount**
(a) approximate working capital of the Issuer as at August 31, 2021	$960,400
(b) approximate working capital of the Target as at August 31, 2021	$140,322
(c) gross proceeds of the Financing held in escrow	$1,000,000
(d) less estimated remaining transaction costs of the Issuer and the Target associated with the Acquisition (including legal fees, audit fees, fees of the CSE and other expenses)	($25,000)
TOTAL	**$2,075,722**

A pro forma consolidated balance sheet of the Resulting Issuer as at May 31, 2021, giving effect to the Financing and the Transaction, is attached to this Listing Statement as Schedule "I".

Principal Purpose of Funds

It is the Resulting Issuer's intention to use these funds for a period of twelve months after the closing of the Transaction as follows:

Principal Purpose	**Budgeted Expenditure**
Estimated general and administrative costs over the 12 months following the Listing Date(1)	$788,000
Inventory, materials and equipment purchases	$370,000
Completion of short term business objectives set forth above (2)	$875,000
Unallocated working capital (3)	$42,722
Total	**$2,075,722**

Notes:

(1) General and administrative costs for the next 12 months are expected to be comprised of: legal and accounting costs of $50,000, audit fees of $25,000, stock exchange fees, filing fees, shareholder meeting, and transfer agent costs of $27,000, investor relation costs of $36,000, travel expenses of $50,000, insurance costs of $37,000, office rents and supplies of $83,000, and executive management fees and salary costs of $480,000 (See Item 15 – *"Executive Compensation of the Resulting Issuer"*).

(2) See *"Stated Business Objectives"*

(3) The Resulting Issuer will have nominal unallocated funds available to it and will need to complete additional debt or equity financings following the Listing Date.

The Resulting Issuer will require additional funds to meet its longer term-term requirements outlined above. The Resulting Issuer expects it will fund its on-going product expansion plans from future financing activities.

The Resulting Issuer intends to spend the funds available to it upon completion of the Transactions to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

The Issuer and the Target have had negative operating cash flow and incurred losses. The Resulting Issuer's negative operating cash flow and losses are expected to continue for the foreseeable future. The Resulting Issuer cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Resulting Issuer anticipates its initial funds will be used to fund future negative operating cash flow.

Principal Products

Through its relationships with third party partners, the Target is developing five product categories being: (a) flower for use in concentrates, consumables and recreational use using its proprietary genetics, (b) edibles, initially through CannaBeans ™, a chocolate covered coffee bean with cannabis, (c) beverages, including a non-alcoholic beer and future research and development into infused waters and other beverage classes, (d) concentrates through the Solventless Solutions ™ brand which will include vaporizer cartridges and other concentrates and (e) an apparel line.

Production and Sales

The Target will not be able to cultivate, produce or sell cannabis as it holds no licenses under the Cannabis Act. The Target will be dependent on the licenses of its third party partners, initially being Black Rose, Habitat and BevCanna, to produce and, through their sales partnerships with other licensed holders, sell cannabis products to other federal license holders or provincially/territorially-authorized sellers.

Competitive Conditions and Position

The Target will be competing with other licensed cannabis producers and vendors in Canada.

The current market of producers of cannabis for medical and recreational purposes is controlled by several large-scale license holders in Canada such as Canopy Growth Corporation, Tilray Inc. and Aurora Cannabis Inc. As of the date of this Listing Statement, there are approximately 741 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensed-cultivators-processors-sellers.html).

The Target anticipates that competition from new participants into the market will increase in the short-to-mid-term, as existing applications in queue with Health Canada are processed and approved. Consolidation in this industry has already started, and management of the Target believes that it will likely continue and increase as more producers and vendors are licensed by Health Canada under the new Cannabis Act. There is thus a likelihood that the Target will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Target.

The Target plans to mitigate these competitive risks by focusing on the 'craft' market segment.

Market and Trends

The BC and Canadian Cannabis Markets

The federal government legalized recreational cannabis on October 17, 2018, Licensed Producers (LPs), operate concurrently across both the medical and adult-use markets and are responsible for cannabis cultivation through to distribution to either authorized patients or provincial liquor boards. Sales at cannabis stores in the first three months after legalization totaled $151.5 million and reached $907.8 million for the period from October 2018 to September 2019 according to Statistics Canada. Total sales of dried cannabis in Quarter 3, 2019 increased by 32.4% compared to Quarter 2, 2019 (from 28,394 kilograms to 37,588 kilograms), while total sales of cannabis oil increased by 15.7% (from 27,692 liters to 32,032 liters) during the same period.

In April of 2020, Statista[1] reported that due to a surge in demand in the wake of the coronavirus lockdown, the province of British Columbia witnessed an increase of sales and a marked decline in cannabis inventory carry, from an average of 7.3 weeks pre-COVID crisis to about 4.2 weeks as of March 24, 2020. The upswing in the market due to COVID-19 could be impacting the cannabis market for some time to come. Based on this information, one could expect a new injection will be required to maintain the cannabis inventory demanded by users. Statista further stated that due to COVID-19, users went from 7.4% of Canada's population to 17%. This, along with the introduction of new categories of products in Canada, will have a positive impact on sales.

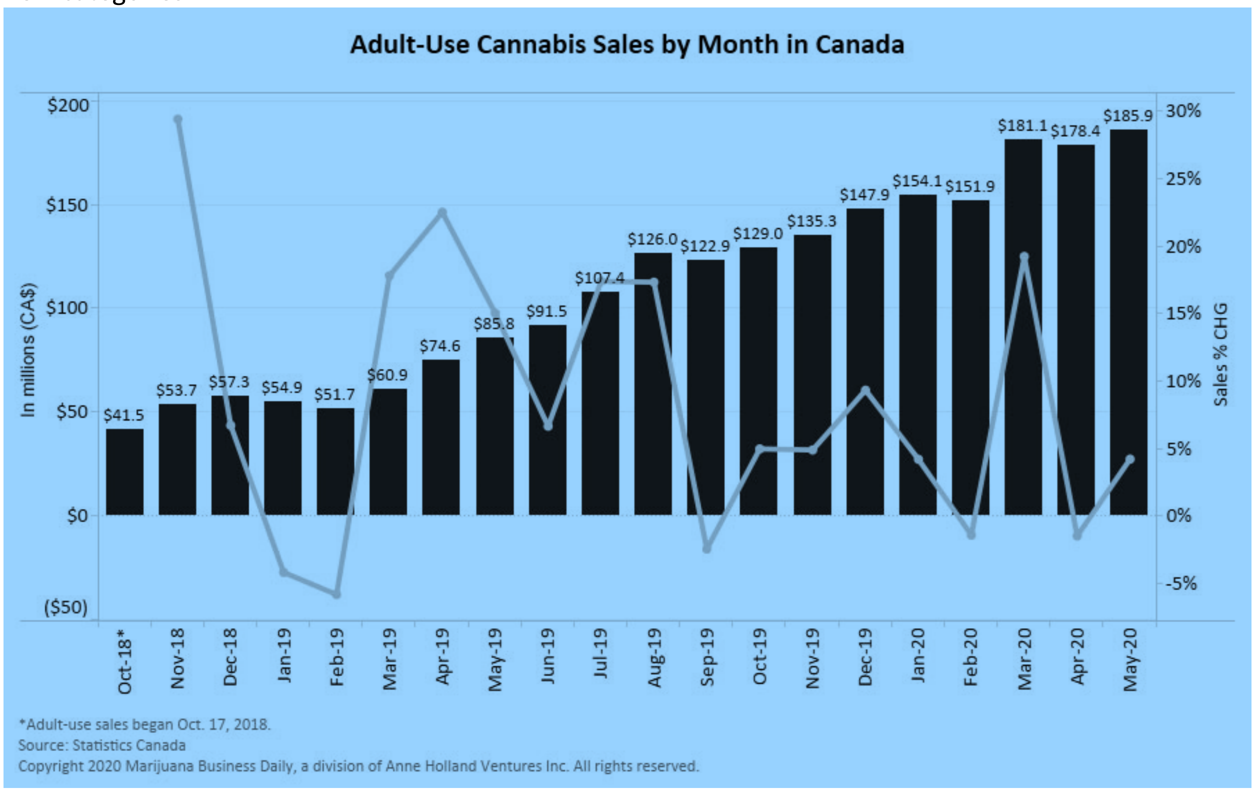
ArcView and BDS Analytics forecast CD $2.8 billion in sales for 2020[2], and stated that in April of this year in BC, the nation's third-largest market, there was a 13.8% monthly increase to CDN$27.1 million recorded[3]. Canadian cannabis market has been growing steadily.

After legalization, an estimated 29.4% of cannabis users or 1.5 million Canadians obtained cannabis and cannabis products from legal sources, compared with about 10.7% before recreation cannabis legalization[4]. Deloitte's 2019 Cannabis Report calls the new wave of products "Cannabis 2.0" and says there is "significant opportunity" in soon-to-be legal markets for marijuana-infused beverages (CDN $529 million), topicals (CDN $174 million), concentrates (CDN $140 million), tinctures (CDN $116 million) and capsules (CDN $114 million).[5] The cannabis market is poised to have a major effect overall on Canada's

[1] April 20, 2020. Statista. https://www.statista.com/topics/4500/recreational-marijuana-in-canada/
[2] ArcView & BDS Analytics. BDSA August 2020. The State of Legal Cannabis Markets Key Insights from the 2020 Update. https://bdsa.com/global-cannabis-market-to-hit-42-7-billion-by-2024-according-to-updated-report-from-arcview-group-bds-analytics/
[3] IBID. BDS Analytics August 2020.
[4] ArcView & BDS Analytics. BDS Analytics August 2020. https://research.arcviewgroup.com/solcm8/The 8th edition of The State of Legal Cannabis Markets
[5] Deloitte. May 2019. https://www2.deloitte.com/ca/en/pages/consumer-industrial-products/articles/nurturing-new-growth.html?icid=cannabis2

economy. A study from Deloitte Private pegged the potential economic impact of legalized recreational marijuana in Canada at more than $22 billion, including transportation, licensing fees and security.

According to the CIBC analysts forecast, the investment banking subsidiary of the Canadian Imperial Bank of Commerce, the Canadian cannabis adult-use market will have a retail value of $4.1 billion in 2021[6]. ArcView and BDS Analytics [7] states that Canada's "Cannabis 2.0" policy expanded product offerings beyond flower and oil will impact sales, and that sales are projected to continue to accelerate due to these new categories.



Cannabis 2.0 Edibles and Concentrates

According to Statistics Canada, in July 2020, legal dried cannabis sales represented 72% of total sales, cannabis extracts sales represent 14% of total sales, and edibles represent 14% of total sales[8].

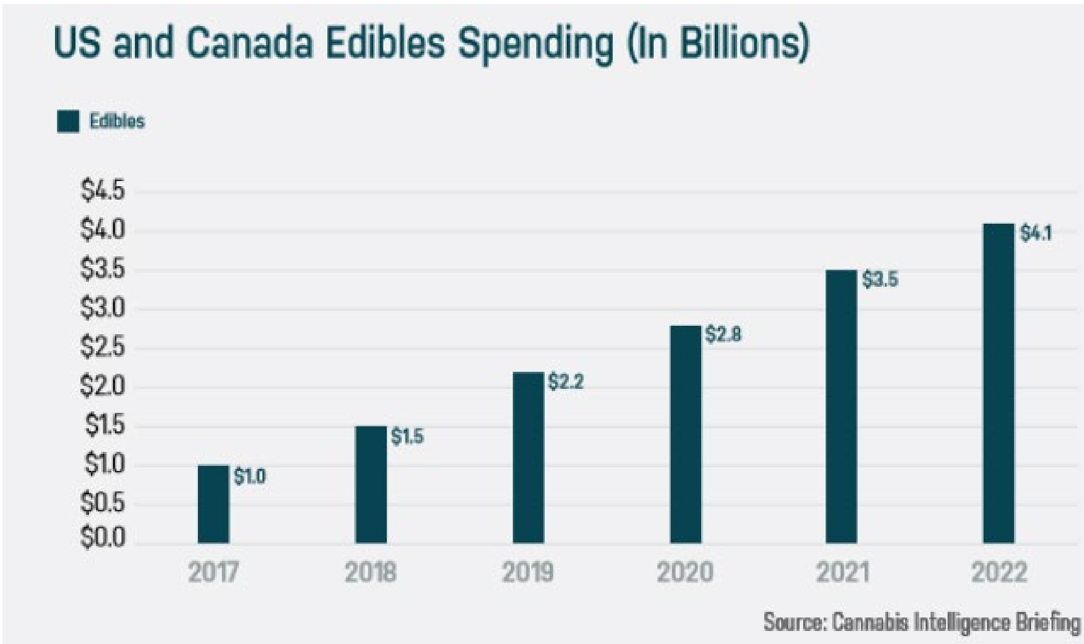
ArcView & BDS Analytics states that edibles and concentrates have been the key drivers of market growth in legal US states and it is expected that those market segments will experience rapid growth in Canada[9]. This is due in part, to the fact that many consumers do not want to smoke the product and prefer to be more discrete in their use of cannabis.

Additionally, the "Future of Cannabis in Canada Report," produced by Valens and Resonance Consultancy, studied the most important factors driving the overall cannabis purchase experience and found that:

[6] May 19, 2020. Motley Fool. https://www.fool.com/investing/2020/05/19/did-you-give-up-too-soon-on-marijuana-stocks.aspx
[7] April 28, 2020. State of the Legal Cannabis Market. https://www.statista.com/topics/4500/recreational-marijuana-in-canada/
[8] https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/market.html
[9] IBID. BDS Analytics August 2020

"Having a convenient/easy shopping experience is clearly the #1 driver (31%), followed by having enough product available (17%)[10]."

BDS analytics indicates the market share is shifting towards new trends in use, particularly towards the use of concentrates and edibles[11], with concentrates and edibles to see continual growth and market share gains, and that beverages are a growing portion of the edibles market.



ArcView Market Research and BDS Analytics research company states that, "the result of international cannabis reform and regulations will be a $57.3 billion industry in 2027, poised to grow for years to come.[12]"

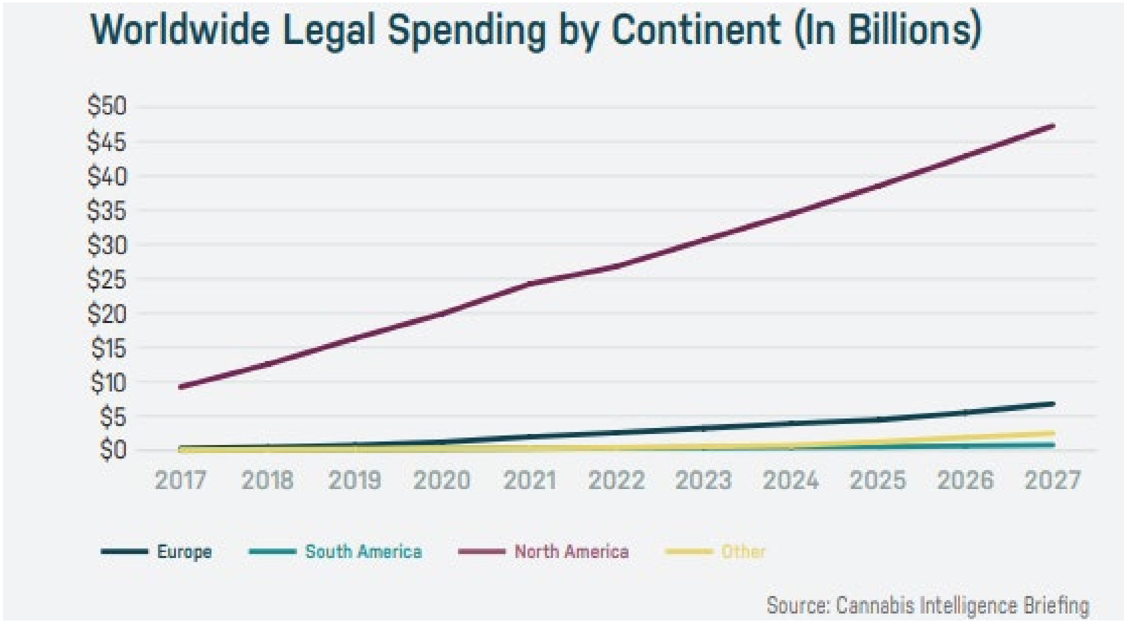
The report from cannabis industry analysts ArcView Market Research, in partnership with BDS Analytics, forecasts that the entire legal cannabis market in North America will reach US $24.5 billion in sales, a 20% annual growth rate by 2021[13].

[10] PR Newswire. October 16, 2020. https://www.newswire.ca/news-releases/what-we-learned-after-two-years-of-legalized-cannabis-876315577.html

[11] https://bdsa.com/wp-content/uploads/2019/01/BDS-Analytics-Top-10-Trends-2019.pdf

[12] ArcView & BDS Analytics August 2020. Intelligence Briefing. The Roadmap to a $57 Billion Worldwide Market. https://bdsa.com/wp-content/uploads/2019/06/Roadmap-Exec-Summ.pdf

[13] ArcView & BDS Analytics. BDS Analytics August 2020. https://research.arcviewgroup.com/solcm8/The 8th edition of The State of Legal Cannabis Markets



Consumer Demographics

According to the Resonance 2018 survey, among the 27% of Canadian adults who say they have consumed any form of cannabis in the past year, 84% have consumed cannabis since legalization. Perhaps expectedly, more Canadians have started using cannabis after legalization: 5% more. As such, roughly one-third (32%) of Canadian adults are likely to use any form of cannabis in the next year.

Recreational use is concentrated among the young and youngish: 79% of 18- to 34-year olds and 75% of 35- to 54-year-olds indulge recreationally. Still, 66% of the 55+ cannabis crowds also do it for fun. Hardly surprising, though, this generation came of age during the hippie movement.

Who are the Canadians most likely to consume cannabis in the next 12 months? It's the 18- to 34-year-olds (45%), with intent trending down for those aged 35 to 54 (31%) and 55+ (24%). With 34% of the province's population planning to get stoned in the coming year, British Columbians seem determined to out-weed the rest of Canada followed by residents of Ontario (33%), Alberta (31%), Quebec (29%), and Saskatchewan/Manitoba (28%).

Reasons for use range but fun and recreation (74%) are secondary to relaxation (79%) though some might argue that relaxing is a kind of recreation. Relieving stress (69%) and aiding sleep (60%) are other common uses. More than half of users (55%) regularly/occasionally consume cannabis to reduce anxiety, while half use it to provide relief for a medical illness/condition, and 46% use cannabis to 'help them escape'.

Among cannabis users, more than 68% of past-year cannabis users regularly or occasionally smoke cannabis in a joint. Although 67% of cannabis users have never consumed edibles, only one-third (36%) regularly or occasionally do. Vaping comes in third for how Canadian cannabis users consume, with 30% regularly or occasionally doing so. Cannabis oils come in fourth, at 27% of regular or occasional use. But the joint has some upcoming competition, with 58% of cannabis users saying they are likely to consume edibles in the future, while 44% are likely to use cannabis oil.

Retail Market Trends

According to BDS Analytics, there is a lot to be learned from the US markets' successes and challenges. Product innovation is driving an increase in the market and there is a sharp rise in consumables and marketable cannabis related products[14].

Furthermore, BDS research has shown that the percentage of consumers among the Canadian adult legal population has grown from 54% in 2018 to 63% percent in 2019. Further, the acceptance rate has grown from 26% to 35%.

The combination of consumer growth paired with Cannabis 2.0's new product rollout results in big opportunities for retailers and brands to innovate for specific consumer segments. New consumers, new product categories and inevitable brand growth creates great opportunity for niche marketing, but hyper-awareness of consumer preferences and trends will make a difference when it comes to winning the Canadian retail market.

Deloitte recently stated that M&A has become a key lever for growth in the Canadian cannabis industry. Thorough due diligence, including integrity due diligence, is a critical part of any M&A strategy, and should not be overlooked[15.] The Target will use this strategy as a cornerstone of its business model.

This is where the Target can succeed. The Target's intense marketing plans for branding and building brand awareness coupled with BC's infamous BC Bud reputation, innovative cannabis, and cannabis related products, along with strategic M&A, will provide increased stability to help ensure success for the business.

Marketing Strategies

The Target's marketing strategy will focus on the historic and well-known international reputation of BC cannabis, affectionately known as "BC Bud" for several decades. The Target will highlight the concept of the grow process that reflects natural BC in all its branding and marketing. The focus will be on developing key partnerships with retail, with social media campaigns directed to retailers and distributors, and retail location canvassing.

All marketing will target the brand rather than the product, to meet Canadian advertising laws. Age-gating websites and social media profiles will be implemented.

Branding

As social media marketing continues to thrive, influencer marketing is rising as a primary advertising tactic for companies and business. The use of influencers could be seen as an endorsement under the cannabis promotion regulations. So, to ensure compliance with the law, influencers are highlighting the brand but not promoting products in their posts[16]. This is the main strategy that the Target will employ.

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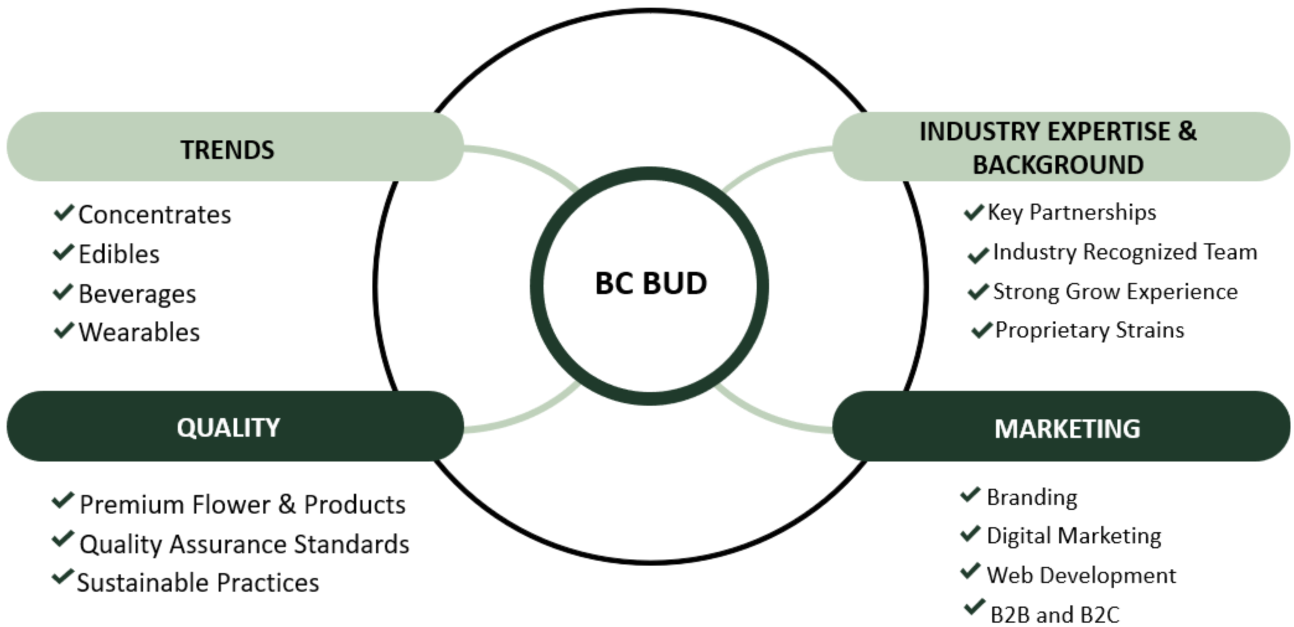
[14] ArcView & BDS Analytics. BDS Analytics August 2020. https://research.arcviewgroup.com/solcm8/The 8th edition of The State of Legal Cannabis Markets
[15] Deloitte. https://www2.deloitte.com/ca/en/pages/consumer-industrial-products/articles/nurturing-new-growth.html?icid=cannabis2
[16] https://www.wiredmessenger.com/cannabis-advertising-laws/

Brand Positioning

At its core, the Target is a consumer-focused provider of the quality that internationally known BC Bud was founded on. There is an opportunity to discreetly disrupt existing markets while introducing the Target's brand to emerging markets to establish itself as a market contender.

As a brand, the Target's character is a known quantity based on the integrity of its founders and the history of the production of quality products. The Target's brand will deliver impact through its advanced market branding which will appeal to the user looking to new trends.

In the cannabis market, the point of difference for the Target is founded on the early pre-market recognition of its brand and maintaining quality driven and innovative cannabis products.



Brand Development Targets

The Target has the following principal strategic aims for brand development.

- Develop digital assets for The BC Bud Corporation website and social media profiles.
- Continue to develop ongoing industry relationships.
- Develop in-house marketing & sales expertise.
- Develop effective sales performance targets.
- Administer the ongoing sales and marketing efforts.
- Maintain quality performance metrics for sales and marketing.
- Continued development of new markets.

SEO Ranking Features

The Target will utilize Search Engine Optimization (SEO) services that will guarantee ranking with organic downloads, for ranking top 5 with Google Android apps for selected key words, and top 10 for keywords with iOS Apple products, with a well-balanced internal linking structure. Google +1's is given the most ranking recognition, followed closely by Facebook.

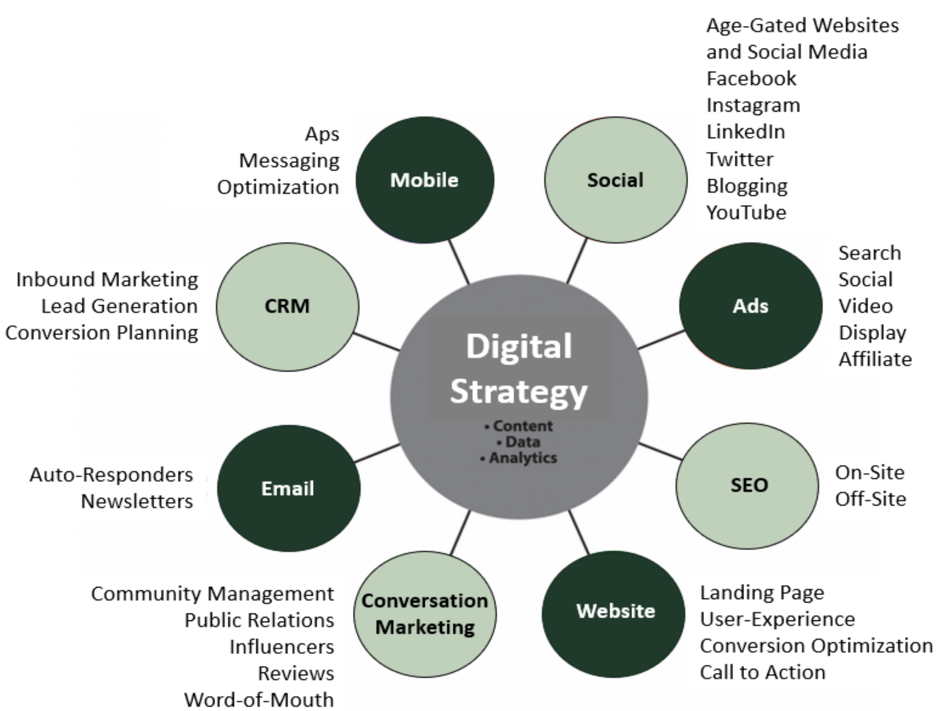
IoT

The concept of Internet of Things (IoT) helps in uniting everyday object through the medium of internet, and the Target will use the IoT to optimize market opportunities for the Target, by collecting ad metrics and melding them with interactive branding ads and billboards on popular and trending sites.

- Enhanced efficiency.
- Contemporary business opportunities.
- Stay competitive.
- Reach more targeted users.
- Increased sales.

Digital Marketing

Digital Marketing assists in channelizing marketing activities through the internet attached with electronic devices. The following diagram outlines some of the top digital marketing tools that the Target will use in marketing their brand.



The above diagram was adapted from steemit.com

AI

Artificial Intelligence systems are being used to evaluate and identify the most eye-catching and relevant advertisement to use for any online individual, by expanding on the development of audience profiles. This process, often known as Dynamic Creative Optimization (DCO), begins with the system identifying user preferences. With this information, the Target can then determine the best targets for an ad campaign.

AI is becoming an ever more valuable tool in programmatic digital advertising through the process of Supply Path Optimization (SPO). Through this process, marketers can maximize every advertising dollar. SPO selects each possible avenue to deliver an advertisement to a given website or application, evaluates and compares the options offered by each ad publisher, and makes a choice that gives the Target the most economical option.

UI/UX Design in Marketing

The Target will use the best UI/UX design to attract online consumers and distributers. UX refers to the term “user experience design”, while UI stands for “user interface design”. User interface will provide valuable information for future branding and monetization purposes.

Communications Strategy

The current opportunities in place for the Target will be spearheaded by efforts to educate the target sectors across select markets. To achieve this, The Target’s communications strategy incorporates a marketing mix highlighting the Target’s brand, including B2B marketing, direct marketing, online marketing, partnerships, and referrals. All communications, marketing, and packaging will adhere to Canadian industry guidelines.

Market Opportunities

There are market opportunities available to BC Bud that will be considered moving forward:

- The retail consumer.
- The online consumer.
- Industry manufacturing relationships.
- Industry distribution relationships.
- Industry retailer relationships.
- The Target has a solid history of development and recognizable products.
- The Target has industry recognized experts.

B2B Marketing

Communication efforts will be spearheaded for the B2B customer. Marketing will include virtual corporate presentations which will feature staff and operations, branding advertisements, and the website.

Direct Marketing

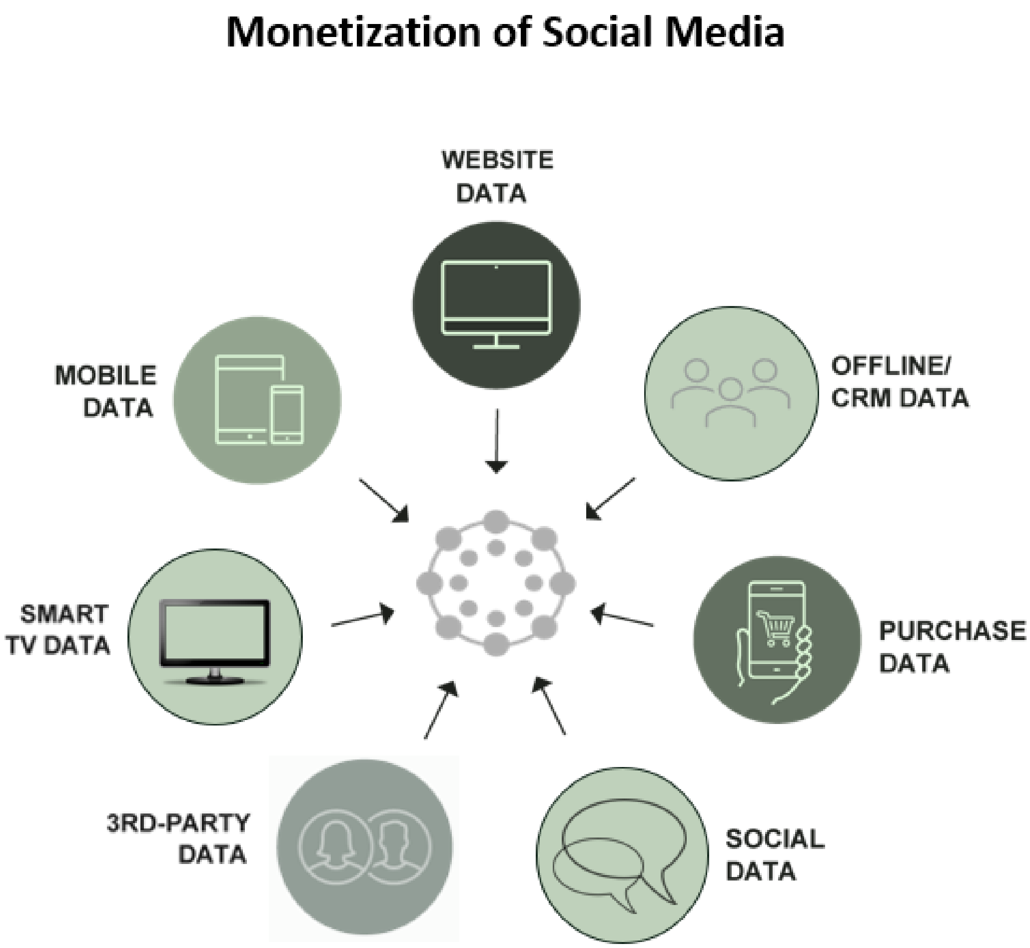
Direct marketing efforts will include reaching target audiences through continuing to build on the existing industry relationships for manufacturing, distribution and retailing, as well as multi-channel brand advertising.

Online Marketing

Efficient online marketing strategies are a crucial component of the Target’s marketing and communications strategy. The Company will utilize proven online marketing strategies that focus on the Target’s brand.

Web Development Plan

The Target will develop its corporate website www.thebcbc.com, which hosts information about the Target, its products and operations. The purpose of the Web Development Plan is to ensure a central platform that reinforces that the Target’s brand messaging is available to the target demographic and the public at large. The Target will utilize this platform to build brand presence, retail sales including apparel, and Ecommerce opportunities.


Monetization of Social Media
WEBSITE
DATA
MOBILE
DATA
OFFLINE/
CRM DATA
SMART
TV DATA
PURCHASE
DATA
3RD-PARTY
DATA
SOCIAL
DATA

Strategic Alliances and Referrals

The Target will leverage existing relationships and alliances with industry professionals and selected organizations that will assist the Target in raising awareness of their brand. Management will foster ongoing relationships with strategic partners and develop new ones.

Employees

As of the date of this Listing Statement, the Target had nil employees and four consultants, all located in Canada and focused on quality assurance. It is anticipated that following increased demand for the Target's products, the Target will hire additional employees. The Resulting Issuer will need to either divert funds from its existing budgets or raise additional funds in order to engage additional consultants or hire new employees. At this time, the Resulting Issuer has prioritized marketing its brand portfolio.

Specialized Skill and Knowledge

All aspects of the Target's business require specialized skills and knowledge. Such skills and knowledge include the areas of cultivation and growing of cannabis, and more specifically the unique requirements of Cannabis Act. The Target's employees are not covered by any collective bargaining agreement or represented by a trade union. The Target will be dependent on the expertise and industry contacts of its founders, Brayden Sutton and Thomas Joshua Taylor. The Target does not hold key man insurance.

Components

The Target's partners source their raw materials locally and does not foresee any issues with availability of such raw materials. As of the date of this Listing Statement, the Target has not entered into any agreements for the supply of biomass and may never do so.

Proprietary Protections

The Target will analyze its unregistered intellectual property to determine whether there are further opportunities for protection. The Resulting Issuer anticipates it will seek additional trademarks and related protections for its brand names and that its commercial success will depend, in part, on its intellectual property rights. Its success will also depend in part on its ability to develop products, protect its trade secrets and operate without infringing third-party exclusive rights or without others infringing its exclusive rights or those granted to it under a license.

The Resulting Issuer could incur significant costs in defending itself in intellectual property infringement proceedings initiated against it. Claims that the Resulting Issuer's products infringe on intellectual property rights of others could be costly to defend or settle, could cause reputational injury and would divert the attention of the Resulting Issuer's management and key personnel, which in turn could have a material adverse effect on its business, results of operations, financial condition and cash flows.

A failure by the Resulting Issuer to protect its intellectual property may have a material adverse effect on its ability to develop and commercialize products. The Resulting Issuer will be able to protect its intellectual property rights from unauthorized use by third parties only to the extent that its intellectual property rights are covered and protected by valid and enforceable patents or are effectively maintained as trade secrets.

Cycles

The business of medical and recreational cannabis is neither cyclical nor seasonal. Product demand is not a factor of season or markets. As a result, the Target does not expect its business to be cyclical or seasonal.

Economic Dependence

The Target's business will initially be substantially dependent on its agreements with Black Rose, BevCanna and Habitat. A loss of any of those agreements would materially impact the Target's business and financial condition.

Changes to Contracts

It is not expected that the Target's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

The Target does not expect that there will be any significant financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of the Target in the current fiscal year or in future years.

Foreign Operations

The Target does not anticipate having any operations outside of Canada at this time, due to differences in the foreign legal frameworks and regulations governing medicinal and recreational cannabis use.

Lending

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

Bankruptcy and Similar Procedures

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

Reorganization

The Target has not completed any reorganizations since its incorporation.

Social and Environmental Policies

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

4.2 Asset Backed Securities

The Resulting Issuer will not have any asset-backed securities.

4.3 Companies with Mineral Properties

The Resulting Issuer will not hold any mineral properties.

4.4 Companies with Oil and Gas Operations

The Resulting Issuer does not have oil and gas operations.

ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following table sets out certain selected consolidated financial information of the Issuer for the periods indicated. Please refer to Schedule "A" for the Issuer's audited financial statements for the years ended December 31, 2020 and 2019 and Schedule C" for the Issuer's unaudited interim financial statements for the six months ended June 30, 2021.

Selected Financial Information	**For the six months ended June 30, 2021 (unaudited)**	**For the year ended December 31, 2020 (audited)**	**For the year ended December 31, 2019 (audited)**
Operations Data			
Total Revenues	Nil	Nil	Nil
Total Expenses	$112,510	$170,225	$298,269
Net Income (Loss)	($112,510)	($170,225)	($298,269)
Net Income (Loss) per Share – Basic and Fully Diluted	(0.01)	($0.01)	($0.07)
Balance Sheet Data			
	As at June 30, 2021 (unaudited)	**As at December 31, 2020 (audited)**	**As at December 31, 2019 (audited)**
Current Assets	$1,2,027,660	$887,339	$78,876
Non-Current Assets	$9,000	N/A	N/A
Total Assets	**$2,036,660**	**$887,339**	**$78,876**
Current Liabilities	$1,068,257	$48,926	$130,721
Working Capital (Deficit)	$959,403	$838,413	($51,845)

Balance Sheet Data

	As at June 30, 2021 (unaudited)	As at December 31, 2020 (audited)	As at December 31, 2019 (audited)
Other Liabilities	Nil	Nil	Nil
Total Liabilities	**$1,068,257**	**$48,926**	**$130,721**
Share Capital	$11,167,279	$10,924,779	$9,891,279
Reserves	$625,507	$625,507	$625,507
Deficit	($10,824,383)	($10,711,873)	($10,568,631)
Total Equity (Deficiency)	**$968,403**	**$838,413**	**($51,845)**
Number of Shares Issued and Outstanding	**14,593,482**	**13,101,816**	**4,468,485**

The following table sets out certain selected consolidated financial information of the Target for the financial years ended February 28, 2021 and February 29, 2020 and for the three months ended May 31, 2021. Please refer to Schedule "E" for the Target's audited financial statements for the financial years ended February 28, 2021 and February 29, 2020 and Schedule "G" for the Target's interim financial statements for the three months ended May 31, 2021:

	Three months ended 05/31/21 (unaudited)	**Financial year ended 02/28/21 (audited)**	**Financial year ended 02/29/20 (audited)**
Total revenues	Nil	$534	Nil
Cost of sales	Nil	$261	Nil
Gross profit	Nil	$273	Nil
Total expenses	($30,067)	($55,266)	($2,280)
Net loss before income taxes	($31,541)	($56,112)	($2,280)
Net loss per share	($0.00)	($0.01)	($2,280)
Total assets	$394,567	$420,532	$1
Total liabilities	($117,802)	($112,226)	($2,280)
Working capital (deficit)	$285,232	$324,136	($2,279)
Shareholder equity (deficiency)	$276,765	$308,306	($2,279)
Dividends	Nil	Nil	Nil

5.2 Quarterly Information

The quarterly information presented below is for the Issuer prior to the completion of the Transaction:

	Second Quarter ended June 30, 2021	First Quarter ended March 31, 2021	Fourth Quarter ended December 31, 2020	Third Quarter September 30, 2020	Second Quarter Ended June 30, 2020	First Quarter Ended March 31, 2020	Fourth Quarter Ended December 31, 2019	Third Quarter September 30, 2019
Net sales or total revenues	-	-	-	-	-	-	-	-
Income from operations	-	-	-	-	-	-	-	-
Expenses	(71,945)	(40,565)	(30,838)	(35,006)	(45,977)	(58,404)	(89,892)	(65,636)
Comprehen-sive loss	(71,945)	(40,565)	(30,838)	(35,006)	(45,977)	(31,421)	(88,760)	(65,019)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.01)

Quarterly information is not available for the Target other than in relation to the three months ended May 31, 2021 as set forth above.

5.3 Summary Pro Forma Financial Information – Resulting Issuer

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Financing and Transaction as at May 31, 2021 is attached to this Listing Statement as Schedule "I".

The following table sets forth certain pro forma financial information for the Resulting Issuer, on a consolidated basis, after giving effect to the Financing, Transaction and certain other adjustments and subject to the assumptions described in the notes to the unaudited consolidated pro forma financial statements of the Resulting Issuer. The unaudited pro forma consolidated balance sheets have been prepared based on the assumption that, among other things, the Financing and Transaction occurred on May 31, 2021.

	Resulting Issuer Pro Forma May 31, 2021 (unaudited) ($)
Balance Sheet Data	
Current Assets	$2,268,459
Total Assets	$2,347,227
Current Liabilities	$98,824
Total Liabilities	$186,059
Shareholders' Equity	$2,161,168

5.4 Dividends

The Issuer has not paid dividends on its Common Shares since incorporation. Subject to the requirements of the BCBCA, there are no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Transaction. All of the Resulting Issuer's Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

5.5 Foreign GAAP

This section is not applicable.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the Issuer's audited annual financial statements and notes thereto for the years ended December 31, 2020 and 2019 which are attached hereto as Schedule "A" and the unaudited financial statements and notes thereto for the six months ended June 30, 2021, which are attached hereto as Schedule "C", both of which are available on SEDAR at www.sedar.com. The Issuer's MD&A for the year ended December 31, 2020 is attached hereto as Schedule "B" and for the six months ended June 30, 2021 is attached hereto as Schedule "D".

MD&A of the Target for the year ended February 28, 2021 is attached hereto as Schedule "F" and for the three months ended May 31, 2021 is attached hereto as Schedule "H". The Target's audited financial statements for the years ended February 28, 2021 and February 29, 2020 are attached hereto as Schedule "E" and its unaudited interim statements for the three months ended May 31, 2021 are attached as Schedule "G".

ITEM 7: MARKET FOR SECURITIES

The Common Shares of the Issuer were listed on the NEX on October 22, 2018 under the symbol "ENTH". Trading of the Common Shares on NEX was halted on February 7, 2021 pending announcement of the Transaction. The Common Shares will be delisted from the NEX on September 29, 2021 and are expected to recommence trading on the CSE under the symbol "BCBC" on September 30, 2021 following the Resulting Issuer's requalification for listing in connection with the acquisition of the Target. In connection with the Closing, the Resulting Issuer changed its name from "Entheos Capital Corp." to "The BC Bud Corporation" and the Target changed its name to "the BC Bud Holdings Corp." There is no market through which the Target Shares may be sold.

ITEM 8: CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer as at March 31, 2021, December 31, 2020 and as at the date of this Listing Statement following completion of the Financing and Transaction:

	Authorized	Outstanding as at dated of this Listing Statement following the completion of the Financing and Transaction	Outstanding as at June 30, 2021	Outstanding as at December 31, 2020
Common Shares (1)	Unlimited	44,843,482 (2)	14,593,482	13,101,816
Options	10% of issued and outstanding capital (3)	85,000	85,000	85,000
Warrants	N/A	4,000,000 (4)	Nil	3,866,666
RSUs (5)	N/A	3,237,500	Nil	Nil

Notes:

(1) Pursuant to the pro forma balance sheet included as Schedule "I" of this Listing Statement, the Resulting Issuer will have a deficit of ($2,110,161) as at May 31, 2021.

(2) Of these shares, 28,668,976, which includes all 26,250,000 of the Payment Shares, will be subject to the Escrow Agreement. See Part 11 "*Escrowed Securities*" below.

(3) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Stock Option Plan and Exchange Policies. See Part 9 "*Options to Purchase Securities*".

(4) Comprised of Placement Warrants, bearing an exercise price of $0.50 per Common Share expiring on September 29, 2023.

(5) A total of 3,237,500 RSUs were issued to directors and consultants upon completion of the Transaction. The RSUs entitle the holders to acquire an aggregate of 3,237,500 Resulting Issuer Shares at a deemed value of $0.21 per Common Shares subject to vesting such 250,000 of the RSUs will vest over 12 months on September 29, 2022, 787,500 of the RSUs will vest over two years such that 50% of those RSUs shall vest into Common Shares on September 29, 2022 and the balance of those RSUs will vest into Common Shares on September 29, 2023 and the remaining 2,200,000 RSUs will vest over a three years such that 33% of those RSUs shall vest into Common Shares on September 29, 2022 and then 16.5% of such RSUs will vest into Common Shares every six months thereafter, provided that the holder continues, on such vesting dates, to hold a role with the Resulting Issuer as a director, officer, employee or consultant.

The Company has no loan capital outstanding.

ITEM 9: OPTIONS TO PURCHASE SECURITIES

As of the date of this Listing Statement, the Issuer has 85,000 stock options exercisable at $1.00 per Common Share until October 13, 2022 outstanding.

The Board may, in accordance with its Stock Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the CSE, grant to directors, officers, employees or consultants of the Issuer non-transferable- Options to purchase Common Shares for a period of up to ten years from the date of the grant.

The Stock Option Plan was initially approved by the Shareholders on January 13, 2013 and last approved by the Shareholders on July 29, 2021. The purpose of the Stock Option Plan is to assist the Issuer in attracting, retaining and motivating directors, officers, employees and consultants (together "service providers") of the Issuer and of its affiliates and to closely align the personal interests of such service providers with the interests of the Issuer and its shareholders.

The Stock Option Plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be 10% of the number of the Common Shares of the Issuer issued and outstanding from time to time.

The Stock Option Plan is administered by the Board of the Issuer, which has full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such service providers of the Issuer and its affiliates, if any, as the Board may from time to time designate. The exercise prices shall be determined by the Board, but shall, in no event, be less than the closing market price of the Issuer's Common Shares on the CSE, less up to the maximum discount permitted under the CSE's policies. The Stock Option Plan provides that the number of Common Shares issuable on the exercise of options granted to all persons together with all of the Issuer's other previously granted options may not exceed 10% of the Issuer's issued and outstanding Common Shares. In addition, the number of Common Shares which may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares on a yearly basis. Subject to earlier termination and in the event of dismissal for cause, termination other than for cause or in the event of death, all options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by Will or other testamentary instrument or pursuant to the laws of succession.

In connection with the Transaction, the Resulting Issuer has issued 3,237,500 RSUs which will, upon their vesting, entitle the holders thereof of to 2,712,500 Resulting Issuer Shares at a deemed price of $0.21 per Resulting Issuer Share to proposed directors and consultants of the Resulting Issuer as follows:

Name	**Resulting Issuer Shares Under RSUs**	**Deemed Price**	**Expiration Date**	**Vesting Schedule**
Dayna Lange	262,500	$0.21	September 29, 2023	50% on September 29, 2022, 50% on September 29, 2023
Justin Chorbajian	262,500	$0.21	September 29, 2023	50% on September 29, 2022, 50% on September 29, 2023
Brian Taylor	262,500	$0.21	September 29, 2023	50% on September 29, 2022, 50% on September 29, 2023
Patrick Walsh	2,200,000	$0.21	September 29, 2024	33% on September 29, 2022 and 16.5% every six months thereafter
Red Fern Consulting Ltd.	200,000	$0.21	September 29, 2022	100% on September 29, 2022

Name	Resulting Issuer Shares Under RSUs	Deemed Price	Expiration Date	Vesting Schedule
Corey Larricq	50,000	$0.21	September 29, 2022	100% on September 29, 2022

The RSUs shall vest over the periods specified in the table above, provided that the holder thereof continues to have a role with the Resulting Issuer as a director, officer, employee or consultant on such vesting dates.

ITEM 10: DESCRIPTION OF CAPITAL STRUCTURE

10.1 General Description of Capital Structure

The Issuer has an authorized capital of an unlimited number of Common Shares without par value, of which 44,843,482 Common Shares are issued and outstanding as fully paid and non-assessable.

The following is a summary of the principal attributes of the Common Shares:

Voting Rights. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. The holders of Common Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, out of funds legally available therefor. There are no indentures or agreements limiting the payment of dividends.

Profits. Each Common Share is entitled to share pro rata in any profits of the Company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of the Company, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Company remaining after payment of all the Company's liabilities.

Pre-Emptive, Conversion and Other Rights. No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of Common Shares. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

The Target's authorized capital consists of an unlimited number of Target Shares without par value. There are currently 12,500,000 Target Shares issued and outstanding, all of which are now held by the Resulting Issuer.

There are no special rights or restrictions of any nature attached to the Target Shares. The holders of Target Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Target and each Target Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Target. The holders of the Target Shares, are entitled to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Target Shares, to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Target.

10.2 Debt Securities

The Issuer has no debt securities outstanding.

10.3 Other Securities

This section is not applicable.

10.4 Modification of Terms

The rights of holders of Common Shares may be amended by an directors resolution, in accordance with the requirements of the BCBCA and the Issuer's articles, provided that the modification of special right and restrictions applicable to any of the Issuer's shares must be approved via ordinary resolution.

10.5 Other Attributes

The Issuer has no other classes of securities.

10.6 Prior Sales

During the 12-month period preceding the date of this Listing Statement, the Issuer has issued the following securities:

Date	Number of Common Shares	Reason for Issuance	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
April 26, 2021	4,000,000 Subscription Receipts (1)	Private Placement	$0.25 per Subscription Receipt	$1,000,000	Cash
September 29 2021	26,250,000 Payment Shares	Transaction	$0.25 per Payment Shares (deemed)	$6,562,250	Non-cash
September 29, 2021	4,000,000 Units (2)	Automatic Conversion of Subscription Receipts	No additional consideration	-	N/A
September 29, 2021	3,237,500 RSUs	Share-based incentive compensation	$0.21 per RSU (deemed)	-	N/A

(1) Subscription Receipts which automatically converted into Units upon the completion of the Transaction and the delisting of the Common Shares from the TSX Venture Exchange and relisting on the CSE.

(2) Units comprised of one Common Share and one Placement Warrant, each whole warrant exercisable at $0.50 per Common Share until September 29, 2023, subject to accelerated expiry provisions.

(3) A total of 3,237,500 RSUs were issued to directors and consultants upon completion of the Transaction. The RSUs entitle the holders to acquire an aggregate of 3,237,500 Resulting Issuer Shares at a deemed value of $0.21 per Common Shares subject to vesting such 250,000 of the RSUs will vest over 12 months on September 29, 2022, 787,500 of the RSUs will vest over two years such that 50% of those RSUs shall vest into Common Shares on September 29, 2022 and the balance of those RSUs will vest into Common Shares on September 29, 2023 and the remaining 2,200,000 RSUs will vest over a three years such that 33% of those RSUs shall vest into Common Shares on September 29, 2022 and then 16.5% of such RSUs will vest into Common Shares every six months thereafter, provided that the holder continues, on such vesting dates, to hold a role with the Resulting Issuer as a director, officer, employee or consultant.

10.7 Stock Exchange Price

The Common Shares are listed and posted for trading on the NEX since October 22, 2018. The following table sets out the high and low trading of the Common Shares for the periods indicated as reported by NEX:

Month	High $	Low $	Close $	Volume
Year ended December 31, 2019	Halted Trading			
Quarter ended March 31, 2020 (2)	$0.80	$0.10	$0.10	206,024
Quarter ended June 30, 2020	0.30	0.145	0.27	165,362
Quarter ended September 30, 2020	0.28	0.18	0.195	253,347
Year ended December 31, 2020	0.365	0.17	0.28	395,857
Quarter ended March 31, 2021 (3)	0.28	0.20	0.21	74,152
Quarter ended June 30, 2021	Halted trading			
Month ended July 31, 2021	Halted trading			
Month ended August 31, 2021	Halted trading			

Notes:

(1) Trading of the Common Shares was halted on March 6, 2019 following the announcement of a proposed reverse takeover transaction with Whistler Water Inc. Trading of the Common Shares resumed on January 7, 2020 following the announcement of the termination of that transaction.

(2) On March 31, 2020, the Issuer completed a ten (10) old for one (1) new consolidation.

(3) The Common Shares were halted on February 7, 2021 pending the announcement of the Transaction. The last trade of the Common Shares prior to the trade halt was on February 5, 2021 at a price of $0.21.

The Target's shares are not listed or posted for trading on any stock exchange.

ITEM 11: ESCROWED SECURITIES

Prior to the completion of the Transaction, the Issuer had no securities currently held in escrow. No securities are otherwise subject to any contractual restrictions on transfer.

In connection with the proposed requalification for listing of the Common Shares on the CSE following the completion of the Transaction, all securities held by "Related Persons" are required to be subject to an escrow agreement pursuant to NP 46-201 (the "**Escrow Agreement**").

For the purposes of this section, **"Related Persons"** means, with respect to the Issuer:

(a) the partners, directors and senior officers of the Issuer or any of its material operating subsidiaries;

(b) promoters of the Company during the two years preceding this Listing Statement;

(c) those who own or control more than 10% of the Company's voting securities; and

(d) Associates and Affiliates of any of the above.

Under NP 46-201*,* securities held by Related Persons are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions.

As all of the Target Shareholders will become Principal of the Resulting Issuer, all of the Payment Shares will be subject to escrow restrictions pursuant to the terms of the Escrow Agreement and will be released from escrow based upon the passage of time in accordance with the Escrow Agreement, such that 10% of the securities will be released on the Listing Date and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter.

A total of 29,358,333 Common Shares held by Related Persons, which include all of the Payment Shares, and representing 65.46% of the issued and outstanding Common Shares on the Closing Date will be deposited into escrow pursuant to the Escrow Agreement (the "**Escrowed Securities**").

The following table indicates the holders of the Escrowed Securities:

Name and Municipality of Residence of Shareholder	**Number of Escrowed Securities**	**Percentage of Resulting Issuer Shares** (1)
Sutton Ventures Ltd., Chilliwack, B.C. (1)	12,413,333	27.68%
Thomas Joshua Taylor, Vancouver, B.C.	245,000	0.55%
TJT Ventures Ltd., Vancouver, B.C. (2)	10,500,000	23.41%
Marc Lusting, West Vancouver, B.C.	750,000	1.68%
L5 Capital Inc., West Vancouver, B.C. (3)	5,450,000	12.15%
TOTAL	**29,358,333**	**65.46%**

Notes:

(1) Sutton Ventures Ltd. is a private company owned and controlled by Brayden Sutton and his spouse.
(2) TJT Ventures Ltd. is a private company owned and controlled by Thomas Joshua Taylor.
(3) L5 Capital Inc. is a private company owned and controlled by Marc Lustig.

The Resulting Issuer is currently classified as an "emerging issuer" under NP 46-201. An "emerging issuer" is one that does not meet the "established issuer" criteria (which includes issuers listed on the Toronto Stock Exchange in its non-exempt category and issuers that meeting Tier 1 listing requirements of the Exchange). Based on the Resulting Issuer being "emerging issuer" listed on the Canadian Securities Exchange, the Escrowed Securities will be subject to a three-year escrow.

If the Resulting Issuer achieves "established issuer" status during the term of the Escrow Agreement, it will 'graduate' resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers as if the Resulting Issuer had originally been classified as an established issuer.

Pursuant to the Escrow Agreement, the Transfer Agent (as escrow agent), the Target Shareholders and the Related Persons of the Resulting Issuer, the Related Persons and the former Target Shareholders will agree to deposit into escrow the Escrowed Securities with the Transfer Agent. Under the Escrow Agreement, 10% of the Escrowed Securities will be released from escrow on the listing of the Common Shares (the **"Initial Release"**) and an additional 15% will be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise deal with during the term of the Escrow agreement unless the transfers or dealings within escrow are:

(1) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Resulting Issuer or of a material operating subsidiary, with approval of the Resulting Issuer's Board;

(2) transfers to a person or company that before the proposed transfer holds more than 10% of the Resulting Issuers' outstanding Common Shares;

(3) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;

(4) transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy; and

(5) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow.

Tenders of Escrowed Securities to a take-over bid or business combination are permitted provided that, if the tenderer is a Related Person of the successor corporation upon completion of the take-over bid or business combination, securities received in exchange for tendered Escrow Securities are substitute in escrow on the basis of the successor corporation's escrow classification.

The following table sets out, as at the date of this Listing Statement, the number of Shares of the Company which are held in escrow:

Designation of Class	**Number of Escrowed Securities** (1)	**Percentage of Shares**
Common Shares	29,358,333 Common Shares	65.46%

(1) Shares subject to the Escrow Agreement will be held by the Escrow Agent and released pro rata to the shareholders as to 10% on the Listing Date and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

Hold Periods

Certain securities of the Resulting Issuer are also subject to a statutory hold period ending August 27, 2021. These securities include the 4,000,000 Resulting Issuer Shares and 4,000,000 Placement Warrants issued in the Financing following the conversion of the Subscription Receipts

ITEM 12: PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Issuer, following completion of the Acquisition, the following persons will beneficially owns, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Resulting Issuer Shares:

Name and Province of Residence	Number of Shares (1)	Percentage of Shares
Brayden Sutton, British Columbia, Canada (2)	12,413,333 Resulting Issuer Shares	27.68%
Thomas Joshua Taylor, British Columbia, Canada (3)	10,745,000 Resulting Issuer Shares	23.96%
Marc Lustig, British Columbia Canada (4)	6,200,000 Resulting Issuer Shares	13.83%

(1) All of the above Resulting Issuer Shares will be subject to escrow restrictions under the Escrow Agreement. See "*Information Concerning the Resulting Issuer – Escrowed Securities*" for additional information.

(2) All of which Resulting Issuer Shares are held indirectly through Sutton Ventures Ltd., a private company of which Mr. Sutton, together with his spouse, are the beneficial owners. On a partially-diluted basis, assuming the exercise of all warrants issued or options to be granted to him, Mr. Sutton will hold 28.14% of the issued and outstanding Resulting Issue Shares.

(3) Of which 10,500,000 Resulting Issuer Shares are held indirectly through TJT Ventures Ltd., a private company of which Mr. Taylor is the beneficial owner and 245,000 Resulting Issuer Shares are held directly. On a partially-diluted basis, assuming the exercise of all warrants issued or options to be granted to him, Mr. Taylor will hold 24.16% of the issued and outstanding Resulting Issue Shares.

(4) All of which Resulting Issuer Shares are held indirectly through L5 Capital Inc.., a private company of which Mr. Lustig is the beneficial owner. On a partially-diluted basis, assuming the exercise of all warrants issued or options to be granted to him, Mr. Lusting will hold 14.21% of the issued and outstanding Resulting Issue Shares

ITEM 13: DIRECTORS & OFFICERS

13.1 Name, Occupation and Security Holding

The Resulting Issuer's directors are Brayden Sutton (Chief Executive Officer and Chairman), Thomas Joshua Taylor (President), Dayna Lange and Justin Chorbajian. Samantha Shorter is the Chief Financial Officer and Corporate Secretary of the Resulting Issuer.

The term of office of each of the present directors expires at the Resulting Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the

Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the BCBCA.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the province and municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Resulting Issuer Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Financing and the Transaction.

Name, Province of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Director of the Issuer and Term of Such Position	Number of Common Shares upon completion of the Transaction and Financing(1)	Percentage of Class Held or Controlled on completion of the Transaction and Financing
Brayden R. Sutton (2) British Columbia, Canada ***Chief Executive Officer, President, Chairman of the Board and Director***	President of Sutton Ventures Ltd., private consulting company from November 2014 to Present, CEO of the Issuer from February 2020 to Present; CEO of 1933 Industries Inc. from May 2017 to May 2019, Chairman of 1933 Industries from May 2019 to January 2020; Director of Business Development for Aurora Cannabis Inc. from 2015 to 2017;	Director of the Issuer since November 15, 2018, CEO of the Issuer since February 12, 2020, Director of the Target since October 1, 2020	12,413,333 (3)	27.68%
Thomas Joshua Taylor, British Columbia, Canada ***President and Director***	President of the Target from March 2019 to Present Director of Business Development of 1933 Industries Inc. from October 2018 to May 2020; Prior thereto, held sales and business development roles for CPG companies; co-founder of several cannabis initiatives	Director of the Issuer since August 2, 2019, President of the Issuer since September 29, 2021; Director and President of the Target since March 1, 2019	10,745,000 (4)	23.96%
Samantha Shorter, British Columbia, Canada ***Chief Financial Officer and Corporate Secretary***	Self employed financial consultant from July 2011 to Present	Chief Financial Officer of the Issuer since February 12, 2020 and Corporate Secretary of the Resulting Issuer since September 29, 2021	450,000 (5)	1.00%
Dayna Lange (2) British Columbia, Canada Director	Chief Financial Officer of Tricanna Industries Inc. from June 2018 to Present, Sole Practitioner, CPA from January 2014 to Present	Director of the Resulting Issuer since September 29, 2021	Nil	N/A
Justin Chorbajian (2) British Columbia, Canada Director	Co-owner of Green Planet Nutrients and Green Planet Wholesale hydroponic shops; Chairman of the Board of Chemistree Technology Inc. from August 2017 to June 2019	Director of the Resulting Issuer since September 29, 2021	80,000 (5)	0.18%

Notes:

(1) Based on the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Filing Statement.

(2) Member of the audit committee.
(3) All of which Common Shares are held indirectly through Sutton Ventures Ltd., a private company of which Mr. Sutton, together with his spouse, are the beneficial owners.
(4) Of which 10,500,000 Common Shares are held indirectly through TJT Ventures Ltd., a private company of which Mr. Taylor is the beneficial owner and 245,000 Common Shares are held directly.
(5) All of which Common Shares are held indirectly through Evergreen Holding Company Ltd., a private company of which Mr. Chorbajian is the beneficial owner.
(6) All of which Common Shares are held indirectly through Red Fern Consulting Ltd, a private company of which Ms. Shorter is a significant shareholder.

The directors and officers of the Resulting Issuer as a group directly and indirectly own 23,690,643 Resulting Issuer Shares, representing 52.83% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer, other than President, Thomas Joshua Taylor. See also "*Management*" below.

13.2 Committees

The sole committee of the Resulting Issuer is the audit committee, comprised of Brayden Sutton, Justin Chorbajian and Dayna Lange, who will act as chair. All of the members of the audit committee are considered to be financially literate and each of Justin Chorbajian and Dayna Lange are considered to be independent.

There will be no other committees of the Board at this time.

Audit Committee Charter

The Resulting Issuer's audit committee charter is reproduced below:

Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Issuer to regulatory authorities and shareholders, the Issuer's systems of internal controls regarding finance and accounting and the Issuer's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Issuer's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Issuer's financial reporting and internal control system and review the Issuer's financial statements.

- Review and appraise the performance of the Issuer's external auditors.

- Provide an open avenue of communication among the Issuer's auditors, financial and senior management and the Board.

Composition

The Committee will be composed of three directors from the Board, the majority of whom are not employees or senior officers of the Issuer.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Issuer's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Issuer's financial statements.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

(a) Review and update this Charter annually.

(b) Review the Issuer's financial statements, MD&A and any annual and interim earnings, press releases before the Issuer publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

(c) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Issuer.

(d) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Issuer, consistent with Independence Standards Board Standard 1.

(e) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

(f) Take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors.

(g) Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

(h) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Issuer's accounting principles, internal controls and the completeness and accuracy of the Issuer's financial statements.

(i) Review and approve the Issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Issuer.

(j) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

(k) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Issuer's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

(i) the aggregate amount of all such non-audit services provided to the Issuer constitutes not more than five percent of the total amount of revenues paid by the Issuer to its external auditors during the fiscal year in which the non-audit services are provided;

(ii) such services were not recognized by the Issuer at the time of the engagement to be non-audit services; and

(iii) such services are promptly brought to the attention of the Committee by the Issuer and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

(a) In consultation with the external auditors, review with management the integrity of the Issuer's financial reporting process, both internal and external.

(b) Consider the external auditors' judgments about the quality and appropriateness of the Issuer's accounting principles as applied in its financial reporting.

(c) Consider and approve, if appropriate, changes to the Issuer's auditing and accounting principles and practices as suggested by the external auditors and management.

(d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

(e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

(f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

(g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

(h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

(i) Review certification process.

(j) Establish a procedure for the confidential, anonymous submission by employees of the Issuer of concerns regarding questionable accounting or auditing matters.

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Issuer to prepare its financial statements;

2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Issuer financial statements, or experience actively supervising one or more persons engaged in such activities; and

4. an understanding of internal controls and procedures for financial reporting, are as follows:

Brayden R. Sutton

Brayden Sutton is the Chief Executive Officer and a Director of the Issuer. Formerly President and CEO of 1933 Industries Inc., Mr. Sutton operates a wholly-owned merchant bank and has deployed over $100 million dollars into the cannabis sector dating back to 2013. As well, he co-founded and served as the Executive Vice President for Supreme Pharmaceuticals, now called The Supreme Cannabis Company Inc., and in 2015 became Director of Business Development for Aurora Cannabis Inc. Mr. Sutton is also the founder of Cannabis Health Sciences Inc. and the Cannabis Health Journal, which made its debut in 1999.

Dayna Lange

Dayna Lange is a founding partner, the Managing Director, Chief Financial Officer and Chair of the Board of Tricanna Industries Inc., a Standard Processor in the cannabis industry, located in Mission, British Columbia. Previous to Tricanna, Ms. Lange spent the last 15 years working as a public practice accountant.

She obtained her Chartered Accounting designation in 2009 and went on to complete her In Depth Tax Course with the BC Institute of Chartered Accountants. Ms. Lange is a Chartered Professional Accountant.

Justin Chorbajian

Mr. Justin Chorbajian is the co-owner of the largest chain of privately owned hydroponic shops in Canada and has operated in the retail market for over 20 years, including co-creating Green Plant Nutrients and Green Planet Wholesale. Mr. Chorbajian is also a frequent contributor on 'Growing Exposed' a leading video series on cannabis cultivation.

Audit Committee Oversight

Since the commencement of the Issuer's most recently completed financial year, the Audit Committee of the Issuer has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance of Certain Exemptions

Since the commencement of the Issuer's most recently completed financial year, the Issuer has not relied on:

(a) the exemption in section 2.4 (De Minimis Non-Audit Services) of NI 52-110; or

(b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Polices on Certain Exemptions

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

External Auditor Service Fees

The fees billed by the Issuer's external auditors in each of the last two financial years for audit and non-audit related services provided to the Issuer or its subsidiaries (if any) are as follows:

Nature of Services [5]	**Fees Paid to Auditor in Year Ended December 31, 2020**	**Fees Paid to Auditor in Year Ended December 31, 2019**
Audit Fees [1]	$12,500	$16,500
Audit Related Fees [2]	$7,000	$-
Tax Fees [3]	$2,500	$3,750
All other Fees [4]	$-	$-
Total	**$22,000**	**$20,250**

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Issuer's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" includes all other non-audit services".

(5) Fees paid to the Issuer's former auditor, Davidson & Company.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition and Reporting Obligations

Since the Issuer is a venture issuer, it is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110.

13.3 Cease Trade Orders and Bankruptcies

As at the date of this Listing Statement and within the ten years before the date of this Listing Statement, no director, officer or proposed director or officer, promoter or any shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer:

(a) is or has been a director or executive officer of any company (including the Issuer), that:

   (i) while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

   (ii) that after that person ceased to be a director or executive officer, was subject to an order which resulted from an event that occurred while that person was acting in the capacity as director or executive officer that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

   (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has within 10 years before the date of the Listing Statement became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officers or shareholders.

13.4 Penalties and Sanctions

No director, executive officer or promoter of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, has, within the ten years prior to the date of this Listing Statement, been subject to:

(a) any penalties or sanctions imposed by a court or securities regulatory authority relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

13.5 Conflicts of Interest

Certain directors and officers of the Resulting Issuer are also directors, officers or shareholders of other companies that are similarly engaged in the cannabis industry. These associations to other public companies may give rise to conflicts of interest from time to time.

Under the laws of the Province of British Columbia, the directors and senior officers of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer. In the event that such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will disclose such interest in a contract or transaction and will abstain from voting on any resolution in respect of such contract or transaction. See also Part 17 "*Risk Factors*".

13.6 Management

The following is a brief description of the key management of the Resulting Issuer.

None of the Resulting Issuer's proposed management personnel have entered into non-disclosure or non-competition agreements with the Issuer, but the Resulting Issuer will consider whether to enter into such agreements following the Listing Date.

Brayden Sutton, Chief Executive Officer, Chairman and Director, (Age: 37)

Mr. Brayden Sutton is a prominent figure in the cannabis industry, with over 20 years of practical experience with the plant. He founded CannabisHealth.com in 2004 and was the Co-Founder of Supreme Cannabis in 2013. He was the CEO of 1933 Industries Inc., as well as the Director of Business Development for Aurora Cannabis from its inception. Mr. Sutton was also a founding investor in Origin House (bought by Cresco Labs for $1.1 Billion) as well as over 80 additional start-up cannabis businesses and has personally raised and deployed over $100 million in the space since 2012, created over 500 jobs, and built over 150,000 sq. ft of state-of-the-art cultivation space in Canada and the United States.

Mr. Sutton is the beneficial owner of 12,413,333 Resulting Issuer Shares. Mr. Sutton expects to devote 50% of his working time to the Resulting Issuer.

Thomas Joshua Taylor, President and Director (Age: 36)

Mr. Josh Taylor has been involved in the cannabis industry for many years with over 15 years of practical experience with the plant. Mr. Taylor accumulated several years of sales, marketing, and business development experience in the CPG (Red Bull) and Pharmaceutical industries before partnering in The Rosin Factory as a cofounder in 2016. In 2017 The Rosin Factory was awarded two High Times Cannabis Cup Awards for solventless flower rosin products, a first. On federal legalization day in Canada (Oct. 17, 2018) Josh joined 1933 Industries Inc. as Director of Business Development leading and overseeing M&A, licensing, partnerships, and JV's throughout North America.

Mr. Taylor is the beneficial owner of 10,745,000 Resulting Issuer Shares. Mr. Taylor expects to devote 100% of his working time to the Resulting Issuer.

Samantha Shorter, Chief Financial Officer, Corporate Secretary, (Age: 37).

Ms. Shorter has over a decade of experience in providing reporting, assurance and accounting services to publicly traded companies, including technology and mineral resource companies. She left public practice in 2011, where she acted in the capacity of Audit Manager with a major Canadian accounting firm. She completed a Bachelor of Commerce with Honours at the University of British Columbia. She is a Chartered Professional Accountant (CPA, CA) and Certified Internal Auditor.

Ms. Shorter is the beneficial owner of 450,000 Resulting Issuer Shares. Ms. Shorter expects to devote 15% of her working time to the Resulting Issuer.

Dayna Lange, Director (Age: 41).

Ms. Lange is a founding partner, the Managing Director, Chief Financial Officer and Chair of the Board of Tricanna Industries Inc., a Standard Processor in the cannabis industry, located in Mission, British Columbia. She is also the Alternate Responsible Person on the Company's Health Canada license, assisting the Responsible Person with regulatory compliance reporting. In addition to her roles with Tricanna, she currently holds the position of 'Family Office' for a high-net-worth family, advising them on and helping them with safeguarding and growing their family assets. With this position, she is the Controller of a chain of restaurants, ensuring timely and accurate financial reporting to all stakeholders. Previous to Tricanna, Ms. Lange spent the last 15 years working as a public practice accountant. She obtained her Chartered Accounting designation in 2009 and went on to complete her In Depth Tax Course with the BC Institute of Chartered Accountants. Ms. Lange is a Chartered Professional Accountant.

Ms. Lange holds no Resulting Issuer Shares. Ms. Lange expects to devote 10% of her working time to the Resulting Issuer.

Justin Chorbajian, Director (Age: 48)

Mr. Justin Chorbajian is the co-owner of the largest chain of privately owned hydroponic shops in Canada and has operated in the retail market for over 20 years, including co-creating Green Plant Nutrients and Green Planet Wholesale. These companies complete his vertical integration in the cannabis industry, including both manufacturing and distributing hydroponic equipment. His companies operate in the UK, Australia and North America. Mr. Chorbajian is a frequent contributor on 'Growing Exposed' a leading video series on cannabis cultivation.

Mr. Chorbajian is the beneficial owner of 80,000 Resulting Issuer Shares. Mr. Chorbajian expects to devote 15% of his working time to the Resulting Issuer.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than the Issuer:

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
Brayden Sutton	1933 Industries Inc.	CSE	President and CEO	May 2017 to June 2019
			Director	June 2017 to January 2020
	The BC Bud Corporation (formerly Entheos Capital Corp.)	NEX	CEO	February 2020 to Present
			Director	November 2018 to Present
	Codebase Ventures Inc. (formerly 360 Capital Financial Services Group Inc.)	CSE	VP and Chief Investment Officer	December 2016 to May 2017
	Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation)	CSE	Director	January 2018 to February 2020
	Delta Resources Ltd.	TSXV	Director	October 2016 to April 2017
	First Light Capital Corp.	TSXV	Director	March 2019 to June 2020
	International Bethlehem Mining Corp.	NEX	CEO and Director	July 2019 to February 2020
Thomas Joshua Taylor	The BC Bud Corporation (formerly Entheos Capital Corp.)	NEX	Director	August 2019 to Present
Justin Chorbajian	Chemistree Technology Inc.	CSE	Director	August 2017 to June 2019
Samantha Shorter	NexOptic Technology Corp.	TSXV	CFO	November 2014 to Present
	Clear Gold Resources Inc.	NEX	Director	September 2019 to Present
	The BC Bud Corporation (formerly Entheos Capital Corp.)	NEX	CFO	February 2020 to Present
	Lion One Metals Limited	TSXV	CFO	February 2013 to November 2017

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
	South Star Battery Metals Corp.	TSXV	CFO	September 2021 to Present

ITEM 14: CAPITALIZATION

14.1 Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	44,843,482	52,165,982	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) (to the extent known)	29,888,33	31,298,333	66.65%	60.00%
Total Public Float (A-B)	14,955,149	20,867,649	33.35%	40.00%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	33,438,333	40,675,833	74.57%	77.97%
Total Tradeable Float (A-C)	11,405,149	11,490,149	25.43%	22.03%

14.2 Public Securityholders (Registered)

Class of Security [(1)(2)(3)]

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	1	71
100 – 499 securities	0	N/A
500 – 999 securities	0	N/A
1,000 – 1,999 securities	0	N/A
2,000 – 2,999 securities	0	N/A
3,000 – 3,999 securities	0	N/A
4,000 – 4,999 securities	0	N/A
5,000 or more securities	39	17,543,111
Total	40	17,543,482

Notes:

(1) The information from the above table is from a registered shareholder range report of the Issuer as at May 11, 2021 as provided by the Transfer Agent.

(2) CDS& CO. is the holder of record of 13,867,939 Common Shares, which is the registration name for the Canadian Depository for Securities Limited which acts as nominee for many Canadian brokerage firms. CEDE & CO is the holder of record of 11,367 Common Shares, which is the registration name for the Depository Trust Company, which acts as a nominee for many American brokerage firms. In addition, the Transfer Agent has reserved 337,438 Common Shares for holders who have yet to return their certificates pursuant to previously issued letters of transmittal for consolidations and other corporate actions.

(3) Includes the issuance of 3,400,000 Resulting Issuer Shares pursuant to the Financing to those holders who constitute 'public securityholders'.

14.3 Public Securityholders (Beneficial)

Class of Security [(1)(2)]

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	124	4,308
100 – 499 securities	54	11,617
500 – 999 securities	8	5,368
1,000 – 1,999 securities	19	23,775
2,000 – 2,999 securities	22	50,281
3,000 – 3,999 securities	5	16,150
4,000 – 4,999 securities	5	21,000
5,000 or more securities	129	13,354,373
Unable to confirm	**N/A**	**N/A**
Total	**366**	**13,486,872**

Notes:

(1) Information from the above table is based on a range report prepared by Broadridge & Broadridge US as at May 12, 2021.

(2) Does not include the issuance of any Resulting Issuer Shares pursuant to the Transaction or the Financing as those holders are registered Shareholders.

14.4 Non-Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	N/A
100 – 499 securities	0	N/A
500 – 999 securities	0	N/A
1,000 – 1,999 securities	0	N/A
2,000 – 2,999 securities	0	N/A
3,000 – 3,999 securities	0	N/A
4,000 – 4,999 securities	0	N/A
5,000 or more securities	6	29,888,333
Total	**6**	**29,888,333**

14.5 Convertible Securities

The Resulting Issuer currently has 85,000 stock options outstanding. 3,237,500 RSUs and 4,000,000 share purchase warrants outstanding as follows:

(a) 85,000 stock options exercisable at $1.00 per Common Share until October 13, 2022.

(b) 3,237,500 RSUs entitle the holders to acquire an aggregate of 3,237,500 Resulting Issuer Shares at a deemed value of $0.21 per Common Share subject to vesting such 250,000 of the RSUs will vest over 12 months on September 29, 2022, 787,500 of the RSUs will vest over two years such that 50% of those RSUs shall vest into Common Shares on September 29, 2022 and the balance of those RSUs will vest into Common Shares on September 29, 2023 and the remaining 2,200,000 RSUs will vest over a three years such that 33% of those RSUs shall vest into Common Shares on September 29, 2022 and then 16.5% of such RSUs will vest into Common Shares every six months thereafter, provided that the holder continues, on such vesting dates, to hold a role with the Resulting Issuer as a director, officer, employee or consultant

(c) 4,000,000 Warrants exercisable at $0.50 per Share until September 29, 2023.

ITEM 15: EXECUTIVE COMPENSATION

15.1 Executive Compensation of the Issuer

In this section "Named Executive Officer" ("NEO") means the CEO or an officer acting in a similar capacity, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year, and whose total compensation was more than $150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Issuer at the end of the most recently completed financial year.

Brayden Sutton, the current CEO of the Resulting Issuer and Samantha Shorter, the former CFO, are the sole NEOs of the Issuer for the purposes of the following disclosure.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Issuer' two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	**Year (ended December 31)**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Brayden Sutton, President CEO and Director [(1)]	2020	57,500	Nil	Nil	Nil	Nil	57,500
	2019	30,000	Nil	Nil	Nil	Nil	30,000

Table of compensation excluding compensation securities							
Name and position	**Year (ended December 31)**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Samantha Shorter, former CFO (2)	2020	27,500	Nil	Nil	Nil	Nil	27,500
Corey Larricq, former Director (3)	2020	6,000	Nil	Nil	Nil	Nil	6,000
	2019	2,000	Nil	Nil	Nil	Nil	2,000
Thomas Joshua Taylor, Director (4)	2020	6,000	Nil	Nil	Nil	Nil	6,000
	2019	1,000	Nil	Nil	Nil	Nil	1,000
Douglas L. Mason, former CEO and Director (5)	2020	2,500	Nil	Nil	Nil	Nil	2,500
	2019	30,000	Nil	Nil	Nil	Nil	30,000
Sead Hamzagic, former CFO (6)	2020	2,500	Nil	Nil	Nil	Nil	2,500
	2019	30,000	Nil	Nil	Nil	Nil	30,000
Joseph Bleackley, Former Director (7)	2019	1,000	Nil	Nil	Nil	Nil	1,000

Notes:

1. Mr. Sutton was appointed Chief Executive Officer and President on February 14, 2020 and compensation was paid to a company controlled by Brayden Sutton for consulting services provided to the Issuer during the period from January 1, 2019 to December 31, 2019.
2. Ms. Shorter was appointed Chief Financial Officer on February 14, 2020 and compensation was paid to a company in which Ms. Shorter is a significant shareholder for consulting services provided during the year ended December 31, 2020. Subsequent to the financial year ended December 31, 2020, on September 29, 2021, Ms Shorter was appointed Corporate Secretary.
3. Mr. Larricq was appointed a director of the Issuer on January 2, 2019. Subsequent to the year ended December 31, 2020, on September 29, 201, Mr. Larricq resigned as a director and Ms. Dayna Lange and Mr. Justin Chorbajian were appointed as directors.
4. Mr. Taylor was appointed a director of the Issuer on August 2, 2019 and as president on September 29, 2021.
5. Mr. Mason resigned as Chief Executive Officer and President of the Issuer on February 12, 2020. Other compensation includes compensation paid for termination of consulting agreement.
6. Mr. Hamzagic resigned as Chief Financial Officer of the Issuer on February 12, 2020. Other compensation includes compensation paid for termination of consulting agreement.
7. Mr. Bleackley was appointed as a director on November 27, 2018 and resigned on August 2, 2019.

External Management Companies.

Except as described below, none of the NEOs or directors of the Issuer have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Issuer to provide executive management services to the Issuer, directly or indirectly.

Ms. Shorter provided her services as CFO of the Issuer through Red Fern Consulting Ltd.

Mr. Sutton provides his services as CEO of the Issuer through Sutton Ventures Ltd.

Mr. Sead Hamzagic provided services through Sead Hamzagic, Inc. Mr. Douglas L. Mason provided services through Waterfront Capital Partners Inc.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any NEO or director by the Issuer or its subsidiaries in the years ended December 30, 2019 or December 31, 2020, for services provided or to be provided, directly or indirectly to the Issuer or any of its subsidiaries.

The following table discloses the total amount of compensation securities held by the NEOs and directors as at the Company's financial years ended December 31, 2019 and December 31, 2020.

Name and Position	Number of Options as at December 31, 2019	Number of Options as at December 31, 2020
Brayden Sutton, Director, President, CEO	85,000	85,000

No compensation securities were exercised by any directors or NEOs during the financial years ended December 30, 2019 or December 31, 2020.

No compensation securities held by NEOs or directors were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the financial years ended December 30, 2019 or December 31, 2020.

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities.

Stock option plans and other incentive plans

The only incentive plan maintained by the Issuer is the Stock Option Plan, the material terms of which are described above at "*Item 9 – Options to Purchase Securities*".

The Stock Option Plan was last approved by the Shareholders at the Issuer's annual general meeting held on July 29, 2021 and will not require annual approval or ratification. The Issuer expects its next annual general meeting to be held in the second quarter of 2022.

Employment, consulting and management agreements

Except as described below, the Issuer does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in an NEO's responsibilities.

On February 14, 2020, the Issuer entered into a consulting agreement ("Sutton Agreement") with Sutton Ventures Ltd. The Sutton Agreement provides that Brayden Sutton will act as Chief Executive Officer for the Issuer for a fee of $5,000 per month. The Sutton Agreement may be terminated by either party on 60 days' written notice.

Oversight and Description of Director and Named Executive Officer Compensation

The objective of the Issuer's compensation program is to compensate the executive officers for their services to the Issuer at a level that is both in line with the Issuer's fiscal resources and competitive with companies at a similar stage of development. The Issuer's board oversees compensation for the Issuer. The Issuer has not adopted a formal charter.

The Issuer does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Issuer's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other junior venture companies to enable the Issuer to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Issuer is under by virtue of the fact that it is a junior venture company without a history of earnings. The Board, as a whole, ensures that total compensation paid to all NEOs is fair and reasonable. The Board relies on the education and experience of its members, as officers and directors with other companies, in assessing compensation levels.

Compensation for this fiscal year and prior fiscal years have historically been based upon a negotiated salary, with stock options and bonuses potentially being issued and paid as an incentive for performance.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Issuer's financial resources and prospects.

Pension Disclosure

The Issuer does not have any pension or retirement plan which is applicable to the NEOs or directors. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

Securities Authorized for Issuance under Equity Compensation Plans

The Stock Option Plan is the Issuer's only equity compensation plan. The following table sets forth information with respect to the options outstanding under the Stock Option Plan as at the financial year ended December 31, 2020.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a)
Equity compensation plans approved by securityholders	85,000	$1.00	1,225,182
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil		1,225,182

Management Contracts

There are no management functions of the Issuer, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Issuer.

15.2 Executive Compensation of the Resulting Issuer

Following completion of the Transaction, it is expected that the Resulting Issuer will establish a compensation committee which will recommend how management and the directors are compensated for their services. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Resulting Issuer's directors from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of the Resulting Issuer. It is anticipated that all executive officers of the Resulting Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Resulting Issuer.

Director and Named Executive Officer Compensation

In the interim and until such time as a compensation committee is determined, set out below is a summary of the anticipated compensation for each of the Resulting Issuer's Named Executive Officers and Directors for the 12-month period after giving effect to the Transaction, to the extent known:

Summary Compensation Table
For the 12 months following the completion of the Transaction

Table of compensation excluding compensation securities							
Name and position	**Period**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Brayden Sutton, CEO and Director	12 months following Transaction	$120,000	Nil	Nil	Nil	Nil	$120,000
Samantha Shorter, CFO, Corporate Secretary	12 months following Transaction	$30,000	Nil	Nil	Nil	Nil	$30,000
Thomas Joshua Taylor, President and Director	12 months following Transaction	$120,000	Nil	Nil	Nil	Nil	$120,000
Dayna Lange, Director	12 months following Transaction	Nil	Nil	Nil	Nil	Nil	Nil
Justin Chorbajian, Director	12 months following Transaction	Nil	Nil	Nil	Nil	Nil	Nil

External Management Companies.

Brayden Sutton is expected to provide his services as CEO of the Resulting Issuer through his holding company, Sutton Ventures Ltd.

Thomas Joshua Taylor is expected to provide his services as President of the Resulting Issuer through his holding company, TJT Ventures Ltd.

Samantha Shorter will continue to provide her services as CFO and Corporate Secretary of the Resulting Issuer through Red Fern Consulting Ltd., a company of which she is a significant shareholder.

Stock Options and Other Compensation Securities

As of the date of this Listing Statement, 85,000 Options are currently outstanding.

The following table, discloses all compensation securities to be granted or issued to each NEO or director by the Issuer or its subsidiaries as at the completion of the Transaction, for services provided or to be provided, directly or indirectly to the Resulting Issuer or any of its subsidiaries:

Compensation Securities							
Name and position	**Type of compensation security**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of Issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year ended December 31, 2020 ($)**	**Expiry date**
Brayden Sutton, CEO and Director	Options	85,000/100%	October 13, 2017	$1.00	$1.00	$0.28	October 13, 2022
Samantha Shorter, CFO, Corporate Secretary	RSUs	200,000 /7.37%	-	-	-	-	-
Thomas Joshua Taylor, President and Director	N/A	Nil	-	-	-	-	One year following the Closing Date
Dayna Lange, Director	RSUs	262,500/9.67%	Closing Date	$0.25	$0.21	$0.28	Two years following the Closing Date
Justin Chorbajian, Director	RSUs	262,500/9.67%	Closing Date	$0.25	$0.21	$0.28	Two years following the Closing Date

The following table discloses the total amount of compensation securities to be held by the NEOs and directors as at the Closing Date. The RSUs to be granted to Ms. Lange and Mr. Chorbajian as at the Closing Date will vest 50% at the end of the first year following the Closing Date and 50% at the end of the second year following the Closing Date and the RSUs to be granted to Ms. Shorter will be granted to Red Fern Consulting Ltd. and will 100% at the end of the first year following the Closing Date, provided that the holder continues to have a role with the Resulting Issuer.

Name and Position	**Number and Type of Compensation Securities**
Brayden Sutton, CEO and Director	85,000 Options
Samantha Shorter, CFO, Corporate Secretary	200,000 RSUs
Thomas Joshua Taylor, President and Director	Nil
Dayna Lange, Director	262,500 RSUs
Justin Chorbajian, Director	262,500 RSUs

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities, other than the vesting schedule noted above applicable to the RSUs.

Stock option plans and other incentive plans

The Resulting Issuer will continue to utilize the Stock Option Plan, the material terms of which are described above at *"Item 9 Options to Purchase Securities"*.

Employment, consulting and management agreements

The Resulting Issuer does not initially expect to enter into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO, with the exception however that the Issuer anticipates amending the consulting agreement with Sutton Ventures Ltd. for the payment of consulting compensation to Mr. Sutton in his capacity as CEO to reflect a fee of $10,000 per month and with will enter into a consulting agreement with Mr. Taylor, through his holding company TJT Ventures Ltd., for the payment of consulting compensation or salary in his role as President at a rate of $10,000 per month.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Transaction, it is anticipated that the Resulting Issuer will establish a compensation committee which will recommend how directors will be compensated for their services as directors. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Board from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of the Resulting Issuer. It is anticipated that all executive officers of the Resulting Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Resulting Issuer.

Pension Disclosure

The Resulting Issuer does not expect to have any pension or retirement plan which is applicable to the NEOs or directors.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information with respect to the Resulting Issuer outstanding under the Stock Option Plan as at the Closing Date.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a)
Equity compensation plans approved by securityholders	85,000	$1.00	4,399,348
Equity compensation plans not approved by securityholders	3,237,500	$0.21	Nil
Total	3,332,500	-	1,161,848

Management Contracts

The Resulting Issuer does not anticipate any management functions of the Resulting Issuer will be performed by a person or company other than the directors or senior officers of the Resulting Issuer.

ITEM 16: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, nor any of their associates or affiliates, is or has been indebted to the Issuer since the commencement of the Issuer's last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Acquisition.

ITEM 17: RISK FACTORS

17.1 General

The following are certain factors relating to the business of the Resulting Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Resulting Issuer. The Resulting Issuer will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or which are currently deemed immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Listing Statement.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives. Readers should not rely upon forward-looking statements as a prediction of future results. Readers should carefully consider all such risks, including those set out in the discussion below.

17.2 Risks related to the Transaction.

Acquisitions Generally

While the Issuer conducted due diligence in connection with the Transaction, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of the Target, for which the Issuer is not sufficiently indemnified pursuant to the provisions of the Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Resulting Issuer's financial performance and results of operations. The Resulting Issuer could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Transaction. All of these factors could cause a delay of the anticipated accretive effect of the Transaction and cause a decrease in the market price of the Common Shares.

Failure to Realize Benefits of the Transaction

The Resulting Issuer may not realize the anticipated benefits of the Transaction, or may not realize them in the time frame expected. The Resulting Issuer cannot provide assurance that it will be able to grow or even sustain the cash flow generated by the Transaction. Difficulties encountered as a result of the Transaction may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems within the Target.

17.3 Risks Related to the Target's Business and the Cannabis Industry

Cannabis is not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner. As a result, should the courts approach toward cannabis change or should legislation be implemented to restrict its use, this would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

Dependence on Relationships with Licensed Producers

The Target is not a license holder under the Cannabis Act and is not able to cultivate, process or sell cannabis or cannabis products. The Target's business is entirely dependent upon its relationships with existing license holders to cultivate, manufacture, process, sell, package and distribute its products for sale and their ability to retain and renew their licenses. The Target currently relies upon a limited number of licensed producers, being Black Rose, Habitat and Bevcanna to produce its products, and they in turn rely upon the licenses of other parties for the sale of the products to be produced for the Target.

Should the Target lose its relationships with license holders or should Black Rose, Habitat or BevCanna terminate or lose their relationships with sales license holders, the business, financial condition and operating results of the Resulting Issuer would be materially adversely affected and the Issuer and the Target may be curtailed or prohibited from its proposed production and sale of cannabis products or from proceeding with the development of its operations as currently proposed.

Activities of the Resulting Issuer may be impacted by the spread of the COVID-19

The Resulting Issuer's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The Resulting Issuer cannot accurately predict the impact COVID-19 will have on the Resulting Issuer's business. Risks posed by COVID-19 include uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. A significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for the Resulting Issuer's products and likely impact operating results.

Regulatory Risks

The Resulting Issuer will operate in a new industry which is highly regulated and is in a market that is very competitive and evolving rapidly. The proposed activities of the Resulting Issuer through license holders will be subject to regulation by the Government, particularly Health Canada's Office of Controlled Substances. The Resulting Issuer's business objectives require that it comply with current regulatory requirements.

Furthermore, the Target's business plans are currently structured and are being carried out in accordance with current applicable laws. There is no assurance that new laws will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Resulting Issuer's ability to produce or sell cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of cannabis, or more stringent implementation thereof could have a substantial adverse impact on the Resulting Issuer.

Change in Laws, Regulations and Guidelines

The Resulting Issuer's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, other than routine corrections that may be required by Health Canada from time to time, The Resulting Issuer is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of The Resulting Issuer may cause adverse effects to its operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Government approvals and permits at all levels of government in Canada are currently, and may in the future, be required in connection with the Resulting Issuer's operations. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from proceeding with the development of its operations as currently proposed.

Amendments to current laws, regulations and permits governing the Cannabis License application process, the cultivation, production and sale of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer.

Recent changes to the laws regulating usage, cultivation, production and sale of recreational cannabis in Canada, resulting in the legalization of cannabis in Canada were implemented when the Cannabis Act came into effective October 17, 2018. The results of such legalization and the impact such may have on the Resulting Issuer are unknown. There can be no assurance that such implementation will not materially adversely affect the Resulting Issuer’s business, financial conditions and results of operations.

Limited Operating History

The Target entered the cannabis industry in October 2020 and has yet to generate revenues. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer 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.

The Target’s business and prospects must be considered in light of the risks, expenses and difficulties often encountered by early stage cannabis companies, particularly when no Cannabis License has been obtained. Risks to consider include the Resulting Issuer’s ability to anticipate and adapt to the constantly evolving array of business opportunities that may be presented to it in the cannabis sector and its ability to identify, attract, train and retain qualified personnel to assist it with its growth and diversity.

History of Net Losses

The Target has incurred operating losses since incorporation. The Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses into the future. In addition, the Resulting Issuer expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Resulting Issuer’s revenues do not increase to offset these expected increases in costs and operating expenses, the Resulting Issuer will not be profitable.

The Resulting Issuer cannot assure that it can avoid net losses in the future or that there will not be any earning or revenue declines in the future. The Resulting Issuer expects that its operating expenses will increase as it grows its business. If the Resulting Issuer does not receive revenues, or revenues received do not offset these expected increases in costs and operating expenses, then the Resulting Issuer will not be profitable.

To create and thereafter increase revenues, the Resulting Issuer must develop marketable products and must locate, retain, and regularly add new customers to sell its cannabis products to. There are no assurances that any of these events will occur and if any of them do not, the Resulting Issuer’s operating results will be adversely affected.

Negative Operating Cash Flow

The Target has not generated operating revenue and historically has had negative cash flow from operating activities. It is anticipated that the Resulting Issuer will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

- increasing the Resulting Issuer's vulnerability to general adverse economic and industry conditions;
- limiting the Resulting Issuer's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limited the Resulting Issuer's flexibility in planning for, or reacting to, changes in its business and the industry.

Reliance on Management

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management, and in particular Brayden Sutton and Thomas Joshua Taylor. The Resulting Issuer's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Resulting Issuer may incur significant costs to attract and retain them. In addition, the loss of any of senior management or key employees could materially adversely affect the Resulting Issuer's ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Restrictions on Sales Activities

The cannabis industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Resulting Issuer's ability to conduct sales and marketing activities and could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Competition

As of the date of this Listing Statement, there are approximately 741 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licenseesapplicants/licensed-cultivators-processors-sellers.html). The Resulting Issuer will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. If the number of users of cannabis in Canada increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and customer support.

The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Protection of Intellectual Property

In the future, the Resulting Issuer's success and ability to compete effectively may depend, in part, on its ability to maintain the proprietary nature of formulations and processes it creates, and the ability to secure and protect any patents, trade secrets, trademarks and other intellectual property rights either developed internally or acquired by the Resulting Issuer from time to time, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights that it owns or licences. In the event that the Target's intellectual property rights were to be infringed by, disclosed to or independently developed by a competitor, enforcing a claim against such third party could be expensive and time-consuming and could divert management's attention from its business. In addition, the outcome of such proceedings is unpredictable. Any adverse outcome of such litigation or settlement of such a dispute could subject the Resulting Issuer to significant liabilities.

The Target's commercial success will also depend, in part, on operating its business without infringing the patents or proprietary rights of third parties. Third parties that believe the Target is infringing on their rights could bring actions against it claiming damages and seeking to enjoin the development, marketing and distribution of its products. If the Resulting Issuer becomes involved in any litigation, it could consume a substantial portion of its resources, regardless of the outcome of the litigation. If any of these actions are successful, the Resulting Issuer could be required to pay damages and/or to obtain a licence to continue to develop or market its products, in which case it may be required to pay substantial royalties. However, any such licence may not be available on terms acceptable to the Resulting Issuer or at all. Ultimately, the Resulting Issuer could be prevented from commercializing a product or forced to cease some aspect of its business operations because of intellectual property infringement claims, which would harm its business.

Ability to Establish and Maintain Bank Accounts

While the Resulting Issuer does not anticipate any banking restrictions related to its operations at this time, there is a risk that banking institutions may determine not to provide banking services to entities operating in the cannabis industry. As a result, the Resulting Issuer may have limited or no access to banking or financial services which would be make it difficult to operate and conduct its business as planned. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Resulting Issuer may be required to seek alternative banking and payment solutions. The Resulting Issuer's inability to manage such risks may adversely affect its operations and financial performance.

Client Acquisition and Retention

The Resulting Issuer's success will depend on its ability to attract and retain customers. There are many factors which could impact the Resulting Issuer's ability to attract and retain customers, including but not limited to the Resulting Issuer's ability to continually produce desirable and effective product the successful implementation of the Resulting Issuer's branding and marketing and the continued growth in the aggregate number of customers selecting cannabis as a treatment or production option and other companies producing and supplying similar products. The Resulting Issuer's failure to acquire and retain customers would have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer.

Transportation Risks

Due to the perishable nature of the Resulting Issuer's proposed products, the Resulting Issuer will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the financial condition and results of operations of the Resulting Issuer. Rising costs associated with the third-party transportation services which will be used by the Resulting Issuer to ship its proposed products may also adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Commodity Price Risk

Cannabis is a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for cannabis and the Resulting Issuer has arranged its proposed business accordingly; however, there can be no assurance that price volatility will be favorable to the Resulting Issuer.

Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate. An adverse change in the cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Resulting Issuer and its securities.

Security Breaches; Data Loss; Credit Card Fraud; Identity Theft

The protection of customer, employee, suppliers and other business data will be important to the Resulting Issuer. Federal and provincial laws and regulations govern the collection, retention, sharing and security of data that the Resulting Issuer receives and will receive from and about its employees, customers and suppliers. The regulatory environment surrounding information security and privacy has been increasingly demanding in recent years, and may see the imposition of new and additional requirements in the jurisdictions in which the Resulting Issuer does and will do business. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new processes to meet these requirements. In addition, it is expected that customers will have a high expectation that the Resulting Issuer will adequately protect their personal information. If the Resulting Issuer or its service providers fail to comply with applicable privacy laws and regulations or experience a significant breach of customer, employee, supplier or other company data, its reputation could be damaged and result in an increase in service charges, suspension of service, lost sales, fines or lawsuits.

The Resulting Issuer may use credit payment systems to facilitate sales. The use of such systems may make it more susceptible to a risk of loss in connection with privacy issues, particularly with respect to an external security breach of customer information that third parties control. It is expected that a portion of the Resulting Issuer's sales will require the collection of certain customer data, such as credit card information. In order for the Resulting Issuer's sales channel to function, the Resulting Issuer and other parties involved in processing customer transactions must be able to transmit confidential information, including credit card information, securely over public networks. In the event of a security breach, theft, leakage, accidental release or other illegal activity with respect to employee, customer, supplier or other company data, the Resulting Issuer could become subject to various claims, including those arising out of thefts and fraudulent transactions, and may also result in the suspension of credit card services. This could cause customers to lose confidence in the Resulting Issuer's security measures, harm its reputation as well as divert management attention and expose it to potentially unreserved claims and litigation. Any loss in connection with these types of claims could be substantial. In addition, if the Resulting Issuer's electronic payment systems are damaged or cease to function properly, the Resulting Issuer may have to make significant investments to fix or replace them, and consequently it may suffer interruptions in its operations in the interim. In addition, the Resulting Issuer expects that it will be reliant on these systems, not only to protect the security of the information stored, but also to appropriately track and record data. Therefore, any failures or inadequacies in these systems could expose the Resulting Issuer to significant unreserved losses, which could materially and adversely affect its earnings and the market price of securities. The Resulting Issuer's brand reputation would likely be damaged as well.

Unfavorable Publicity or Consumer Perception

Management believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Resulting Issuer's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's proposed products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's proposed products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

As a proposed distributor of products designed to be ingested or inhaled, the Resulting Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its proposed products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that the proposed products produced by the Resulting Issuer caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of proposed products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Resulting Issuer's proposed products are recalled due to an alleged product defect or for any other reason, the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Resulting Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Resulting Issuer intends to have detailed procedures in place for testing proposed finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Resulting Issuer's proposed products were subject to recall, the image of that product and the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Resulting Issuer and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. Additionally, product recalls may lead to increased scrutiny of the operations of the Resulting Issuer by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Operating Risk and Insurance Coverage

The Resulting Issuer has insurance to protect its assets, operations and employees. While the Resulting Issuer believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Resulting Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Resulting Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer 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 Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

17.4 General Operational Risks

Additional Financing

There is no guarantee that the Resulting Issuer will be able to achieve its business objectives. The continued development of the Resulting Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Resulting Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating consistent positive cash flows. Continued negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

Key Person Insurance

The Target does not maintain key person insurance on any of its officers, and in result the Target would bear the full loss and expense of hiring and replacing any officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Target from such loss of any officer.

Holding Company Status

The Resulting Issuer will, upon completion of the Transaction be a holding company and essentially all of its operating assets are the capital stock of the Target. As a result, investors in the Resulting Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Resulting Issuer will conduct substantially all of its business through its subsidiaries, which will generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Resulting Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Resulting Issuer's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Resulting Issuer.

Global Economic, Political and Social Conditions

The Target is subject to global economic, political and social conditions that may cause patients to delay or reduce medical treatments due to economic downturns, unemployment, volatility in the costs of energy and other consumer goods, geopolitical uncertainties and other macroeconomic factors affecting spending behavior. The Target faces risks that may arise from financial difficulties experienced by suppliers or consumers, including:

(a) The risk that key suppliers of cannabis may face financial difficulties or may become insolvent, which could lead to disruption of the supply cannabis products; and

(b) The inability of consumers, including suppliers to obtain credit financing to finance purchases of products and raw materials used to grow or build those products.

Should any of these risks occur, then they could have a material adverse effect on the Target and its prospects.

The unprecedented events related to the COVID-19 virus and its effects of local, federal and international economies may negatively impact the business prospects of the Target and its ability to raise additional funds. While countries begin reopening plans in conjunction with mass vaccinations, the ongoing long-term impact remains unknown, and has resulted in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Target.

Conflicts of Interest

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or corporations with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Substantial Number of Authorized but Unissued Shares

The Issuer has an unlimited number of Common Shares which may be issued by the Board without further action or approval of the Shareholders. While the Board is required to fulfil its fiduciary obligations in connection with the issuance of such Common Shares, Common Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Common Shares will cause dilution to the ownership interests of shareholders.

Dividends

The Resulting Issuer does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Target in creating revenues, cash flows or earnings. An active public market for the Common Shares might not develop or be sustained upon completion of the Transaction. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited.

Dilution

Following completion of the Transaction and Financing, the Resulting Issuer may issue additional equity securities to finance its activities, including acquisitions. If the Resulting Issuer were to issue common shares, existing holders of such shares may experience dilution in the Resulting Issuer. Moreover, when the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected.

17.5 Risk Factors Resulting in Securityholder Liability

There are no risks that securityholders of the Resulting Issuer may become liable to make additional contributions beyond the price of the security.

ITEM 18: PROMOTERS

Other than as set forth below, management is not aware of any person or company who could be characterized as a promoter of the Company or a subsidiary of the Company within the two most recently completed financial years or during the current financial year.

A "Promoter" is defined in the Securities Act (British Columbia) as a "person who (a) alone or in concert with other persons directly or indirectly takes the initiative of founding, organizing or substantially reorganizing the business of the issuer; or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue.

The Resulting Issuer has determined that the following persons who would be considered promoters of the Resulting Issuer pursuant to such securities law definition: Mr. Thomas Joshua Taylor, a founder of the Target and Mr. Brayden Sutton, a founder of the Target, as each were in part responsible for negotiating, in whole or in part, the Financing and the Transaction, which constitutes a reorganization of the business of the Issuer.

On September 29, 2021, the Issuer completed the Transaction and issued an aggregate of 26,250,000 Resulting Issuer Shares, of which each Mr. Sutton and Mr. Taylor indirectly received 10,500,000 Resulting Issuer Shares as consideration for their respective holdings of Target Shares.

Mr. Sutton, the Chief Executive Officer and a director of the Resulting Issuer and the Target, now holds, directly or indirectly, 12,413,333 Resulting Issuer Shares, representing 27.68% of the issued and outstanding shares of the Resulting Issuer. Mr. Sutton also holds warrants to acquire a further 200,000 Resulting Issuer Shares and options to acquire a further 85,000 Resulting Issuer Shares. In addition, Mr. Sutton will receive compensation from the Resulting Issuer, indirectly for his services as CEO and a director of the Resulting Issuer.

Mr. Taylor, the President and a director of the Resulting Issuer and the Target, now holds, directly or indirectly, 10,745,000 Resulting Issuer Shares, representing 23.96% of the issued and outstanding shares of the Resulting Issuer. Mr. Taylor also holds warrants to acquire a further 120,000 Resulting Issuer Shares. In addition, Mr. Taylor will receive compensation from the Resulting Issuer, indirectly for his services as President and a director of the Resulting Issuer.

Other than the acquisition of Target Shares from each of Messrs. Sutton and Taylor, no other asset has been acquired by the Resulting Issuer from a promoter of the Resulting Issuer.

No promoter of the Issuer has, within 10 years prior to the date of this Listing Statement, been a director, chief executive officer, or chief financial officer of any person or company, that was subject to an order that was issued while the promoter was acting in such capacity, or was subject to an order that was issued after the promoter ceased to act in such capacity and which resulted from an event that occurred while the promoter was acting in such capacity.

No promoter of the Issuer is, as at the date of this Listing Statement, or has been within the 10 years prior to the date of this Listing Statement, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No promoter of the Issuer has, within the 10 years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

ITEM 19: LEGAL PROCEEDINGS

19.1 Legal Proceedings

There are no legal proceedings to which either the Resulting Issuer or the Target is a party, or of which any of its property is the subject matter, and no such proceedings are known to the management of the Resulting Issuer or the Target to be contemplated.

19.2 Regulatory Actions

The Resulting Issuer is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Resulting Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Resulting Issuer's securities or would be likely to be likely to be considered important to a reasonable investor making an investment decision.

ITEM 20: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except in regards to the executive compensation of directors and officers in their roles as same or the participation by directors and officers of the Issuer as directors and officers of the Target and as shareholders of the Target receiving consideration pursuant to the Transaction, no director or executive officer, insider, or any associate or affiliate of such insider or director or executive officer, have had any material interest, direct or indirect, in any material transaction of within three years before the date of this Listing Statement, which has materially affected or will materially affect the Resulting Issuer. Please see "*General Development of the Business- Transaction"* for additional information.

ITEM 21: AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Resulting Issuer's independent auditor is Smythe LLP, Chartered Professional Accountants, of 1700-475 Howe Street, Vancouver, British Columbia V6C 2B4. The Issuer's and the Target's independent auditor is also Smythe LLP, Chartered Professional Accountants, of 1700-475 Howe Street, Vancouver, British Columbia V6C 2B4. Smythe LLP is independent of the Resulting Issuer, the Issuer and the Target, in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The Company's transfer agent and registrar is Computershare Investor Services Inc. of 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9. The Target does not have a transfer agent.

ITEM 22: MATERIAL CONTRACTS

There are no other contracts, other than those herein disclosed in this Listing Statement and other than those entered into in the ordinary course of the Resulting Issuer's business, that are material to the Resulting Issuer which are still in effect as of the date of this Listing Statement, other than the Acquisition Agreement, the BevCanna Agreements, the Black Rose Agreement and the agreement dated November 23, 2020 between the Target and Habitat (collectively the "Material Agreements"). The Material Agreements are available on SEDAR at www.sedar.com under the Issuer's profile.

ITEM 23: INTERESTS OF EXPERTS

23.1 Names of Experts

Smythe LLP issued the independent auditors' report for the audited annual financial statements of the Issuer for the years ended December 31, 2020 and 2019, which is attached as Schedule "A" hereto.

Smythe LLP issued the independent auditors' report for the audited annual financial statements of the Target for the years ended February 28, 2021 and February 29, 2020, which are attached in Schedule "E" hereto.

23.2 Interests of Experts

To the knowledge of the Issuer, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of the Issuer, has received or will receive any direct or indirect interests in the property of the Issuer or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any Associate or Affiliate thereof.

ITEM 24: OTHER MATERIAL FACTS

Neither the Issuer nor the Target are aware of any other material facts relating to the Issuer or the Target or to the Transaction that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer, the Target and the Resulting Issuer, other than those set forth herein.

ITEM 25: FINANCIAL STATEMENTS

Schedule "A" contains the audited financial statements for the Issuer for the years ended December 31, 2020 and December 31, 2019, and Schedule "B" contains the MD&A of the Issuer for the year ended December 31, 2020. Schedule "C" contains the unaudited financial statements for the Issuer for the three months ended March 31, 2021 and Schedule "D" contains the MD&A of the Issuer for the three months ended March 31, 2021.

Schedule "E" contains the audited financial statements for the Target for the years ended February 28, 2021 and February 29, 2020. Schedule "F" contains the MD&A of the Target for the year ended February 28, 2021. Schedule "G" contains the unaudited interim financial statements for the Target for the three months ended May 31, 2021. Schedule "H" contains the MD&A of the Target for the three months ended May 31, 2021.

Schedule "I" contains the pro-forma financial statements.

ITEM 26: ADDITIONAL INFORMATION

Additional information relating to the Issuer is on SEDAR at www.sedar.com. Shareholders may contact the Issuer at Suite 1500-409 Granville Street, Vancouver, British Columbia, V6C 1T2. (Telephone: 778.656.0377) to request copies of the Issuer's financial statements and MD&A or a copy of this Listing Statement, or any of the Issuer documents incorporated herein by reference.

SCHEDULE "A"

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2020

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ENTHEOS CAPITAL CORP.

Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

1500 – 409 Granville Street
Vancouver, BC
V6C 1T2

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ENTHEOS CAPITAL CORP.

Opinion

We have audited the financial statements of Entheos Capital Corp. (the "Company"), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of loss and comprehensive loss for the year then ended;
- the statement of changes in shareholders' equity (deficiency) for the year then ended;
- the statement of cash flows for the year then ended; 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 December 31, 2020, and its financial performance and cash flows for the year then ended 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 not achieved profitable operations and expects to incur further losses. 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 Matter

The financial statements of the Company for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 20, 2020.

Other Information

Management is responsible for the other information. The other information comprises 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 other information, we are required to report that fact. We have nothing to report in this regard.

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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 auditors' 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.

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.

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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 Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

February 18, 2021

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ENTHEOS CAPITAL CORP.

Statements of Financial Position

(Expressed in Canadian Dollars)

As at December 31

	2020	2019
ASSETS		
Current		
Cash	$ 882,821	$ 1,220
Accounts receivable	1,409	6,147
Loan receivable (Note 4)	-	68,388
Investments (Note 5)	-	872
Prepaid expenses	3,109	2,249
	$ 887,339	$ 78,876
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 48,926	$ 130,721
Shareholders' equity (deficiency)		
Share capital (Note 7)	10,924,779	9,891,279
Reserves	625,507	625,507
Deficit	(10,711,873)	(10,568,631)
	838,413	(51,845)
	$ 887,339	$ 78,876

Nature of operations and going concern (Note 1)

On behalf of the Board:

"Brayden Sutton"
Director

"Joshua Taylor"
Director

The accompanying notes are an integral part of these financial statements.

ENTHEOS CAPITAL CORP.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended December 31

		2020		2019
EXPENSES				
Consulting fees (Note 6)	$	105,000	$	112,000
Interest expense		-		6
Office and general (Note 6)		2,255		23,794
Professional fees		38,537		101,965
Regulatory and transfer agent fees		22,448		16,684
Rent (Note 6)		1,985		23,818
Wages and benefits (Note 6)		-		20,002
Net loss before other items		(170,225)		(298,269)
Other income				
Other income		337		5,598
Unrealized gain on investments		174		174
Gain on debt settlement (Note 4)		26,472		-
		26,983		5,772
Net loss and comprehensive loss for the year	$	(143,242)	$	(292,497)
Basic and diluted loss per common share	$	(0.01)	$	(0.07)
Weighted average shares outstanding		9,915,023		4,468,491

The accompanying notes are an integral part of these financial statements.

ENTHEOS CAPITAL CORP.
Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Common Shares	Capital Stock	Reserves	Deficit	Total
Balance, December 31, 2018	4,468,485	$ 9,891,279	$ 625,507	$ (10,276,134)	$ 240,652
Net loss for the year	-	-	-	(292,497)	(292,497)
Balance, December 31, 2019	4,468,485	9,891,279	625,507	(10,568,631)	(51,845)
Private placements	8,333,331	1,000,000	-	-	1,000,000
Share issue costs	-	(11,500)	-	-	(11,500)
Warrants exercised	300,000	45,000	-	-	45,000
Net loss for the year	-	-	-	(143,242)	(143,242)
Balance, December 31, 2020	13,101,816	$ 10,924,779	$ 625,507	$ (10,711,873)	$ 838,413

The accompanying notes are an integral part of these financial statements.

ENTHEOS CAPITAL CORP.
Statements of Cash Flows
(Expressed in Canadian Dollars)
For the years ended December 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (143,242)	$ (292,497)
Items not affecting cash:		
Accrued interest income	(337)	(5,362)
Gain on debt settlement	(26,472)	-
Gain on investments	(174)	(174)
Changes in non-cash working capital items:		
Accounts receivable	332	4,815
Prepaid expenses	(860)	3,118
Accounts payable and accrued liabilities	13,840	106,645
Net cash used in operating activities	(156,913)	(183,455)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of loan receivable	5,000	35,000
Interest received	14	5,492
Net cash provided by investing activities	5,014	40,492
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	1,000,000	-
Share issue costs	(11,500)	-
Warrants exercised	45,000	-
Net cash provided by financing activities	1,033,500	-
Change in cash for the year	881,601	(142,963)
Cash, beginning of year	1,220	144,183
Cash, end of year	$ 882,821	$ 1,220

In the year ended December 31, 2020, the Company:

a) Assigned marketable securities of $1,046 to settle accounts payable; and

b) Assigned a loan receivable of $63,711 to settle accounts payable and accrued liabilities of $94,589.

There were no non-cash investing or financing transactions during the year ended December 31, 2019

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

The Company was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. The Company provides business advisory services to public and non-public companies.

Effective April 1, 2020, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation share for 10 pre-consolidation shares. Unless otherwise stated, all shares, stock options, warrants and per share amounts have been restated retrospectively to reflect this share consolidation.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2020, the Company had not achieved profitable operations, has an accumulated deficit and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's current working capital will not be sufficient to execute a comprehensive business plan beyond the current year. These matters indicate the existence of material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. Management believes that the Company will be successful in raising sufficient working capital to maintain operations for the upcoming year. Management may seek to raise the necessary capital to meet new funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. 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") issued by the International Accounting Standards Board ("IASB").

The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2020. The Board of Directors approved the financial statements for issue on February 18, 2021.

2. BASIS OF PREPARATION (Continued)

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recognition of deferred tax amounts.

Critical accounting estimates:

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

Fair value estimates of equity instruments

The fair value of each stock option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the stock options and conversion at grant date is based on the expected life of the options and assumptions about the expected exercise pattern. Expected volatility of stock options is estimated based on the volatility of companies comparable in size and operations to the Company.

Critical judgements:

Going concern

The preparation of these financial statements requires management to make judgments regarding the applicability of going concern assumption to the Company as discussed in Note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

(a) Cash and cash equivalents

Cash includes highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(b) Financial instruments

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 assets at initial recognition. The classification of debt instruments 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 at 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 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 less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (continued)

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 are generally recognized in the statements of comprehensive loss.

Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Share capital

Common shares are classified as shareholders' equity (deficiency). Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the market value of the goods or services received. If this value cannot be determined, the transaction is measured at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced, and any residual value is allocated to reserves. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital.

(d) Share-based payment transactions

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Share-based payments to non-employees are measured at the fair value of goods or services received or at the fair value of equity instruments issued, if it is determined the fair value of the goods or services cannot be readily measured, and are recorded at the date the goods or services are received.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged to operations with the offset credit to share-based payment reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payment reserve are transferred to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Share-based payment transactions (continued)

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

(e) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(f) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided for based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only 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 future tax asset will be recovered, it will not be recognized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(Expressed in Canadian Dollars)

4. LOAN RECEIVABLE

In connection with a proposed transaction with a private company, the Company entered into a secured loan agreement and advanced a principal amount of $100,000. The loan is secured by a security charge pursuant to a general security agreement dated May 25, 2018 and bears interest at a rate of 6% per annum. The Company elected not to proceed with the transaction and negotiated a short-term repayment plan for the loan. During the year ended December 31, 2020, the Company received a principal repayment of $5,000. During the year ended December 31, 2019, the Company received principal and interest repayments of $35,000 and $5,492, respectively.

Debt settlement

In January 2020, the Company settled outstanding debts of $94,589 by assigning the loan receivable balance of $63,711 outstanding as at the settlement date and recognized a gain of $26,472, with GST claimed of $4,406.

5. INVESTMENTS

As at December 31, 2019, the Company held 34,876 common shares of Magnum Goldcorp Inc. During the year ended December 31, 2020, the Company assigned the marketable securities to settle debt of $1,046. No gain or loss was recognized on this settlement.

6. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at December 31, 2020 is $36,500 (2019 - $60,172) due to companies controlled by directors, former directors and/or companies with certain directors in common.

During the year ended December 31, 2020, the Company reimbursed Waterfront Communications Inc. (a company with certain former directors in common) on a cost basis, to cover shared administrative payroll costs, included in wages and benefits, in the amount of $Nil (2019 - $20,002) and shared expenses in the amount of $Nil (2019 - $14,635).

During the years ended December 31, 2020 and 2019, the Company paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors and/or former directors:

	2020	2019
Consulting	$ 90,000	$ 90,000
Directors fees	12,000	4,000
Rent	1,985	23,818
	$ 103,985	$ 117,818

7. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

Share capital transactions

In April 2020, the Company completed a private placement of 3,333,331 units at a price of $0.075 per unit ("April Unit") for gross proceeds of $250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.15 per share for a period of one year.

In May 2020, the Company completed a private placement at 5,000,000 units at a price of $0.15 per unit ("May Unit") for gross proceeds of $750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.30 per share for a period of one year.

The Company did not issue any shares during the year ended December 31, 2019.

8. STOCK OPTIONS AND WARRANTS

Stock Options

The Company has a rolling stock option plan (as confirmed by shareholders on March 26, 2020), whereby it may issue options of up to 10% of the Company's issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted. The exercise price shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant.

As at December 31, 2020 and 2019, the following incentive stock options were outstanding:

2020	2019	Exercise Price	Expiry Date
-	2,000	$1.20	January 19, 2020
85,000	272,500	$1.00	October 13, 2022
85,000	**274,500**		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	310,600	$ 1.01
Cancelled	(36,100)	1.06
Outstanding, December 31, 2019	274,500	$ 1.00
Cancelled	(189,500)	1.00
Outstanding and exercisable, December 31, 2020	85,000	$ 1.00

(Expressed in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS

Warrants

At December 31, 2020 and 2019, the following warrants were outstanding:

2020	2019	Exercise Price	Expiry Date
1,366,666	-	$0.15	April 13, 2021
2,500,000	-	$0.30	May 22, 2021
3,866,666	-		

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	1,831,880	$ 1.00
Expired	(1,831,880)	1.00
Outstanding December 31, 2019	-	-
Issued	4,166,666	0.24
Exercised	(300,000)	0.15
Outstanding and exercisable December 31, 2020	3,866,666	$ 0.25

9. CAPITAL MANAGEMENT

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and investments as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Loan receivable and accounts payable and accrued liabilities are carried at amortized cost.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS (Continued)

Fair value (continued)

The carrying values of loan receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, investments, and loan receivable. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2020, the Company had working capital of $838,413 (2019 – working capital deficiency of $51,845). All of the Company's liabilities are due within 90 days of December 31, 2020.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020	2019
Loss for the year	$ 143,242	$ 292,497
Expected income tax (recovery) at a tax rate of 27% (2019 – 27%)	(39,000)	(79,000)
Non-deductible expenditures	(2,000)	-
Change in unrecognized deductible temporary differences	41,000	79,000
	$ -	$ -

(Expressed in Canadian Dollars)

11. INCOME TAXES (Continued)

The significant components of the Company's unrecognized temporary differences and unused tax losses that have not been included on the statements of financial position are as follows:

	2020	Expiry Dates	2019
Temporary Differences			
Allowable capital losses	$ 2,661,000	not applicable	$ 2,657,000
Share issue costs	20,000	2021-2024	22,000
Non-capital losses available for future period	3,593,000	2027 to 2040	3,436,000
Marketable securities	-	not applicable	8,000

12. SUBSEQUENT EVENTS

On January 27, 2021, the Company issued 483,333 common shares pursuant to the exercise of warrants for gross proceeds of $75,000.

On February 7, 2021, the Company entered into a binding letter agreement with The BC Bud Corporation ("BCBC") whereby the Company will acquire all of the issued and outstanding securities of BCBC by way of a share exchange (the "Transaction").

Upon the successful completion of the Transaction, it is anticipated that the Company will carry on the business of BCBC (the "Resulting Issuer") and will seek to delist its common shares from the TSX Venture Exchange ("TSXV") and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry. The Transaction will constitute a 'reverse takeover' of the Company.

Pursuant to the Transaction, the Company will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of BCBC ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021, the completion of a private placement by the Company to raise gross proceeds of at least $1,000,000, shareholder approval and the approval of the CSE and other applicable regulatory authorities. Additionally, the delisting of the ENTH Shares in advance of the listing on the CSE will also require shareholder approval.

SCHEDULE “B”

MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE ISSUER FOR THE YEAR ENDED DECEMBER 31, 2020

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ENTHEOS CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2020

1500 – 409 Granville Street
Vancouver, BC
V6C 1T2

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A"), prepared as of February 19, 2021. This MD&A should be read in conjunction with the Company's audited Financial Statements and the accompanying notes for the year ended December 31, 2020, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

The Company provides business advisory services to public and non-public companies. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol ENTH. The Company is actively seeking opportunities to seek to graduate from the NEX.

On February 7, 2021, the Company entered into a binding letter agreement with The BC Bud Corporation ("BCBC") whereby the Company will acquire all of the issued and outstanding securities of BCBC by way of a share exchange (the "Transaction"). Upon the successful completion the Transaction, it is anticipated that the Company will carry on the business of BCBC (the "Resulting Issuer") and will seek to delist its common shares from the TSX-V and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry. The Transaction constitutes a 'reverse takeover' of the Company.

Information Concerning BCBC

BCBC is incorporated under the laws of Canada and is an early-stage company pursuing premium recreational cannabis products in the cannabis industry through licensing, manufacturing and joint venture agreements with licensed producers under the *Cannabis Act*. BCBC is a not a licensed producer. Its expected branded products will include BCBC flower products, edibles under the brand 'Canna Beans', concentrates sold as Solventless Solutions, 'Buds' beverages line and select lifestyle apparel.

Transaction Summary

Pursuant to the Transaction, the Company will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of BCBC ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC. The Company currently has 13,651,815 ENTH Shares issued and outstanding.

No advances to be made by the Company to BCBC are contemplated by the letter agreement and no finder's fees are payable in connection with the Transaction.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (such agreement to include representations, warranties, conditions and covenants typical for a transaction of this nature), the completion of a private placement by the Company to raise gross proceeds of at least $1,000,000 as further described below, the approval of a majority of the minority shareholders in the Company, and the approval of the CSE and other applicable regulatory authorities. Additionally, the delisting of the ENTH Shares in advance of the listing on the CSE will also require the approval of a majority of the minority shareholders in the Company.

Upon completion of the Transaction, the Company intends to change its name to "The BC Bud Co." and the parties expect that the CSE will assign a new trading symbol for the Resulting Issuer.

Trading in the ENTH Shares has been halted and is expected to remain halted pending the satisfaction of the listing requirements of the CSE. There can be no assurance that trading of ENTH shares will resume prior to the completion of the Transaction and it is not anticipated that trading will resume on the TSXV prior to delisting. Further details concerning the Transaction (including additional financial information) and other matters will be announced if and when a definitive agreement is reached.

Approval for the Transaction will be sought from the Company's shareholders on a date to be determined.

Management and Board of Directors of Resulting Issuer

Upon completion of the Transaction, Corey Larricq will resign as a Director of the Company and Samantha Shorter will resign as Chief Financial Officer of the Company. Brayden Sutton will remain as CEO and a Director and Josh Taylor will remain as a Director and be appointed as President. BCBC will appoint two new Directors of the Company to be determined and a new Chief Financial Officer and Corporate Secretary.

Further information with respect to the Transaction is in the Company's news release dated February 11, 2021.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the year ended December 31, 2020 and for the subsequent period to the report date hereof:

- Effective April 1, 2020, the Company effected a share consolidation on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation share. The Company concurrently changed its name from Waterfront Capital Corporation to Entheos Capital Corp.
- On April 2020, the Company completed a private placement of 3,333,331 units at a price of $0.075 per unit ("April Unit") for gross proceeds of $250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.15 per share for a period of one year.
- On May 22, 2020, the Company completed a private placement at 5,000,000 units at a price of $0.15 per unit ("May Unit") for gross proceeds of $750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.30 per share for a period of one year.
- Subsequent to December 31, 2020, the Company issued 483,333 common shares pursuant to the exercise of warrants for gross proceeds of $75,000.

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenues	-	-	-
Operating loss	(170,225)	(298,269)	(505,127)
Net loss and comprehensive loss	(143,242)	(292,497)	(507,863)
Basic loss per share	(0.01)	(0.07)	(0.12)
Diluted loss per share	(0.01)	(0.07)	(0.12)
Total assets	887,339	78,876	264,728

The operating losses for the periods presented reflect activity directed toward due diligence and transaction work. As at December 31, 2020, the Company had not completed a successful transaction.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results of the Company for the eight most recently completed financial quarters ended December 31, 2020:

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total assets	$ 887,339	$ 849,400	$ 870,972	$ 2,381
Working capital (deficit)	838,413	824,251	859,257	(83,266)
Shareholders' equity (deficit)	838,413	824,251	859,257	(83,266)
Total revenue	-	-	-	-
Operating expenses	30,838	35,006	45,977	58,404
Net loss and comprehensive loss	(30,838)	(35,006)	(45,977)	(31,421)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.01)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total assets	$ 78,876	$ 114,944	$ 129,584	$ 202,042
Working capital (deficit)	(51,845)	36,915	101,934	177,483
Shareholders' equity (deficit)	(51,845)	36,915	101,934	177,483
Total revenue	-	-	-	-
Operating expenses	89,892	65,636	77,964	64,777
Net loss and comprehensive loss	(88,760)	(65,019)	(75,549)	(63,169)
Basic loss per share	(0.02)	(0.01)	(0.02)	(0.01)
Diluted loss per share	(0.02)	(0.01)	(0.02)	(0.01)

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three and twelve months ended December 31, 2020, compared with the three and twelve months ended December 31, 2019. The Management's Discussion and Analysis should be read in conjunction with the Company's financial statements and the accompanying notes for the year ended December 31, 2020.

For the three-month period ended December 31, 2020:

The Company had a net loss for the three-month period ended December 31, 2020 of $30,838 (2019 - $88,760). The net decrease of $57,922 in the net loss for the three-month period ended compared to the three-month period ended December 31, 2019 was impacted by the differences below:

- Consulting fees of $25,500 (2019 - $32,500) include amounts paid to management and directors in the respective periods. The detailed recipients are provided below in Transactions with Related Parties.
- Office and miscellaneous of $322 (2019 - $8,383) decreased as the Company moved premises and reduced recurring expenditures.
- Professional fees of $4,864 (2019 - $36,958) decreased as the Company changed management and objectives for operations. In the prior period, the Company incurred additional legal costs with respect to prospective agreements.
- Regulatory and transfer agent fees of $152 (2019 - $1,885) decreased as the Company has reduced corporate activity.
- Rent of $Nil (2019 - $5,955) decreased as the Company left its former premises.
- Wages and benefits of $Nil (2019 - $4,205) decreased as the Company does not have any employees as of the end of fiscal 2019.

For the twelve-month period ended December 31, 2020:

The Company had a net loss for the twelve-month period ended December 31, 2020 of $143,242 (2019 - $292,497). The net decrease of $149,255 in the net loss for the twelve-month period ended compared to the twelve-month period ended December 31, 2019 was impacted by the differences below:

- Consulting fees of $105,000 (2019 - $112,000) include amounts paid to management and directors in the respective periods. The detailed recipients are provided below in Transactions with Related Parties.
- Office and miscellaneous of $2,255 (2019 - $23,794) decreased as the Company moved premises and reduced recurring expenditures.
- Professional fees of $38,537 (2019 - $101,965) decreased as the Company changed management and objectives for operations. In the prior period, the Company incurred additional legal costs with respect to prospective agreements.
- Regulatory and transfer agent fees of $22,448 (2019 - $16,684) increased as the Company incurred costs with respect to the annual general meeting and share consolidation.
- Rent of $1,985 (2019 - $23,818) decreased as the Company left its former premises.
- Wages and benefits of $Nil (2019 - $20,002) decreased as the Company does not have any employees as of the end of fiscal 2019.
- Gain on debt settlement of $26,472 (2019 - $nil) related to the settlement of outstanding debts in January 2020 as described above.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares and exercise of warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt. The Company anticipates spending some of its capital resources on exploring new business opportunities during the upcoming year.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's investors in evaluation activities; and financial market conditions. Further financing may be required to cover the Company's long-term cash requirements. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at December 31, 2020, the Company had working capital of $838,413 compared to a working capital deficiency of $51,845 as at December 31, 2019. As at December 31, 2020, the Company had cash of $882,821 compared to cash of $1,220 as at December 31, 2019.

Net cash used in operating activities for the period ended December 31, 2020 was $156,913 compared to $183,455 for the same period in the prior year. The difference in cash used related largely to the reduction of operating expenses.

Net cash provided by investing activities for the period ended December 31, 2020 was $5,014 (2019 – $40,492) for principal repayments on the loan extended in 2018 and assigned for settlement of debts in the year ended December 31, 2020.

In the year ended December 31, 2020, the Company raised $1,000,000 in private placement funds and $45,000 in warrant exercise for which share issuance costs of $11,500 were expended.

TRANSACTIONS WITH RELATED PARTIES

During the period ended December 31, 2020, the Company recovered, paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors, and/or companies with common directors:

Name of Company	Directors/Officers	December 31, 2020	December 31, 2019
Waterfront Capital Partners Inc. (formerly Criterion Capital Corporation) (consulting fees)	Douglas L. Mason (former CEO and director)	2,500	30,000
Sead Hamzagic, Inc. (consulting fees)	Sead Hamzagic (former CFO)	2,500	30,000
Joshua Taylor (director's fees)	Joshua Taylor	6,000	1,000
Corey Larricq (director's fees)	Corey Larricq	6,000	2,000
Joseph Bleakley (director's fees)	Joseph Bleakley	-	1,000
Sutton Ventures Ltd. (consulting fees)	Brayden Sutton	57,500	30,000
Red Fern Consulting Ltd. (consulting fees)	Samantha Shorter, CFO	27,500	-
Beachfront Enterprises Limited Partnership (rent)	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason (former CEO and director)	1,985	23,818

During the period ended December 31, 2020, the Company reimbursed Waterfront Communications Inc. (a company with certain former directors in common) on a cost basis, to cover shared administrative payroll costs, included in wages and benefits, in the amount of $Nil (2019 - $20,002) and shared expenses in the amount of $Nil (2019 - $14,635).

Included in accounts payable at December 31, 2020 is $36,500 (2019 - $60,172) due to companies controlled by directors, directors and former directors and/or companies with certain directors in common.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

CAPITAL MANAGEMENT

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and investments as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Loan receivable and accounts payable and accrued liabilities are carried at amortized cost.

The carrying values of loan receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, investments, accounts receivable, and loan receivable. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2020, the Company had working capital of $838,413 (2019 – working capital deficiency of $51,845). All of the Company's liabilities are due within 90 days of December 31, 2020.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

<u>Critical accounting estimates:</u>

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

Fair value estimates of equity instruments

The fair value of each stock option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the stock options and conversion at grant date is based on the expected life of the options and assumptions about the expected exercise pattern. Expected volatility of stock options is estimated based on the volatility of companies comparable in size and operations to the Company.

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 judgements and have been properly reflected in the financial statements.

OUTSTANDING SHARE DATA AS OF FEBRUARY 19, 2021:

a) Authorized Share Capital:
unlimited number of common shares without par value
unlimited number of preferred shares without par value

b) Issued and Outstanding Shares:
13,651,815 common shares

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
85,000	$ 1.00	October 13, 2022

d) Outstanding warrants:

Number of Options	Exercise Price	Expiry Date
816,666	$ 0.15	April 13, 2021
2,500,000	0.30	May 22, 2021
3,316,667		

OFFICERS AND DIRECTORS

Brayden Sutton, CEO and Director
Samantha Shorter, CFO
Corey Larricq, Director
Joshua Taylor, Director

SCHEDULE "C"

UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE ISSUER FOR THE SIX MONTHS ENDED JUNE 30, 2021

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ENTHEOS CAPITAL CORP.

Condensed Interim Financial Statements
(Unaudited – prepared by management)

For the six months ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

1500 – 409 Granville Street
Vancouver, BC
V6C 1T2

ENTHEOS CAPITAL CORP.

Condensed Interim Statements of Financial Position

(Unaudited - expressed in Canadian Dollars)

As at

	June 30, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents	$ 1,021,823	$ 882,821
Restricted cash (Note 9)	1,000,000	-
Accounts receivable	5,462	1,409
Prepaid expenses (Note 4)	375	3,109
	2,027,660	887,339
Deferred financing costs (Note 9)	9,000	-
	$ 2,036,660	$ 887,339
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 4)	$ 68,257	$ 48,926
Subscriptions receipts (Note 9)	1,000,000	-
	1,068,257	48,926
Shareholders' equity		
Share capital (Note 5)	11,167,279	10,924,779
Reserves	625,507	625,507
Deficit	(10,824,383)	(10,711,873)
	968,403	838,413
	$ 2,036,660	$ 887,339

Nature of operations and going concern (Note 1)

On behalf of the Board:

"Brayden Sutton"
Director

"Joshua Taylor"
Director

The accompanying notes are an integral part of these condensed interim financial statements.

ENTHEOS CAPITAL CORP.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
EXPENSES				
Consulting fees (Note 4)	$ 25,500	$ 25,500	$ 51,000	$ 54,000
Office and general	310	310	602	1,604
Professional fees	40,622	13,490	48,103	26,875
Regulatory and transfer agent fees	5,513	6,677	12,805	19,917
Rent (Note 4)	-	-	-	1,985
Net loss before other items	(71,945)	(45,977)	(112,510)	(104,381)
Other income				
Other income	-	-	-	337
Unrealized gain on investments	-	-	-	174
Gain on debt settlement (Note 3)	-	-	-	26,472
	-	-	-	26,983
Net loss and comprehensive loss for the period	$ (71,945)	$ (45,977)	$ (112,510)	$ (77,398)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average shares outstanding	27,631,012	9,468,483	14,033,169	6,968,484

The accompanying notes are an integral part of these condensed interim financial statements.

ENTHEOS CAPITAL CORP.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Reserves	Deficit	Total
Balance, December 31, 2019	4,468,485	$ 9,891,279	$ 625,507	$ (10,568,631)	$ (51,845)
Private placements	8,333,331	1,000,000	-	-	1,000,000
Share issue costs	-	(11,500)	-	-	(11,500)
Net loss for the period	-	-	-	(77,398)	(77,398)
Balance June 30, 2020	12,801,816	10,879,779	625,507	(10,646,029)	859,257
Warrants exercised	300,000	45,000	-	-	45,000
Net loss for the period	-	-	-	(65,844)	(65,844)
Balance, December 31, 2020	13,101,816	10,924,779	625,507	(10,711,873)	838,413
Warrant exercised	1,491,666	242,500	-	-	242,500
Net loss for the period	-	-	-	(112,510)	(112,510)
Balance, June 30, 2021	14,593,482	$ 11,167,279	$ 625,507	$ (10,824,383)	$ 968,403

The accompanying notes are an integral part of these condensed interim financial statements.

ENTHEOS CAPITAL CORP.

Condensed Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

For the six months ended June 30

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (112,510)	$ (77,398)
Items not affecting cash:		
Accrued interest income	-	(323)
Gain on debt settlement	-	(27,564)
Gain on investments	-	(174)
Changes in non-cash working capital items:		
Accounts receivable	(4,053)	(533)
Prepaid expenses	2,734	(17,610)
Accounts payable and accrued liabilities	10,331	(23,371)
Net cash used in operating activities	(103,498)	(146,973)
CASH FLOWS FROM INVESTING ACTIVITY		
Repayment of loan receivable	-	5,000
Net cash provided by investing activity	-	5,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	-	1,000,000
Subscription receipts	1,000,000	-
Share issue costs	-	(11,500)
Warrants exercised	242,500	
Net cash provided by financing activities	1,242,500	988,500
Change in cash, cash equivalents and restricted cash for the period	1,139,002	846,527
Cash, cash equivalents and restricted cash, beginning of period	882,821	1,220
Cash, cash equivalents and restricted cash, end of period	$ 2,021,823	$ 847,747

In the six months ended June 30, 2021, the Company accrued deferred financing costs of $9,000 through accounts payable and accrued liabilities (Note 9).

In the six months ended June 30, 2020, the Company:

a) Assigned marketable securities of $1,046 to settle accounts payable; and

b) Assigned a loan receivable of $63,711 to settle accounts payable and accrued liabilities of $94,589.

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Entheos Capital Corp. (the "Company") was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. The Company provides business advisory services to public and non-public companies.

Going concern

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2021, the Company had not achieved profitable operations, has an accumulated deficit and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While vaccination rates in Canada continue to improve, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak, any subsequent virus variant, and its effects on the Company's business or ability to raise funds.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. Management believes that the Company will be successful in raising sufficient working capital to maintain operations for the upcoming year. Management may seek to raise the necessary capital to meet new funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these condensed interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2020.

The Board of Directors approved the condensed interim financial statements for issue on August 27, 2021.

2. BASIS OF PREPARATION (Continued)

Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. These condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the condensed interim financial statements and accompanying notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

<u>Critical accounting judgements:</u>

Going concern

The assessment of whether the going concern assumption is appropriate requirements management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

<u>Critical accounting estimates:</u>

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

3. DEBT SETTLEMENTS

In the year ended December 31, 2018, in connection with a proposed transaction with a private company, the Company entered into a secured loan agreement and advanced a principal amount of $100,000. The Company elected not to proceed with the transaction and negotiated a short-term repayment plan for the loan. During the year ended December 31, 2020, the Company received a principal repayment of $5,000.

In January 2020, the Company settled outstanding debts of $94,589 by assigning the loan receivable balance of $63,711 outstanding as at the settlement date and recognized a gain of $26,472, with GST claimed of $4,406.

During the year ended December 31, 2020, the Company assigned the marketable securities to settle debt of $1,046. No gain or loss was recognized on this settlement.

(Unaudited - Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at June 30, 2021 is $7,625 (December 31, 2020 - $36,500) due to a company controlled by a director. Included in prepaid expense at June 30, 2021 is $375 (December 31, 2020 - $Nil) with a company controlled by an officer.

During the six months ended June 30, 2021 and 2020 the Company paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors and/or former directors:

	2021	2020
Consulting	$ 45,000	$ 45,000
Directors' fees	6,000	6,000
Rent	-	1,985
	$ 51,000	$ 52,985

5. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Share capital transactions

Six months ended June 30, 2021

On January 27, 2021, the Company issued 483,333 common shares pursuant to the exercise of warrants for gross proceeds of $72,500.

On February 8, 2021, the Company issued 66,666 common shares pursuant to the exercise of warrants for gross proceeds of $10,000.

On February 23, 2021, the Company issued 125,000 common shares pursuant to the exercise of warrants for gross proceeds of $37,500.

On March 29, 2021, the Company issued 166,667 common shares pursuant to the exercise of warrants for gross proceeds of $25,000.

On April 9, 2021, the Company issued 650,000 common shares pursuant to the exercise of warrants for gross proceeds of $97,500.

Year ended December 31, 2020

In April 2020, the Company completed a private placement of 3,333,331 units at a price of $0.075 per unit ("April Unit") for gross proceeds of $250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.15 per share for a period of one year.

In May 2020, the Company completed a private placement at 5,000,000 units at a price of $0.15 per unit ("May Unit") for gross proceeds of $750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.30 per share for a period of one year.

(Unaudited - Expressed in Canadian Dollars)

6. STOCK OPTIONS AND WARRANTS

Stock Options

The Company has a rolling stock option plan (as confirmed by shareholders on March 26, 2020), whereby it may issue options of up to 10% of the Company's issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted. The exercise price shall not be less than the closing price of the Company's shares traded through the facilities of the TSX Venture Exchange ("TSXV") prior to the announcement of the option grant.

As at June 30, 2021 and December 31, 2020, the following incentive stock options were outstanding:

June 30, 2021	December 31, 2020	Exercise Price	Expiry Date
85,000	85,000	$1.00	October 13, 2022

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2019	274,500	$ 1.00
Cancelled	(189,500)	1.00
Outstanding and exercisable, December 31, 2020 and June 30, 2021	85,000	$ 1.00

Warrants

As at June 30, 2021 and December 31, 2020, the following warrants were outstanding and exercisable:

June 30, 2021	December 31, 2020	Exercise Price	Expiry Date
-	1,366,666	$0.15	April 13, 2021
-	2,500,000	$0.30	May 22, 2021
-	3,866,666		

(Unaudited - Expressed in Canadian Dollars)

6. STOCK OPTIONS AND WARRANTS (Continued)

Warrants (Continued)

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding December 31, 2019	-	$ -
Issued	4,166,666	0.24
Exercised	(300,000)	0.15
Outstanding and exercisable December 31, 2020	3,866,666	0.25
Exercised	(1,491,666)	0.16
Expired	(2,375,000)	0.30
Outstanding and exercisable June 30, 2021	-	$ -

7. CAPITAL MANAGEMENT

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2021. The Company is not subject to externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash, cash equivalents and restricted cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and subscription receipts are carried at amortized cost.

The carrying value of accounts payable and accrued liabilities approximate its fair value due to the short-term maturity of this financial instrument. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, cash equivalents and restricted cash. Management believes that the credit risk concentration with respect to cash, cash equivalents and restricted cash is remote as it maintains accounts with highly rated financial institutions.

8. FINANCIAL INSTRUMENTS (Continued)

Credit risk (continued)

Cash and cash equivalents comprise of cash and highly liquid investments having maturity dates of three months or less, which are readily convertible into a known amount of cash at any time, and are subject to an insignificant risk to changes in their fair value. Cash and cash equivalents consist of $51,823 (December 31, 2020 - $882,821) of cash and $970,000 (December 31, 2020 - $Nil) of cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at June 30, 2021, the Company had working capital of $959,403 (December 31, 2020 – $838,413). All of the Company's liabilities are due within 90 days of June 30, 2021.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk.

9. PROPOSED TRANSACTION

On February 7, 2021, the Company entered into a binding letter agreement with The BC Bud Corporation ("BCBC") whereby the Company will acquire all of the issued and outstanding securities of BCBC by way of a share exchange (the "Transaction").

Upon the successful completion of the Transaction, it is anticipated that the Company will carry on the business of BCBC (the "Resulting Issuer") and will seek to delist its common shares from the TSXV and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry. The Transaction will constitute a 'reverse takeover' of the Company.

Pursuant to the Transaction, the Company will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of BCBC ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by the Company to raise gross proceeds of at least $1,000,000 (see below), shareholder approval (received) and the approval of the CSE and other applicable regulatory authorities. Shareholders have approved the delisting of the ENTH Shares in advance of the listing on the CSE.

In April 2021, the Company completed its non-brokered private placement of subscription receipts ("Subscription Receipts") issuing an aggregate of 4,000,000 Subscription Receipts at a price of $0.25 per Subscription Receipt generating gross proceeds of $1,000,000. The Company incurred associated financing costs of $9,000 which are held as deferred financing costs as of June 30, 2021. The Subscription Receipts will automatically convert immediately into one unit ("Unit") prior to the closing of the Transaction. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase a common share at a price of $0.50 for a period of two years.

9. PROPOSED TRANSACTION (Continued)

The proceeds of the financing are currently being held in escrow with the Company pending the completion of the Transaction and the delisting of the Company's shares from the TSXV and listing on the CSE on or before September 30, 2021, which may be extended in accordance with the terms of the Subscription Receipts.

10. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's operations and assets are in Canada.

SCHEDULE “D”

MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE ISSUER FOR THE SIX MONTHS ENDED JUNE 30, 2021

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ENTHEOS CAPITAL CORP.

Management's Discussion and Analysis

For the six months ended June 30, 2021

1500 – 409 Granville Street
Vancouver, BC
V6C 1T2

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A"), prepared as of August 27, 2021. This MD&A should be read in conjunction with the Entheos Capital Corp.'s (the "Company") unaudited condensed interim financial statements and the accompanying notes for the six months ended June 30, 2021, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

The Company provides business advisory services to public and non-public companies.

On February 7, 2021, the Company entered into a binding letter agreement with The BC Bud Corporation ("BCBC") whereby the Company will acquire all of the issued and outstanding securities of BCBC by way of a share exchange (the "Transaction"). Upon the successful completion the Transaction, it is anticipated that the Company will carry on the business of BCBC (the "Resulting Issuer") and will seek to delist its common shares from the TSX-V and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry. The Transaction constitutes a 'reverse takeover' of the Company.

Information Concerning BCBC

BCBC is incorporated under the laws of Canada and is an early-stage company pursuing premium recreational cannabis products in the cannabis industry through licensing, manufacturing and joint venture agreements with licensed producers under the *Cannabis Act*. BCBC is a not a licensed producer. Its expected branded products will include BCBC flower products, edibles under the brand 'Canna Beans', concentrates sold as 'Solventless Solutions', and 'Buds' beverages line and select lifestyle apparel.

Transaction Summary

Pursuant to the Transaction, the Company will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of BCBC ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC. The Company currently has 14,593,482 ENTH Shares issued and outstanding.

No advances to be made by the Company to BCBC are contemplated by the letter agreement and no finder's fees are payable in connection with the Transaction.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by the Company to raise gross proceeds of at least $1,000,000 (the "Financing"), the approval of a majority of the minority shareholders in the Company (received), and the approval of the CSE and other applicable regulatory authorities. Additionally, the delisting of the ENTH Shares in advance of the listing on the CSE will also require the approval of a majority of the minority shareholders in the Company (received in July 2021).

Upon completion of the Transaction, the Company intends to change its name to "The BC Bud Co." and the parties expect that the CSE will assign a new trading symbol for the Resulting Issuer.

Trading in the ENTH Shares has been halted and is expected to remain halted pending the satisfaction of the listing requirements of the CSE. There can be no assurance that trading of ENTH shares will resume prior to the completion of the Transaction and it is not anticipated that trading will resume on the TSXV prior to delisting.

In April 2021, the Company completed its non-brokered private placement of subscription receipts ("Subscription Receipts") issuing an aggregate of 4,000,000 Subscription Receipts at a price of $0.25 per Subscription Receipt generating gross proceeds of $1,000,000. The Subscription Receipts will automatically convert immediately into one unit ("Unit") prior to the closing of the Transaction. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase a common share at a price of $0.50 for a period of two years.

The proceeds of the Financing are currently being held in escrow with the Company pending the completion of the Transaction and the delisting of the Company's shares from the TSXV and listing on the CSE on or before September 30, 2021, except as may be extended in accordance with the terms of the Subscription Receipts.

Management and Board of Directors of Resulting Issuer

Upon completion of the Transaction, Corey Larricq will resign as a Director of the Company. Brayden Sutton will remain as Chief Executive Officer and a Director and Josh Taylor will remain as a Director and be appointed as President. BCBC will appoint two new Directors of the Company being Dayna Lange and Justin Chorbajian.

Further information with respect to the Transaction is in the Company's Management Information Circular dated June 21, 2021.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the period ended June 30, 2021 and for the subsequent period to the report date hereof:

- In January 2021, the Company issued 483,333 common shares pursuant to the exercise of warrants for gross proceeds of $72,500.

- In February 2021, the Company issued 191,666 common shares pursuant to the exercise of warrants for gross proceeds of $47,500.

- In March 2021, the Company issued 166,667 common shares pursuant to the exercise of warrants for gross proceeds of $25,000.

- In April, the Company issued 650,000 common shares pursuant to the exercise of warrants for gross proceeds of $97,500.

- In April 2021, the Company completed the financing of Subscription Receipts for gross proceeds of $1,000,000.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results of the Company for the eight most recently completed financial quarters ended June 30, 2021:

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Total assets	$ 2,036,660	$ 1,352,437	$ 887,339	$ 849,400
Working capital	959,403	1,336,348	838,413	824,251
Shareholders' equity	968,403	1,336,348	838,413	824,251
Total revenue	-	-	-	-
Operating expenses	71,945	40,565	30,838	35,006
Net loss and comprehensive loss	(71,945)	(40,565)	(30,838)	(35,006)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Total assets	$ 2,381	$ 2,381	$ 78,876	$ 114,944
Working capital (deficit)	(83,266)	(83,266)	(51,845)	36,915
Shareholders' equity (deficit)	(83,266)	(83,266)	(51,845)	36,915
Total revenue	-	-	-	-
Operating expenses	58,404	58,404	89,892	65,636
Net loss and comprehensive loss	(31,421)	(31,421)	(88,760)	(65,019)
Basic loss per share	(0.01)	(0.01)	(0.02)	(0.01)
Diluted loss per share	(0.01)	(0.01)	(0.02)	(0.01)

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the period ended June 30, 2021, compared with the period ended June 30, 2020. The Management's Discussion and Analysis should be read in conjunction with the Company's condensed interim financial statements and the accompanying notes for the six months ended June 30, 2021.

For the three-month period ended June 30, 2021:

The Company had a net loss for the three-month period ended June 30, 2021 of $71,945 (2020 - $45,977). The net increase of $25,968 in the net loss for the three-month period ended June 30, 2021 compared to the three-month period ended June 30, 2020 was impacted by the differences below:

- Consulting fees of $25,500 (2020 - $25,500) include amounts paid to management and directors in the respective periods. The detailed recipients are provided below in Transactions with Related Parties.
- Office and miscellaneous of $310 (2020 - $310) which is comparable period over period.
- Professional fees of $40,622 (2020 - $13,490) increased as the Company incurred additional legal costs with respect to the Transaction being preparation of materials for the shareholders' meeting and application to the CSE.
- Regulatory and transfer agent fees of $5,513 (2020 - $6,677) decreased as the Company had additional corporate filings in the prior period.

For the six-month period ended June 30, 2021:

The Company had a net loss for the six-month period ended June 30, 2021 of $112,510 (2020 - $77,398). The net increase of $35,112 in the net loss for the six-month period ended compared to the six-month period ended June 30, 2020 was impacted by the differences below:

- Consulting fees of $51,000 (2020 - $54,000) include amounts paid to management and directors in the respective periods. The detailed recipients are provided below in Transactions with Related Parties.
- Office and miscellaneous of $602 (2020 - $1,604) decreased as the Company moved premises and reduced recurring expenditures.
- Professional fees of $48,103 (2020 - $26,875) increased as the Company incurred additional legal costs with respect to the Transaction being preparation of materials for the shareholders' meeting and application to the CSE. In the prior period, the Company executed a share consolidation.
- Regulatory and transfer agent fees of $12,805 (2020 - $19,917) decreased as the Company incurred costs with respect to the annual general meeting and share consolidation in the prior period.
- Rent of $Nil (2020 - $1,985) decreased as the Company left its former premises.
- In the six months ended June 30, 2020, the Company incurred a non-recurring gain on debt settlement of $26,472 with the change in management.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

Other than the Transaction described above, there are no other proposed transactions.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares and exercise of warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt. The Company anticipates spending some of its capital resources on exploring new business opportunities during the upcoming year.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's investors in evaluation activities; and financial market conditions. Further financing may be required to cover the Company's long-term cash requirements. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at June 30, 2021, the Company had working capital of $959,403 compared to a working capital of $838,413 as at December 31, 2020. As at June 30, 2021, the Company had cash, cash equivalents and restricted cash of $2,021,823 compared to cash, cash equivalents and restricted cash of $882,821 as at December 31, 2020.

Net cash used in operating activities for the period ended June 30, 2021 was $103,498 compared to $146,973 for the same period in the prior year. The difference in cash used related largely the timing of working capital items.

Net cash provided by investing activities for the period ended June 30, 2021 was $Nil (2020 – $5,000) for principal repayments on a historic loan that was assigned for settlement of debts in the year ended December 31, 2020.

Net cash provided by financing activities for the period ended June 30, 2021 was $1,242,500 (2020 – $988,500). The Company received $1,000,000 for Subscription Receipts and $242,500 for warrants exercised. In the prior period, the Company completed private placements for proceeds of $1,000,000 and incurred share issue costs of $11,500.

TRANSACTIONS WITH RELATED PARTIES

During the six months ended June 30, 2021, the Company recovered, paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors, and/or companies with common directors:

Name of Company	Directors/Officers	June 30, 2021	June 30, 2020
Waterfront Capital Partners Inc. (consulting fees)	Douglas L. Mason (former CEO and director)	-	2,500
Sead Hamzagic, Inc. (consulting fees)	Sead Hamzagic (former CFO)	-	2,500
Joshua Taylor (director's fees)	Joshua Taylor	3,000	3,000
Corey Larricq (director's fees)	Corey Larricq	3,000	3,000
Sutton Ventures Ltd. (consulting fees)	Brayden Sutton	30,000	27,500
Red Fern Consulting Ltd. (consulting fees)	Samantha Shorter, CFO	15,000	12,500
Beachfront Enterprises Limited Partnership (rent)	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason (former CEO and director)	-	1,985

Included in accounts payable at June 30, 2021 is $7,625 (December 31, 2020 - $36,500) due to a company controlled by a director. Included in prepaid expense at June 30, 2021 is $375 (December 31, 2020 – $Nil) with a company controlled by an officer.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

CAPITAL MANAGEMENT

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2021. The Company is not subject to externally imposed capital requirements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While vaccination rates in Canada continue to improve, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak, any subsequent virus variant, and its effects on the Company's business or ability to raise funds.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash, cash equivalents and restricted cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and subscription receipts are carried at amortized cost.

The carrying value of accounts payable and accrued liabilities approximate its fair value due to the short-term maturity of this financial instrument.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, cash equivalents and restricted cash. Management believes that the credit risk concentration with respect to cash, cash equivalents and restricted cash is remote as it maintains accounts with highly rated financial institutions.

Cash and cash equivalents comprise of cash and highly liquid investments having maturity dates of three months or less, which are readily convertible into a known amount of cash at any time, and are subject to an insignificant risk to changes in their fair value. Cash and cash equivalents consist of $51,823 (December 31, 2020 - $882,821) of cash and $970,000 (December 31, 2020 - $Nil) of cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at June 30, 2021, the Company had working capital of $959,403 (December 31, 2020 – $838,413). All of the Company's liabilities are due within 90 days of June 30, 2021.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

<u>Critical accounting judgements:</u>

Going concern

The assessment of whether the going concern assumption is appropriate requirements management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Critical accounting estimates:

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

MANAGEMENT'S RESPONSIBILITY FOR CONDENSED INTERIM FINANCIAL STATEMENTS

The information provided in this report, including the condensed interim financial statements, is the responsibility of management. In the preparation of these condensed interim financial 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 judgements and have been properly reflected in the condensed interim financial statements.

OUTSTANDING SHARE DATA AS OF AUGUST 27, 2021:

a) Authorized Share Capital:
unlimited number of common shares without par value
unlimited number of preferred shares without par value

b) Issued and Outstanding Shares:
14,593,482 common shares

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
85,000	$ 1.00	October 13, 2022

d) Outstanding Subscription Receipts representing 4,000,000 common shares and 4,000,000 share purchase warrants exercisable at a price of $0.50 once converted.

OFFICERS AND DIRECTORS

Brayden Sutton, CEO and Director
Samantha Shorter, CFO
Corey Larricq, Director
Joshua Taylor, Director

SCHEDULE "E"

AUDITED FINANCIAL STATEMENTS OF THE TARGET FOR THE PERIOD FROM INCORPORATION ON MARCH 1, 2019 AND ENDED FEBRUARY 29, 2020 AND FOR THE YEAR ENDED FEBRUARY 28, 2021

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THE BC BUD CORPORATION

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF THE BC BUD CORPORATION

Opinion
We have audited the financial statements of The BC Bud Corporation (the "Company"), which comprise:
- the statements of financial position as at February 28, 2021 and February 29, 2020;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of cash flows for the years then ended;
- the statements of changes in equity (deficiency) for the years then ended; 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 February 28, 2021 and February 29, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion
We conducted our audits 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 in our audits 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 incurred a net loss of $56,112 during the year ended February 28, 2021 and, as of that date, the has an accumulated deficit of $58,392. 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 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 other information, we are required to report that fact. We have nothing to report in this regard.

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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 auditors' 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.

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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 Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 21, 2021

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THE BC BUD CORPORATION
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

		February 28, 2021		February 29, 2020
ASSETS (Note 7)				
Current				
Cash	$	340,429	$	1
Goods services tax (GST) recoverable		1,582		-
Prepaid expenses		2,317		-
Inventory (Note 4)		6,273		-
		350,601		1
Machinery and equipment (Note 5)		68,591		-
Intangible asset (Note 6)		1,340		-
	$	420,532	$	1
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current				
Accounts payable and accrued liabilities	$	26,416	$	1,500
Provincial sales tax (PST) payable		35		-
Due to shareholder (Note 9)		14		780
		26,465		2,280
Loan payable (Notes 7 and 9)		85,761		-
		112,226		2,280
Shareholders' equity (deficiency)				
Share capital (Note 8)		351,340		1
Equity contribution from shareholder (Notes 7 and 9)		15,358		-
Deficit		(58,392)		(2,280)
		308,306		(2,279)
	$	420,532	$	1

Approved and authorized by the Board on June 21, 2021

Brayden Sutton Director *Josh Taylor* Director

The accompanying notes are an integral part of these financial statements.

THE BC BUD CORPORATION
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020
REVENUE	$ 534	$ -
COST OF SALES	261	-
GROSS MARGIN	273	-
EXPENSES		
Accounting and legal	24,916	1,500
Advertising and promotion	17,017	-
Consulting	10,000	-
Filing fees	1,471	780
Interest and bank charges	140	-
Office and administration	1,722	-
Total operating expenses	(55,266)	(2,280)
OTHER ITEM		
Accretion expense	(1,119)	-
Loss and comprehensive for the year	(56,112)	(2,280)
Basic and diluted loss per common share	$ (0.01)	$ (2,280)
Weighted average number of common shares outstanding	4,294,521	1

The accompanying notes are an integral part of these financial statements.

THE BC BUD CORPORATION
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020
Operating activities		
Net loss for the year	$ (56,112)	$ (2,280)
Item not involving cash		
Accretion expense	1,119	-
Changes in non-cash working capital:		
GST recoverable	(1,582)	-
Prepaid expenses	(2,317)	-
Inventory	(6,273)	-
Accounts payable and accrued liabilities	24,916	1,500
PST payable	35	-
Due to shareholder	(766)	780
Cash used in operating Activities	(40,980)	-
Investing activity		
Machinery and equipment purchase	(68,591)	-
Cash used in investing activity	(68,591)	-
Financing Activities		
Proceeds from loan	100,000	-
Proceeds from issuance of common shares	350,000	1
Repurchase of incorporation share	(1)	-
Cash provided by financing activities	449,999	1
Change in cash	340,428	1
Cash, beginning of year	1	-
Cash, end of year	$ 340,429	$ 1
Supplemental cash flow disclosure		
Taxes paid	$ -	$ -
Interest paid	$ -	$ -
Common shares issued for intangible asset	$ 1,340	$ -

The accompanying notes are an integral part of these financial statements.

THE BC BUD CORPORATION

STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	Share capital				
	Number	**Amount**	**Equity contribution from shareholder**	**Deficit**	**Total**
Balance, March 1, 2019 (incorporation)	1	$ 1	$ -	$ -	$ 1
Loss for the year	-	-	-	(2,280)	(2,280)
Balance February 29, 2020	1	1	-	(2,280)	(2,279)
Cancellation of incorporation shares	(1)	(1)	-	-	(1)
Issuance of common shares for cash	2,500,000	350,000	-	-	350,000
Issuance of common shares for intangible asset	10,000,000	1,340			1,340
Equity contribution from shareholder	-	-	15,358	-	15,358
Loss for the year	-	-	-	(56,112)	(56,112)
Balance, February 28, 2021	12,500,000	$ 351,340	$ 15,358	$ (58,392)	$ 308,306

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

The BC Bud Corporation (the "Company") was incorporated under the Canada Business Corporations Act on March 1, 2019. Effective November 17, 2020, the Company registered in the Province of British Columbia. The records office of the Company is located at 151 – West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8.

The Company is a house of brands that strategically aligns with licensed cannabis producers to manufacturer a variety of cannabis products. Through their strategic partnership agreements with these licensed manufacturers, the Company will manufacture and specialize in cannabis-based concentrates, beverages, edibles and apparels.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company reported a loss of $56,112 for the year ended February 28, 2021 (February 29, 2020 - $2,280) and had an accumulated deficit of $58,392 as at February 28, 2021 (February 29, 2020 - $2,280). The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The achievement of profitable operations is dependent on the demand of its manufactured products by the retailers. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the pandemic has not had a significant impact on the Company's operations, however the pandemic could impact the Company's ability to complete the proposed transaction with Entheos Capital Corp. (Note 14). Management continues to monitor the situation.

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").

Basis of presentation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

The accounting policies set out in Note 3 have been applied consistently by the Company in all years presented.

The financial statements of the Company for the year ended February 28, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 21, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- Going concern

  As the Company currently does not generate income from operations, the assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events, such as revenue generation, that are believed to be currently reasonable.

The key areas of estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- Deferred income tax

  The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets.

Financial instruments

Financial assets

The Company classifies its financial assets as fair value through profit or loss or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company's cash is recorded at fair value through profit or loss.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, due to shareholder and loan payable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. Provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

Machinery and equipment

Machinery and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the declining balance method and is intended to depreciate the costs of assets over their estimated useful live:

Machinery	50% per year
Equipment	20% per year

None of Company's machinery and equipment was ready for its intended use as of February 28, 2021, and hence no amortization was taken during the current fiscal year.

Intangible asset

The intangible asset is recorded at cost. The Company's intangible asset is not yet ready for its intended use as of February 28, 2021, and hence no amortization was taken during the current fiscal year.

Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be reliably measured, it is recorded at the carrying amount (after reduction, when appropriate, for impairment) of the asset given up adjusted by the fair value of any monetary consideration received or given. When the asset received or the consideration given up is shares in an actively traded market, the value of those shares will be considered fair value

Impairment of non-current assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Indefinite life intangible assets are tested for annually, or more frequently, if events or changes indicate that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss. shares at the average market price during the period.

Income taxes

The Company uses the deferred method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Contribution from shareholder

The Company has a loan agreement with a significant shareholder. When loan agreements are entered into with owners of the Company, the excess of cash received over the fair value of the loan is classified as a contribution from shareholder within equity reserves.

Upcoming accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2021, and have not been applied in preparing these financial statements. Management does not expect the adoption of any such new standards and amendments to have any significant impact on its financial statements

4. INVENTORY

Inventory	**February 28, 2021**	**February 29, 2020**
Finished goods	$ 6,273	$ -
Balance, end of year	$ 6,273	$ -

Inventory consists of branded promotional materials for sale.

(Expressed in Canadian Dollars)

5. MACHINERY AND EQUIPMENT

		Machinery		Equipment		Total
Cost						
Balance, February 29, 2020	$	-	$	-	$	-
Additions		49,528		19,063		68,591
Balance, February 28, 2021	$	49,528	$	19,063	$	68,591
Accumulated Depreciation						
Balance, February 29, 2020 and February 28, 2021	$	-	$	-	$	-
Net Book Value						
Balance, February 29, 2020	$	-	$	-	$	-
Balance, February 28, 2021	$	49,528	$	19,063	$	68,591

6. INTANIGIBLE ASSET

On February 5, 2021, the Company entered an asset assignment and assumption agreement, under which trademarks were assigned to the Company by a shareholder of the Company for consideration of 10,000,000 common shares. The intangible asset consists of trademarks, “The BC Bud Co.”, "Canna Beans", "Buds", "Solventless Solutions" and "Not an LP". The trademarks include all rights to and content of the domain names, social media names, all literature and social media sites, branding and design material associated with the trademarks.

7. LOAN PAYABLE

On January 20, 2021, the Company issued a loan of $100,000 to Sutton Ventures Ltd., a significant shareholder of the Company. The loan is secured by all present and after acquired property of the Company and is payable on the earlier of:

a) January 15, 2023; or
b) The occurrence of an event of default.

No interest will accrue on the outstanding balance, unless an event of default occurs, in which cases, interest will be deemed to have accrued on the outstanding balance from the date of advancement at a rate of 8.0% per annum, compounded annually, and will be payable maturity.

The loan is recorded at fair value on initial recognition, which was determined to be $84,642 using a discount rate of 8.5%, resulting in a total discount of $15,358. As the loan was provided by a shareholder of the Company, the discount was recorded as an equity contribution. During the year ended February 28, 2021, accretion expense of $1,119 (February 29, 2020 - $Nil) was recorded in the statements of loss and comprehensive loss.

8. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

In the year ended February 28, 2021, the Company:

i. Issued 10,000,000 common shares to founders of the Company under an asset assignment and assumption agreement (Note 6);

ii. Completed a private placement of 2,500,000 common shares at a price of $0.14 per common share for gross proceeds of $350,000.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

c) In the year ended February 28, 2020, the Company:

   i. Issued 1 common share for gross proceeds of $1 upon incorporation. The Company subsequently repurchased this share for the same amount and cancelled the common share.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Management

Key management personnel comprise the Chief Executive Officer and President. The remuneration of the key management personnel during the year ended February 28, 2021 was $Nil (February 29, 2020 - $Nil).

During the year ended February 28, 2021 the Company issued a loan to Sutton Ventures Ltd., an entity controlled by the CEO of the Company (Note 7). As at February 28, 2021 the principal amount due on the loan was $100,000.

As at February 28, 2021, the Company had $14 (February 29, 2020 - $780) due to a significant shareholder for expenses paid on behalf of the Company. These amounts are non-interest bearing and due on demand.

10. INCOME TAXES

Current Income tax rate differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2020 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

		2021		**2020**
Income before income tax	$	(56,112)	$	(2,280)
Statutory income tax rate		27.00%		11%
Income tax expense computed at Canadian statutory rates		(15,150)		(251)
Origination and reversal of temporary differences		4,147		-
Unused tax losses and tax offsets not recognized in tax assets		11,003		251
Income tax recovery	$	-	$	-

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets have been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2021 Temporary Difference		Tax Asset (Liability)		**2020** Temporary Difference		Tax Asset (Liability)
Non-capital losses	$	57,273	$	15,464	$	2,280	$	251
Loan payable		(14,239)		(3,845)		-		-
Unrecognized deductible temporary differences		(43,034)		(11,619)		(2,280)		(251))
Total	$	-	$	-	$	-	$	-

As at February 28, 2021, the Company has Canadian non-capital losses of $57,273 that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through fiscal years 2040 to 2041.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company classifies its cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and due to shareholder are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Loan payable is carried at amortized cost, measured at level 2 inputs of the fair value hierarchy.

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. Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Financial risk factors

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. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a chartered bank. The Company considers credit risk with respect of these amounts to be low.

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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2021, the Company had a working capital of $324,137. The Company's financial liabilities mature within 30 days with the exception of the promissory note which is payable on January 15, 2023 (Note 7).

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. The Company is not currently exposed to any significant interest rate, foreign exchange rate or commodity and equity prices risk.

12. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended February 28, 2021.

13. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's operations and assets are in Canada.

14. PROPOSED TRANSACTION

On February 7, 2021, the Company entered into a binding letter agreement with Entheos Capital Corp. (“Entheos”) whereby Entheos will acquire all of the issued and outstanding securities of the Company by way of a share exchange (the “Transaction”).

Upon the successful completion of the Transaction, it is anticipated that Entheos will carry on the business of the Company (the “Resulting Issuer”) and will seek to delist its common shares from the TSX Venture Exchange and list its common shares on the Canadian Securities Exchange (“CSE”) such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry.

Pursuant to the Transaction, Entheos will issue common shares in its capital (“ENTH Shares”) to the holders of common shares in the capital of the Company (“BCBC Shares”) on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by Entheos to raise gross proceeds of at least $1,000,000 (completed), shareholder approval and the approval of the CSE and other applicable regulatory authorities.

SCHEDULE "F"

MANAGEMENT'S DISCUSSION AND ANAYLYSIS OF THE TARGET FOR THE YEAR ENDED FEBRUARY 28, 2021

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THE BC BUD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (“MD&A”)

FOR THE YEAR ENDED FEBRUARY 28, 2021

THE BC BUD CORPORATION

Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended February 28, 2021.

This management discussion and analysis of the financial condition and results of operations ("MD&A") of The BC Bud Corporation ("Company" or ""BCBC"), is for the years ended February 28, 2021 and February 29, 2020 and is dated June 21, 2021. The MD&A should be read in conjunction with the Company's audited financial statements and the accompanying notes for the years ended February 28, 2021 and February 29, 2020.

This MD&A provides information that the management of the Company believes is important to understanding the results of operations and financial conditions of the Company. All amounts are presented in Canadiandollars, unless otherwise noted. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued but the International Accounting Standards Board ("IASB").

Forward-Looking Statements

This MD&A may contain statements that are "forward-looking statements". These include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "anticipate", "believes", "estimate", "intend", "plan", "would", and "outlook" or statements to the effect that actions, events or results "will", "may", "should" or "would" be taken, occur or be achieved. Forward-looking statements are not historical facts, and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this analysis. Forward- looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management onthe date the statements are made and the Company does not undertake any obligation to update forward-looking statements if the circumstances or management's beliefs, opinions or estimates should change. Readers should not place undue reliance on forward-looking statements.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company to make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairments in the value of our long- lived assets, or potential future decreases in revenue or profitability of our ongoing operations. See "Risk Factors".

Corporate Information

The BC Bud Corporation (the "Company") was incorporated under the Canada Business Corporations Act on March 1, 2019. Effective November 17, 2020, the Company continued in the Province of British Columbia. The records office of the Company is located at 151 – West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8.

The Company is a house of brands that strategically aligns with licenced cannabis producers to manufacturer a variety of cannabis products. The manufacturers are licenced under the *Cannabis Act*, (together with the regulations made thereunder from time to time, the "Cannabis Act"). Through their strategic partnership agreements with these licenced manufacturers, the Company will manufacture and specialize in cannabis based concentrates, beverages, edibles and apparels.

On October 1, 2020 the Company re-acquired the only outstanding share from Thomas Joshua Taylor. Prior to repurchasing of share, the Company was a shell Company with no operations. The Company issued 5,000,000 common shares to each of TJT Ventures Ltd. and Sutton Ventures Ltd. as consideration for an intangible asset. On February 1, 2021, BCBC issued 2,500,000 common shares to L5 Capital Inc. for $350,000 at $0.14 per share.

On November 19, 2020 the Company entered into a manufacturing and co-packing agreement with Black Rose Organics. BCBC engaged Black Rose Organics to manufacture, co-pack and distribute a cannabis chocolate covered bean line in Canada. BCBC will supply all branding, marketing and equipment relating to manufacturing the product. Subsequent to the agreement, the Company has purchased several machinery and equipment.

On January 20, 2021, BCBC received a $100,000 loan from Sutton Ventures Ltd, a related party to help purchase machinery and equipment.

On January 22, 2021 the Company entered into a production agreement with, Habitat Life Science Inc., ("Habitat") to extract, process, and distribute Cannabis products in Canada using Habitat services, facilities and required Health Canada, (HC) licences.

Business Overview

BCBC works with existing cannabis licence holders to bring to market variety of "products" by way of strategic partnerships. The Company holds a variety of patent licences or brands' specializing in concentrates beverages, edibles and apparel. The Company strategically aligns with licenced manufacturers in producing, extracting and manufacturing these products.

The Company will use Black Rose Organics' (an Ontario based medical licenced cannabis manufacturer under the *Cannabis Act*) services, facilities, input materials, distribution, and storage and HC sales licences to manufacture Canna Beans (a registered patent). The first phase of production will consist of Cannabis edible products containing THC, CBD, CBG and/or CBN with a goal of getting in the near future. The Canna Beans will be sold directly to medical patients and also through recreational sales into Alberta, British Columbia, and Ontario. BCBC will supply all branding, marketing and equipment related to manufacturing the products.

The Company has agreement with Habitat Life Science Inc., a licenced producer under the *Cannabis Act.* Under this agreement, Habitat will extract process and distribute Cannabis products in Canada using Habitat's own services, facilities and required HC licences. BCBC owns the brand "Solventless Solutions" where the brand consists of a line of cannabis concentrate products. The first phase of production will consist of Cannabis concentrate products using Habitat purchased inputs. BCBC will supply all requested specialized expertise, branding, packaging and equipment related to Solventless Solutions products.

For the year ended, February 28, 2021, the Company sold some lifestyle apparel to consumers for brand recognition.

For the year ended, February 28, 2021, the Company had not manufactured any products for the sale of medical cannabis to licenced retailers.

Results of Operations

During the fiscal year ended February 28, 2021 the Company generated revenue from sales of merchandise apparel of $534 (2020 - $nil). The inventory at year end was $6,273 (2020 - $nil) and consists of a variety of lifestyle brand apparel. Inventory is recorded at the lower of cost and net realizable value. All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. Provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss.

General and administrative expenses were $55,266 for the year ended February 28, 2021 compared to (2020 - $2,280). The overall Company expenses had increased in 2021 due to professional costs such as accounting and legal fees for which there are mostly no prior year comparatives. In addition, $10,000 in consulting fees was paid for business plan development. Furthermore, a marketing consultant was hired in January 1, 2021 to promote social media awareness of the Company brands. As such, the marketing expenses were $17,017 for the year ended February 28, 2021, for which there are no previous year comparatives.

The Company did not record any depreciation and amortization for the year ended February 28, 2021. As the machinery and equipment purchased during the year were not yet commissioned for use.

Selected Annual Financial Information

The following table sets forth a comparison of revenues and earnings on an annual basis for each of the two most recently completed years.

	Year Ended February 28, 2021 ($)	Year Ended February 29, 2020 ($)
Revenue	534	-
Net loss	56,112	2,280
Loss per share	0.01	2,280
Total assets	420,532	1
Working capital (deficit)	324,136	(2,279)
Total non-current financial liabilities	85,761	-
Cash dividends declared	-	-

Operating, Financing and Investing Activities

The table below highlights the Company's cash flows for the year ended February 28, 2021 as compared to the year ended February 29, 2020:

	Year Ended February 28, 2021 ($)	Year Ended February 29, 2020 ($)
Net cash provided by (used in):		
Operating activities	(40,980)	-
Investing activities	(68,591)	-
Financing activities	449,999	1
Increase in cash	340,428	1

The following table sets forth, for the quarter indicated, information relating to the Company's revenue, net loss and loss per common share for the eight most recently completed fiscal quarters.

	Revenues $	Net Loss $	Basic and DilutedNet Loss / Share $
May 31, 2019	-	(450)	(450)
August 31, 2019	-	-	-
November 30, 2019	-	(330)	(330)
February 29, 2020	-	(1,500)	(1,500)
May 31, 2020	-	(430)	-
August 31, 2020	-	(6,901)	-
November 30, 2020	569	(13,260)	-
February 28, 2021	-	(35,521)	-

Liquidity and Capital Resources

On January 20, 2021 the Company received a loan of $100,000 from Sutton Ventures Ltd., a related party.

Cash used in investing activities was $68,591 (2020 - $Nil), all related to acquisition of machinery and equipment for Black Rose Organics and Habitat manufacturing facilities to be used in production of the cannabis products.

On February 1, 2021, the Company raised gross proceeds of $350,000 by way of a non-brokered private placement of 2,500,000 units at a price of $0.14 per share of common shares to L5 Capital Inc. The Company continually monitors its capital resources to assess the liquidity necessary to fund operations and future strategy. As at February 28, 2021, the Company had a cash balance of $340,429 (2020 - $1) and working capital of $324,136 (2020 - $(2,279)).

During the year ended February 28, 2021, the Company had a net addition in cash of $340,428 (2020 – net addition of $1).

Proposed Transactions

On February 7, 2021, the Company entered into a binding letter agreement with Entheos Capital Corp. ("Entheos") whereby Entheos will acquire all of the issued and outstanding securities of the Company by way of a share exchange (the "Transaction").

Upon the successful completion of the Transaction, it is anticipated that Entheos will carry on the business of the Company (the "Resulting Issuer") and will seek to delist its common shares from the TSX Venture Exchange and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry.

Pursuant to the Transaction, Entheos will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of the Company ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by Entheos to raise gross proceeds of at least $1,000,000 (completed), shareholder approval and the approval of the CSE and other applicable regulatory authorities.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management team personnel comprise of the Chief Executive Officer and President. The remuneration of the key management personnel during the year ended February 28, 2021 was $Nil (2020 - $Nil).

During the year ended February 28, 2021, the Company issued 2,500,000 common shares valued at $350,000 (2020 - $Nil) to a new shareholder for 20% equity in the Company.

During the year ended February 28, 2021 the Company gave a promissory note to Sutton Ventures Ltd., whose principal is a related party to the Company. As at February 28, 2021 the amount due on the note is the principal sum of $100,000. The loan is a non-interest bearing and if paid on or earlier of January 15th, 2023. However, if the Company for some reason is not able to pay the loan by January 15, 2023, an interest rate of 8% will be compounded annually.

As at February 28, 2021, the Company had $14 (February 29, 2020 - $780) due to a significant shareholder for expenses paid on behalf of the Company. These amounts are non-interest bearing and due on demand.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Use of Estimates and New Accounting Standards

The Company's significant accounting policies under IFRS are contained in note 3 of the audited financial statements for the years ended February 28, 2021 and 2020. Certain of these policies require management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered being relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the audited financial statements relate to going concern assumptions, the estimated useful lives of property, plant and equipment, valuation of loan payable and provision for income tax expense and deferred tax assets and liabilities.

Summary of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the date of this MD&A, the Company had the following securities issued and outstanding:

Securities	**Number**
Common Shares	12,500,000
Total outstanding	**12,500,000**

Recent accounting pronouncements and changes in accounting policies

There are no new accounting pronouncements affecting the company.

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent BCBC from achieving its goals. The risks described below are not the only ones BCBC will face. If any of these risks actually occurs, BCBC's business, financial condition or results of operations may be materially and adversely affected.

General Business Risk and Liability

Given the nature of BCBC's business, it may from time to time be subject to claims or complaints from investors or others in the ordinary course of business. The legal risks facing the Company, its directors, officers, employees or agents in this respect include potential liability for violations of securities law, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of BCBC's right to carry on its existing business. BCBC may incur significant costs in connection with such potential liabilities.

COVID-19

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company makes further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations.

The Company's business is dependent on a number of factors which could be adversely disrupted by, among others, major health issues or pandemics. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 outbreak on our business. These factors are beyond our control, may adversely affect us and our suppliers or cause disruptions to their and our businesses and may impact their ability to supply us.

Reliance on Manufacturer Licences

The Company will be dependent on manufacturers' licences which are subject to ongoing compliance and reporting requirements, to conduct its business. Failure to comply with the requirements of these licences or any failure to obtain or maintain those licences could have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that a licence will be issued, extended or renewed or, if issued, extended or renewed, that it will be issued, extended or renewed on terms that are favorable to the Company.

Limited Operating History

BCBC entered the medical and recreational cannabis business in 2019. BCBC is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that BCBC will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

BCBC has incurred operating losses in recent periods. BCBC may not be able to achieve or maintain profitability and may continue to incur significant losses in the future if the Company does not start production.

Consumer Perception and negative publicity

The medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. The cannabis industry is still young and is vulnerable to negative public perception. This is largely due to lack of consumer education. The Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. Negative consumer perception could adversely impact the demand on the products which will directly impact the financial condition or profitability. The parties with which BCBC does business with May also perceive that they are exposed to reputational risk as a result of cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on BCBC.

Reliance on Management

The success of BCBC is dependent upon the ability, expertise, good judgment, and discretion of senior management and key stakeholders of the Company. Any loss of the services of such individuals could have a material adverse effect on BCBC's business, operating results or financial condition.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company has infringed on their lawful rights. Such licences, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the federal government or private cit

BCBC will only conduct business activities related to growing or processing cannabis in jurisdictions where it is federally legal to do so. BCBC believes that conducting activities which are federally-illegal, or investing in companies which do, puts the Company at risk of prosecution, puts at risk its ability to operate freely, and potentially could jeopardize its listing on major exchanges now and in the future, limiting access to capital from large and reputable global funds.

Conflicts of Interest

Certain directors and officers of BCBC are also, or may become, directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of the Company. Consequently, there is a risk that such officers or directors will be in a position of conflict. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA.

In addition, BCBC's directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, BCBC's directors and officers may owe the same duty to another Company and will need to balance their competing interests with their duties to BCBC. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to BCBC.

Dividends

BCBC has not paid dividends in the past and does not anticipate paying dividends in the near future. BCBC expects to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in BCBC's businesses. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of BCBC and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of BCBC may deem relevant.

Limited Market for Securities

There can be no assurance that an active and liquid market for Common Shares will be maintained and an investor may find it difficult to resell any securities of BCBC.

Liquidity Risk

BCBC's ability to remain liquid over the long term may depend on its ability to obtain additional financing. BCBC has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis.

Litigation

BCBC may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause BCBC to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and BCBC could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While BCBC has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact BCBC's business, operating results or financial condition.

Political and Economic Instability

BCBC may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changesin medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect BCBC's business. Additionally, as legalization of cannabis occurs in markets outside of Canada, including, but not limited to, the United States, the Company may be subject to enhanced competition from foreign cannabis producers, which could adversely impact the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The impact of these factors cannot be accurately predicted.

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. BCBC will be dependent upon the capital markets to rise additional financing in the future, while it executes on its business plans. As such, BCBC is subject to liquidity risks in meeting itsdevelopment and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact BCBC's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to BCBC and its management. If uncertain market conditions persist, BCBC's ability to raise capital could be jeopardized, this could have an adverse impact on BCBC's operations and the trading price of the Common Shares.

Industries Regulatory Risks

Cannabis industry is in its infancy. This new industry is highly regulated, competitive and rapidly changing. As such, BCBC's should be able to adapt to these market and regulatory changes creates new challenges for the Company. The management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

BCBC's ability to grow, store and sell cannabis in Canada is dependent on their strategic partnership agreements which are dependent on licences from Health Canada. To maintain such licences the manufacturing partners need to be in good standing. Failure to comply with the requirements of the licences and maintainingthis licences would have a material adverse impact on the business, financial condition and operating results of BCBC.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond BCBC's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce BCBC's earnings and could make future capital investments or BCBC's operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Governmental Regulation

The Industry is heavily regulated. While the Company is not directly impacted by the regulations as it does not hold any licenses to operate relating to Health Canada. However, the Company's strategic partners are subject to all the various laws, regulations and guidelines by government authorities particularly to HC, relating to aspects of manufacturing. The Company needs to restrictive business activities with anyone in its supply chain that is not compliant under the Cannabis Act.

To the knowledge of management, strategic partners are all in compliance under the Cannabis Act. Failure of the Company's compliance with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its licences to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way it may have a material adverse effect on the Company's business, financial condition and results of operations.

With the Cannabis Act now in effect, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational adult-use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Québec, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis for adult use purposes in such provinces, which could limit the Company's opportunities in those provinces. On September 27, 2018, the government of Ontario tabled Bill 36, An Act to enact a new Act and make amendments to various other Acts respecting the use and sale of cannabis and vapour products in Ontario ("Bill-36"), which received Royal Assent on October 17, 2018. Bill-36 amended the *Cannabis Act, 2017* and enacted the *Ontario Cannabis Act*, which creates a licensing regime for privately-owned retail cannabis outlets administered by the Alcohol and Gaming Commission of Ontario.

Government imposed Taxes and Levies

BCBC operations are variety of regulations such government imposed taxes and levies. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect BCBC's businesses, financial conditions and results of operations.

Risks Inherent in an Agriculture Business

The Company is reliant on the inputs and that involves the growing of cannabis. While the Company is not directly involved in growing of cannabis an agricultural product, BCBC is still subjected to the inherent risk of all agricultural related risks such as weather, climate, pests and plant diseases.

Reliance on Key Inputs

The Company is dependent on a number of key inputs and their related costs, including raw materials and supplies related to their operations, that any negative change in the supply chain, could materially impact the Company's financial condition and operating results.

Banking Challenge

Banking has been a challenge in the cannabis industry. While BCBC does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for BCBC.

In the event financial service providers do not accept accounts or transactions related to the cannabis industry, BCBC would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. BCBC's inability to managesuch risks may adversely affect BCBC's operations and financial performance.

Competition from pharmaceutical industry

The pharmaceutical industries attempt to dominate the synthetic products use over the cannabis industry which could cause adverse change to demand in the organic cannabis industry. As such, the long-term profitability and success of the Company could be negatively impacted.

SCHEDULE "G"

UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE TARGET FOR THE THREE MONTHS ENDED MAY 31, 2021

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THE BC BUD CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MAY 31, 2021 AND 2020

THE BC BUD CORPORATION
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT MAY 31, 2021 AND FEBRUARY 28, 2021

		May 31, 2021		February 28, 2021
ASSETS (Note 6)				
Current				
Cash	$	305,130	$	340,429
Goods services tax (GST) recoverable		2,404		1,582
Prepaid expenses		1,905		2,317
Inventory (Note 3)		6,360		6,273
		315,799		350,601
Machinery and equipment (Note 4)		68,591		68,591
Intangible assets (Note 5)		10,177		1,340
	$	394,567	$	420,532
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	29,586	$	26,416
Provincial sales tax (PST) payable		-		35
Due to shareholder (Note 8)		981		14
		30,567		26,465
Loan payable (Notes 6 and 8)		87,235		85,761
		117,802		112,226
Shareholders' equity				
Share capital (Note 7)		351,340		351,340
Equity contribution from shareholder (Notes 7 and 8)		15,358		15,358
Deficit		(89,933)		(58,392)
		276,765		308,306
	$	394,567	$	420,532

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved and authorized by the Board on August 12, 2021

/s/ Brayden Sutton Director /s/ Josh Taylor Director

The accompanying notes are an integral part of these condensed interim financial statements.

THE BC BUD CORPORATION
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MAY 31, 2021 AND 2020

	2021	2020
EXPENSES		
Accounting and legal	10,349	-
Advertising and promotion	10,840	-
Consulting	7,219	-
Filing fees	-	430
Interest and bank charges	15	-
Office and administration	1,194	-
Rent	450	-
Total operating expenses	(30,067)	(430)
OTHER ITEM		
Accretion expense (Note 6)	(1,474)	-
Loss and comprehensive for the period	(31,541)	(430)
Basic and diluted loss per common share	$ (0.00)	$ (430)
Weighted average number of common shares outstanding	12,500,000	1

The accompanying notes are an integral part of these condensed interim financial statements

THE BC BUD CORPORATION
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MAY 31, 2021 AND 2020

	2021	2020
Operating activities		
Net loss for the period	$ (31,541)	$ (430)
Item not involving cash		
Accretion expense	1,474	-
Changes in non-cash working capital:		
GST recoverable	(822)	-
Prepaid expenses	412	-
Inventory	(87)	-
Accounts payable and accrued liabilities	3,170	-
PST payable	(35)	-
Due to shareholder	967	430
Cash used in operating activities	(26,462)	-
Investing activity		
Intangible asset purchase	(8,837)	-
Cash used in investing activity	(8,837)	-
Change in cash	(35,299)	(430)
Cash, beginning of period	340,429	1
Cash, end of period	$ 305,130	$ 1

Supplemental cash flow disclosure

There were no non-cash financing or investing transactions for the three months period ended May 31, 2021 and 2020.

The accompanying notes are an integral part of these condensed interim financial statements.

THE BC BUD CORPORATION

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Unaudited)
(Expressed in Canadian Dollars)

	Share capital				
	Number	**Amount**	**Equity contribution from shareholder**	**Deficit**	**Total**
Balance, February 29, 2020	1	$ 1	$ -	$ (2,280)	$ (2,279)
Loss and comprehensive loss for the period	-	-	-	(430)	(430)
Balance, May 31, 2020	1	1	-	(2,710)	(2,709)
Balance, February 28, 2021	12,500,000	$ 351,340	$ 15,358	$ (58,392)	$ 308,306
Loss and comprehensive loss for the period	-	-	-	(31,541)	(31,541)
Balance, May 31, 2021	12,500,000	$ 351,340	$ 15,358	$ (89,933)	$ 276,765

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

The BC Bud Corporation (the "Company" or "BCBC") was incorporated under the Canada Business Corporations Act on March 1, 2019. Effective November 17, 2020, the Company registered in the Province of British Columbia. The records office of the Company is located at 151 – West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8.

The Company is a house of brands that strategically aligns with licensed cannabis producers to manufacturer a variety of cannabis products. Through their strategic partnership agreements with these licensed manufacturers, the Company will bring to market specialized cannabis-based concentrates, beverages, edibles and apparels.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company reported a comprehensive loss of $31,541 for the three months ended May 31, 2021 (May 31, 2020 - $430) and had an accumulated deficit of $89,933 as at May 31, 2021 (February 28, 2021 - $58,392). The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The achievement of profitable operations is dependent on the demand of its manufactured products by the retailers. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the pandemic has not had a significant impact on the Company's operations, however the pandemic could impact the Company's ability to complete the proposed transaction with Entheos Capital Corp. (Note 12). Management continues to monitor the situation.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended February 28, 2021.

Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates (cont'd…)

The key areas of judgment applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Going concern

  As the Company currently does not generate income from operations, the assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events, such as revenue generation, that are believed to be currently reasonable.

- Machinery and equipment – indicators of impairment

  At the end of each reporting period, management makes a judgment whether there are any indications of impairment of its machinery and equipment. If there are indications of impairment, management performs an impairment test on a cash-generating unit basis. The impairment test compares the recoverable amount of the asset to its carrying amount. The recoverable amount is the higher of the asset's value in use (present value of the estimated future cash flows) and its estimated fair value less costs of disposal

The key areas of estimates applied in the preparation of the condensed financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Intangible assets – impairment

  The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. The calculations for impairment testing of the Company's indefinite life intangible assets involve significant estimates and assumptions. Judgment is also exercised to determine whether an indication of impairment is present that would require the completion of an impairment test in addition to the annual testing.

3. INVENTORY

Inventory		**May 31, 2021**		**February 28, 2021**
Finished goods	$	6,360	$	6,273
Balance, end of year	$	6,360	$	6,273

Inventory consists of branded promotional materials for sale. Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

(Expressed in Canadian Dollars)

4. MACHINERY AND EQUIPMENT

	Machinery	Equipment	Total
Cost			
Balance, February 29, 2020	$ -	$ -	$ -
Additions	49,528	19,063	68,591
Balance, May 31, 2020, February 28, 2021, and May 31, 2021	$ 49,528	$ 19,063	$ 68,591
Accumulated Depreciation			
Balance, February 29, 2020, May 31, 2020, February 28, 2021, and May 31, 2021	$ -	$ -	$ -
Net Book Value			
Balance, February 28, 2021	$ 49,528	$ 19,063	$ 68,591
Balance, May 31, 2021	$ 49,528	$ 19,063	$ 68,591

None of Company's machinery and equipment was ready for its intended use as of May 31, 2021; therefore, no amortization was taken during the current fiscal period.

5. INTANGIBLE ASSETS

	Trademark	**Website development**	**Total**
Cost			
Balance, February 28, 2021	$ 1,340	$ -	$ 1,340
Additions	337	8,500	8,877
Balance, May 31 , 2021	$ 1,677	$ 8,500	$ 10,177
Accumulated Depreciation			
Balance, February 29, 2020, May 31, 2020, February 28, 2021, and May 31, 2021	**$ -**	**$ -**	**$ -**
Net Book Value			
Balance, February 28, 2021	$ 1,340	$ -	$ 1,340
Balance, May 31, 2021	$ 1,677	$ 8,500	$ 10,177

The Company's intangible assets consist of trademarks and website development costs.

On February 5, 2021, the Company entered an asset assignment and assumption agreement, under which trademarks were assigned to the Company by a shareholder of the Company for consideration of 10,000,000 common shares. The intangible asset consists of trademarks, “The BC Bud Co.”, "Canna Beans", "Buds", "Solventless Solutions" and "Not an LP". The trademarks include all rights to and content of the domain names, social media names, all literature and social media sites, branding and design material associated with the trademarks.

The Company's trademarks have been assigned an indefinite useful life, as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows and the Company's intention is to continue to utilize these trade names for the foreseeable future.

6. LOAN PAYABLE

On January 20, 2021, the Company received a loan of $100,000 from Sutton Ventures Ltd., a significant shareholder of the Company. The loan is secured by all present and future acquired property of the Company and is payable on the earlier of:

a) January 15, 2023; or
b) The occurrence of an event of default.

No interest will accrue on the outstanding balance, unless an event of default occurs, in which cases, interest will be deemed to have accrued on the outstanding balance from the date of advancement at a rate of 8.0% per annum, compounded annually, and will be payable maturity.

The loan is recorded at fair value on initial recognition, which was determined to be $84,642 using a discount rate of 8.5%, resulting in a total discount of $15,358. As the loan was provided by a shareholder of the Company, the discount was recorded as an equity contribution. During the three month period ended May 31, 2021, accretion expense of $1,474 (May 31, 2020 - $Nil) was recorded in the condensed interim statements of loss and comprehensive loss.

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

In the year ended February 28, 2021, the Company:

i. Issued 10,000,000 common shares to founders of the Company under an asset assignment and assumption agreement (Note 5);

ii. Completed a private placement of 2,500,000 common shares at a price of $0.14 per common share for gross proceeds of $350,000.

c) No share capital activity during the three months ended May 31, 2021.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Management

Key management personnel comprise the Chief Executive Officer and President. The remuneration of the key management personnel during the period ended May 31, 2021 was $Nil (May 31, 2020 - $Nil).

During the year ended February 28, 2021 the Company received a loan from Sutton Ventures Ltd., an entity controlled by the CEO of the Company (Note 6).

As at May 31, 2021, the Company had $981 (February 28, 2021 - $14) due to a significant shareholder for expenses paid on behalf of the Company. These amounts are non-interest bearing and due on demand.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company classifies its cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and due to shareholder are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Loan payable is carried at amortized cost, measured at level 2 inputs of the fair value hierarchy.

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. Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Financial risk factors

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. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a chartered bank. The Company considers credit risk with respect of these amounts to be low.

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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2021, the Company had a working capital of $285,232 (February 28, 2021, $324,137). The Company's financial liabilities mature within 30 days with the exception of the loan which is payable on January 15, 2023 (Note 6).

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. The Company is not currently exposed to any significant interest rate, foreign exchange rate or commodity and equity prices risk.

10. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period ended May 31, 2021.

11. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the condensed interim financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's operations and assets are in Canada.

12. PROPOSED TRANSACTION

On February 7, 2021, the Company entered into a binding letter agreement with Entheos Capital Corp. ("Entheos") whereby Entheos will acquire all of the issued and outstanding securities of the Company by way of a share exchange (the "Transaction").

Upon the successful completion of the Transaction, it is anticipated that Entheos will carry on the business of the Company (the "Resulting Issuer") and will seek to delist its common shares from the TSX Venture Exchange and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry.

Pursuant to the Transaction, Entheos will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of the Company ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by Entheos to raise gross proceeds of at least $1,000,000 (completed), shareholder approval and the approval of the CSE and other applicable regulatory authorities.

SCHEDULE "H"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE TARGET FOR THE THREE MONTHS ENDED MAY 31, 2021

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THE BC BUD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (“MD&A”)

FOR THE THREE MONTHS ENDED MAY 31, 2021

THE BC BUD CORPORATION

This management's discussion and analysis of the financial condition and results of operations ("MD&A") of The BC Bud Corporation ("Company" or ""BCBC"), is for the three months ended May 31, 2021 and 2020 and is dated August 12, 2021. The MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and the accompanying notes for the three months ended May 31, 2021 and 2020.

This MD&A provides information that the management of the Company believes is important to understanding the results of operations and financial condition of the Company. All amounts are presented in Canadian dollars, unless otherwise noted. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued but the International Accounting Standards Board ("IASB").

Forward-Looking Statements

This MD&A may contain statements that are "forward-looking statements". These include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "anticipate", "believes", "estimate", "intend", "plan", "would", and "outlook" or statements to the effect that actions, events or results "will", "may", "should" or "would" be taken, occur or be achieved. Forward-looking statements are not historical facts, and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this analysis. Forward- looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management on the date the statements are made and the Company does not undertake any obligation to update forward-looking statements if the circumstances or management's beliefs, opinions or estimates should change. Readers should not place undue reliance on forward-looking statements.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company to make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairments in the value of our long- lived assets, or potential future decreases in revenue or profitability of our ongoing operations. See "Risk Factors".

Corporate Information

The BC Bud Corporation (the "Company") was incorporated under the Canada Business Corporations Act on March 1, 2019. Effective November 17, 2020, the Company continued in the Province of British Columbia. The records office of the Company is located at 151 – West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8.

The Company is a house of brands that strategically aligns with licenced cannabis producers to manufacturer a variety of cannabis products. The manufacturers are licenced under the *Cannabis Act*, (together with the regulations made thereunder from time to time, the "Cannabis Act"). Through their strategic partnership agreements with these licenced manufacturers, the Company will bring to market specialized cannabis-based concentrates, beverages, edibles and apparels.

On October 1, 2020 the Company re-acquired the only outstanding share from Thomas Joshua Taylor. Prior to this share repurchase , the Company was a shell Company with no operations. The Company issued 5,000,000 common shares to each of TJT Ventures Ltd. and Sutton Ventures Ltd. as consideration for an intangible asset. On February 1, 2021, BCBC issued 2,500,000 common shares to L5 Capital Inc. for $350,000 at $0.14 per share.

On November 19, 2020 the Company entered into a manufacturing and co-packing agreement with Black Rose Organics. BCBC engaged Black Rose Organics to manufacture, co-pack and distribute a cannabis chocolate covered bean line in Canada. The Company will supply all branding, marketing and equipment relating to manufacturing the product. Subsequent to the agreement, the Company has purchased several machinery and equipment.

On January 20, 2021, the Company received a $100,000 loan from Sutton Ventures Ltd, a related party to help purchase machinery and equipment.

On January 22, 2021 the Company entered into a production agreement with, Habitat Life Science Inc., ("Habitat") to extract, process, and distribute Cannabis products in Canada using Habitat services, facilities and required Health Canada, (HC) licences.

Business Overview

The Company works with existing cannabis licence holders to bring to market variety of "products" by way of strategic partnerships. The Company holds a variety of patent licences or brands' specializing in concentrates beverages, edibles and apparel. The Company strategically aligns with licenced manufacturers in producing, extracting and manufacturing these products.

The Company will use Black Rose Organics' (an Ontario based medical licenced cannabis manufacturer under the *Cannabis Act*) services, facilities, input materials, distribution, and storage and HC sales licences to manufacture Canna Beans (a registered patent). The first phase of production will consist of Cannabis edible products containing THC, CBD, CBG and/or CBN with a goal of getting in the near future. The Canna Beans will be sold directly to medical patients and also through recreational sales into Alberta, British Columbia, and Ontario. BCBC will supply all branding, marketing and equipment related to manufacturing the products.

The Company has an agreement with Habitat Life Science Inc., a licenced producer under the *Cannabis Act.* Under this agreement, Habitat will extract process and distribute Cannabis products in Canada using Habitat's own services, facilities and required HC licences. BCBC owns the brand "Solventless Solutions" where the brand consists of a line of cannabis concentrate products. The first phase of production will consist of Cannabis concentrate products using Habitat purchased inputs. BCBC will supply all requested specialized expertise, branding, packaging and equipment related to Solventless Solutions products.

Subsequent to May 31, 2021, the Company entered into a co-packing agreement with BevCanna Enterprises Inc. (“Co-Packing Agreement”). BevCanna will produce and, through its sale partner, sell, the Company’s cannabis infused beverage products. Pursuant to the Co-Packing Agreement, the Company and BevCanna will undertake a pilot production. Following a successful pilot production, the Company will be subject to a minimum purchase over the following year of approximately $100,000. The Company will also provide to BevCanna a right of first opportunity to manufacture new beverage based cannabis products.

Selected Quarterly Information

The following table sets forth, for the quarter indicated, information relating to the three month periods ended May 31, 2021 and 2020:

	Three months ended May 31, 2021 ($)	**Three months ended May 31, 2020 ($)**
Net loss	31,541	430
Loss per share	0.00	430
Total assets	394,567	1
Working capital (deficit)	285,232	(2,709)
Total non-current financial liabilities	87,235	-
Cash dividends declared	-	-

Results of Operations for the three months ended May 31, 2021 and 2020 (First Quarter)

The Company reported a net loss of $31,541 for the three months ended May 31, 2021 compared to a net loss of $430 for the three months ended May 31, 2020.

The primary drivers of this first quarter difference in net loss are: i) accounting and legal fees of $10,349 for which there was no prior year comparative as a review was not required for the first quarter of 2020; ii) advertising and promotion expense of $10,840 to promote social media awareness of the Company brands for which there was no prior period comparative as the Company did not engage in marketing activities during 2020; iii) consulting fees of $7,219 incurred as a consultant was hired for the Company to promote corporate development and investor relations, for which there was no prior period comparative; iv) office and administration expense of $1,194 for which there was no prior period comparative.

The other variance contributing to the net loss noted for the quarter is accretion expense of $1,474 on the loan received from Sutton Ventures Ltd on January 20, 2021 (see Related Party Transactions).

Operating, Financing and Investing Activities

The table below highlights the Company's cash flows for three months ended May 31, 2021 as compared to the three months ended May 31, 2020:

	Period ended May 31, 2021 ($)	Year Ended May 31, 2020 ($)
Net cash provided by (used in):		
Operating activities	(26,462)	-
Investing activities	(8,837)	-
Financing activities	-	-
Decrease in cash	(35,299)	(430)

Selected financial data

Quarterly information

The following table sets forth, for the quarter indicated, information relating to the Company's revenue, net loss and loss per common share for the eight most recently completed fiscal quarters.

	Revenues $	Net Loss $	Basic and DilutedNet Loss / Share $
August 31, 2019	-	-	-
November 30, 2019	-	(330)	(330)
February 29, 2020	-	(1,500)	(1,500)
May 31, 2020	-	(430)	-
August 31, 2020	-	(6,901)	-
November 30, 2020	569	(12,710)	-
February 28, 2021	-	(36,072)	-
May 31, 2021	-	(31,541)	-

Liquidity and Capital Resources

As at May 31, 2021, the Company had a cash balance of $305,130 (February 28, 2021 - $340,429) and working capital of $285,232 (February 28, 2021 - $324,136). The Company continually monitors its capital resources to assess the liquidity necessary to fund operations and future strategy.

Proposed Transactions

On February 7, 2021, the Company entered into a binding letter agreement with Entheos Capital Corp. ("Entheos") whereby Entheos will acquire all of the issued and outstanding securities of the Company by way of a share exchange (the "Transaction").

Upon the successful completion of the Transaction, it is anticipated that Entheos will carry on the business of the Company (the "Resulting Issuer") and will seek to delist its common shares from the TSX Venture Exchange and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry.

Pursuant to the Transaction, Entheos will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of the Company ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by Entheos to raise gross proceeds of at least $1,000,000 (completed), shareholder approval (received) and the approval of the CSE and other applicable regulatory authorities.

Other than the Transaction described above, there are no other proposed transactions.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management team personnel comprise of the Chief Executive Officer and President. The remuneration of the key management personnel during for the three months ended May 31, 2021 was $Nil (2020 - $Nil).

During the year ended February 28, 2021, the Company issued 2,500,000 common shares valued at $350,000 (2020 - $Nil) to a new shareholder for 20% equity in the Company.

During the year ended February 28, 2021 the Company received a promissory note from Sutton Ventures Ltd., whose principal is a related party to the Company. As at February 28, 2021 the amount due on the note is the principal sum of $100,000. The loan is a non-interest bearing and if paid on or earlier of January 15th, 2023. However, if the Company is not able to repay the loan by January 15, 2023, an interest rate of 8% will be compounded annually.

As at May 31, 2021, the Company had $980 (February 28, 2021 - $14) due to a shareholder for expenses paid on behalf of the Company. These amounts are non-interest bearing and due on demand.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Use of Estimates and New Accounting Standards

The Company's significant accounting policies under IFRS are contained in note 2 of the audited financial statements for the years ended February 28, 2021 and February 29, 2020. Certain of these policies require management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered being relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the audited financial statements relate to going concern assumptions, the estimated useful lives of property, plant and equipment, valuation of loan payable and provision for income tax expense and deferred tax assets and liabilities.

Summary of Outstanding Share Data
The authorized capital of the Company consists of an unlimited number of Common Shares. As of the date of this MD&A, the Company had the following securities issued and outstanding:

Securities	Number
Common Shares	12,500,000
Total outstanding	**12,500,000**

Recent accounting pronouncements and changes in accounting policies

There are no new accounting pronouncements affecting the Company.

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent BCBC from achieving its goals. The risks described below are not the only ones BCBC will face. If any of these risks actually occurs, BCBC's business, financial condition or results of operations may be materially and adversely affected.

General Business Risk and Liability

Given the nature of BCBC's business, it may from time to time be subject to claims or complaints from investors or others in the ordinary course of business. The legal risks facing the Company, its directors, officers, employees or agents in this respect include potential liability for violations of securities law, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of BCBC's right to carry on its existing business. BCBC may incur significant costs in connection with such potential liabilities.

COVID-19

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company makes further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations.

The Company's business is dependent on a number of factors which could be adversely disrupted by, among others, major health issues or pandemics. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 outbreak on our business. These factors are beyond our control, may adversely affect us and our suppliers or cause disruptions to their and our businesses and may impact their ability to supply us.

Reliance on Manufacturer Licences

The Company will be dependent on manufacturers' licences which are subject to ongoing compliance and reporting requirements, to conduct its business. Failure to comply with the requirements of these licences or any failure to obtain or maintain those licences could have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that a licence will be issued, extended or renewed or, if issued, extended or renewed, that it will be issued, extended or renewed on terms that are favorable to the Company.

Limited Operating History

BCBC entered the medical and recreational cannabis business in 2019. BCBC is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that BCBC will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

BCBC has incurred operating losses in recent periods. BCBC may not be able to achieve or maintain profitability and may continue to incur significant losses in the future if the Company does not start production.

Consumer Perception and negative publicity

The medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. The cannabis industry is still young and is vulnerable to negative public perception. This is largely due to lack of consumer education. The Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. Negative consumer perception could adversely impact the demand on the products which will directly impact the financial condition or profitability. The parties with which BCBC does business with May also perceive that they are exposed to reputational risk as a result of cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on BCBC.

Reliance on Management

The success of BCBC is dependent upon the ability, expertise, good judgment, and discretion of senior management and key stakeholders of the Company. Any loss of the services of such individuals could have a material adverse effect on BCBC's business, operating results or financial condition.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company has infringed on their lawful rights. Such licences, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the federal government or private cit

BCBC will only conduct business activities related to growing or processing cannabis in jurisdictions where it is federally legal to do so. BCBC believes that conducting activities which are federally-illegal, or investing in companies which do, puts the Company at risk of prosecution, puts at risk its ability to operate freely, and potentially could jeopardize its listing on major exchanges now and in the future, limiting access to capital from large and reputable global funds.

Conflicts of Interest

Certain directors and officers of BCBC are also, or may become, directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of the Company. Consequently, there is a risk that such officers or directors will be in a position of conflict. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA.

In addition, BCBC's directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, BCBC's directors and officers may owe the same duty to another Company and will need to balance their competing interests with their duties to BCBC. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to BCBC.

Dividends

BCBC has not paid dividends in the past and does not anticipate paying dividends in the near future. BCBC expects to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in BCBC's businesses. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of BCBC and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of BCBC may deem relevant.

Limited Market for Securities

There can be no assurance that an active and liquid market for Common Shares will be maintained and an investor may find it difficult to resell any securities of BCBC.

Liquidity Risk

BCBC's ability to remain liquid over the long term may depend on its ability to obtain additional financing. BCBC has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis.

Litigation

BCBC may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause BCBC to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and BCBC could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While BCBC has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact BCBC's business, operating results or financial condition.

Political and Economic Instability

BCBC may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changesin medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect BCBC's business. Additionally, as legalization of cannabis occurs in markets outside of Canada, including, but not limited to, the United States, the Company may be subject to enhanced competition from foreign cannabis producers, which could adversely impact the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The impact of these factors cannot be accurately predicted.

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. BCBC will be dependent upon the capital markets to rise additional financing in the future, while it executes on its business plans. As such, BCBC 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 BCBC's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to BCBC and its management. If uncertain market conditions persist, BCBC's ability to raise capital could be jeopardized, this could have an adverse impact on BCBC's operations and the trading price of the Common Shares.

Industries Regulatory Risks

Cannabis industry is in its infancy. This new industry is highly regulated, competitive and rapidly changing. As such, BCBC's should be able to adapt to these market and regulatory changes creates new challenges for the Company. The management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

BCBC's ability to grow, store and sell cannabis in Canada is dependent on their strategic partnership agreements which are dependent on licences from Health Canada. To maintain such licences the manufacturing partners need to be in good standing. Failure to comply with the requirements of the licences and maintainingthis licences would have a material adverse impact on the business, financial condition and operating results of BCBC.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond BCBC's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce BCBC's earnings and could make future capital investments or BCBC's operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Governmental Regulation

The Industry is heavily regulated. While the Company is not directly impacted by the regulations as it does not hold any licenses to operate relating to Health Canada. However, the Company's strategic partners are subject to all the various laws, regulations and guidelines by government authorities particularly to HC, relating to aspects of manufacturing. The Company needs to restrictive business activities with anyone in its supply chain that is not compliant under the Cannabis Act.

To the knowledge of management, strategic partners are all in compliance under the Cannabis Act. Failure of the Company's compliance with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its licences to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way it may have a material adverse effect on the Company's business, financial condition and results of operations.

With the Cannabis Act now in effect, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational adult-use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Québec, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis for adult use purposes in such provinces, which could limit the Company's opportunities in those provinces. On September 27, 2018, the government of Ontario tabled Bill 36, An Act to enact a new Act and make amendments to various other Acts respecting the use and sale of cannabis and vapour products in Ontario ("Bill-36"), which received Royal Assent on October 17, 2018. Bill-36 amended the *Cannabis Act, 2017* and enacted the *Ontario Cannabis Act*, which creates a licensing regime for privately-owned retail cannabis outlets administered by the Alcohol and Gaming Commission of Ontario.

Government imposed Taxes and Levies

BCBC operations are variety of regulations such government-imposed taxes and levies. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect BCBC's businesses, financial conditions and results of operations.

Risks Inherent in an Agriculture Business

The Company is reliant on the inputs and that involves the growing of cannabis. While the Company is not directly involved in growing of cannabis an agricultural product, BCBC is still subjected to the inherent risk of all agricultural related risks such as weather, climate, pests and plant diseases.

Reliance on Key Inputs

The Company is dependent on a number of key inputs and their related costs, including raw materials and supplies related to their operations, that any negative change in the supply chain, could materially impact the Company's financial condition and operating results.

Banking Challenge

Banking has been a challenge in the cannabis industry. While BCBC does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for BCBC.

In the event financial service providers do not accept accounts or transactions related to the cannabis industry, BCBC would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. BCBC's inability to managesuch risks may adversely affect BCBC's operations and financial performance.

Competition from pharmaceutical industry

The pharmaceutical industries attempt to dominate the synthetic products use over the cannabis industry which could cause adverse change to demand in the organic cannabis industry. As such, the long-term profitability and success of the Company could be negatively impacted.

SCHEDULE "I"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT MAY 31, 2021

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The BC Bud Corporation
(formerly Entheos Capital Corp.)

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

May 31, 2021

THE BC BUD CORPORATION
(formerly Entheos Capital Corp.)
PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
May 31, 2021

	The BC Bud Corporation (formerly Entheos Capital Corp.) June 30, 2021	**BC Bud Holdings Corp.** (formerly The BC Bud Corporation) May 31, 2021	**Pro-Forma Adjustments**	**Notes**	**Pro-Forma Consolidated**
ASSETS					
Current					
Cash and cash equivalents	$ 1,021,823	$ 305,130	$ 1,000,000	3(a)	$ 2,251,953
			(75,000)	3(c)	
Restricted cash	1,000,000	-	(1,000,000)	3(a)	-
Prepaid expenses and deposits	375	1,905	-		2,280
Inventory	-	6,360	-		6,360
Accounts receivable	5,462	2,404	-		7,866
	2,027,660	315,799	(75,000)		2,268,459
Property and equipment	-	68,591	-		68,591
Intangible assets	-	10,177	-		10,177
Deferred financing costs	9,000	-	(9,000)	3(a)	-
	$ 2,036,660	$ 394,567	$ (84,000)		$ 2,347,227
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	$ 68,257	$ 29,586	$ -		$ 97,843
Subscription receipts	1,000,000	-	(1,000,000)	3(a)	-
Due to shareholder	-	981	-		981
	1,068,257	30,567	(1,000,000)		98,824
Loan payable	-	87,235	-		87,235
	1,068,257	117,802	(1,000,000)		186,059
Shareholders' equity					
Share capital	11,167,279	351,340	991,000	3(a)	4,255,971
			(12,158,279)	3(b)	
			3,904,631	3(b)	
Reserves	625,507	15,358	(625,507)	3(b)	15,358
Deficit	(10,824,383)	(89,933)	12,783,786	3(b)	(2,110,161)
			(3,904,631)	3(b)	
			(75,000)	3(c)	
	968,403	276,765	916,000		2,161,168
	$ 2,036,660	$ 394,567	$ (84,000)		$ 2,347,227

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

1. ARRANGEMENT

The unaudited pro-forma consolidated financial statements of The BC Bud Corporation (formerly Entheos Capital Corp.) ("BCBC" or the “Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) from information derived from the financial statements of BCBC and the financial statements of BC Bud Holdings Corp. (formerly The BC Bud Corporation) (“BC Bud”) using the same accounting policies as described in BC Bud’s annual financial statements for the year ended February 28, 2021 together with other information available to the Company. The unaudited pro-forma consolidated financial statements have been prepared for inclusion in the Listing Statement for the proposed listing of the common shares of the continuing entity on the Canadian Securities Exchange (the “CSE”).

The Company has applied to list (the "Listing") its common shares on the Canadian Securities Exchange (the "CSE") under the ticker symbol “BCBC”, subject to meeting listing requirements and obtaining approval of the CSE.

BCBC entered into a share exchange agreement (the “Agreement”) with BC Bud on March 15, 2021. The transaction, pursuant to the Agreement, will result in a reverse takeover of BCBC by BC Bud (the “Transaction”). Although the Transaction will result in a legal combination of BCBC and BC Bud to form the resulting issuer (the “Resulting Issuer”), from an accounting perspective, the Transaction is considered to be a reverse takeover. See “Pro-forma Assumptions and Adjustments” below. For financial reporting purposes, the Resulting Issuer is considered a continuation of BC Bud, the legal subsidiary, except with regard to authorized and issued share capital, which is that of the Company, the legal parent.

Under the terms of the Agreement:

- The issued and outstanding BC Bud shares are exchanged for Resulting Issuer shares on the basis of 2.1 Resulting Issuer share for each BC Bud share held immediately before the Transaction, and the BC Bud shares so exchanged will immediately be cancelled; and
- The Resulting Issuer continues under the name The BC Bud Corporation.

BCBC shareholders hold 41.46% of the outstanding Resulting Issuer shares; and (ii) the current shareholders of BC Bud hold 26,250,000 Resulting Issuer shares, representing approximately 58.54% of the outstanding Resulting Issuer shares. The Transaction has been accounted for in accordance with IFRS 2, *Share-based payments* and IFRS 3, *Business combinations* (“IFRS 3”). As BCBC did not qualify as a business in accordance with IFRS 3, the Transaction will be accounted for as an acquisition of the net assets of BCBC by BC Bud.

The Transaction has received shareholder approval. The Company has applied to list (the "Listing") its common shares on the Canadian Securities Exchange (the "CSE") under the ticker symbol “BCBC”, subject to meeting listing requirements and obtaining approval of the CSE.

2. BASIS OF PREPARATION

The unaudited pro-forma consolidated financial statements have been prepared by management to give effect to the Transaction. In the opinion of management, the unaudited pro-forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions as described in Note 3 and in accordance with IFRS.

The unaudited pro-forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited pro-forma consolidated financial statements are not a forecast or projection of future results. The actual financial statements and results of the Resulting Issuer for any period following May 31, 2021 will likely vary from the amounts set forth in the unaudited pro-forma consolidated financial statements and such variation may be material.

The unaudited pro-forma consolidated financial statements should be read in conjunction with:

a) BCBC’s unaudited condensed interim financial statements as at June 30, 2021 and for the six months then ended;
b) BC Bud’s unaudited condensed interim financial statements as at May 31, 2021 and for the three months then ended; and
c) the additional information set out in Note 3.

The unaudited pro-forma consolidated financial statements have been prepared as if the Transaction described in Note 3 had occurred on May 31, 2021.

(Expressed in Canadian Dollars)

3. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated financial statements incorporate the following pro-forma assumptions and adjustments which gives effect to the Agreement of BCBC and BC Bud as if it had occurred on May 31, 2021:

a) *Subscription receipts financing*

On April 26, 2021, BCBC completed a non-brokered private placement of subscription receipts ("Subscription Receipts") issuing 4,000,000 Subscription Receipts at a price of $0.25 per Subscription Receipt generating gross proceeds of $1,000,000. BCBC has recognized deferred financing costs of $9,000 with respect to the Subscription Receipts. The Subscription Receipts will automatically convert immediately into one unit ("Unit") prior to the closing of the Transaction. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase a common share at a price of $0.50 for a period of two years.

b) *Reverse acquisition accounting*

In accordance with reverse acquisition accounting:

i. The net assets of BC Bud are included in the unaudited pro-forma consolidated financial position at their historic value.
ii. The net assets of BCBC are included at fair value, assumed to be equal to their carrying value at June 30, 2021.
iii. Share capital, reserves, and deficit of BCBC are eliminated.

The fair value of the 18,593,482 shares issued to acquire BCBC was based on the prevailing estimated share price of $0.21. The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase Price		
18,593,482 shares at $0.21	$	3,904,631
Net assets of BCBC		
Cash and restricted cash		2,021,823
Prepaid expenses and deposits		375
Accounts receivable		5,462
Accounts payable and accrued liabilities		(68,257)
		1,959,403
Reverse Takeover Expense	$	1,945,228

BCBC Capital's existing share capital ($12,158,279), reserves ($625,507) and deficit ($12,783,786) are eliminated.

c) *Transaction costs*

The Company has estimated transaction costs of $75,000 are expected to be paid by the Resulting Issuer in respect of professional fees for the Transaction and have been recorded as additional reverse takeover expense.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

b) Issued share capital

	Number of Shares		**Amount**		**Reserves**
Capital stock of BCBC at June 30, 2021	14,593,482	$	11,167,279	$	625,507
Conversion of subscription receipts, net issuance costs (Note 3(a))	4,000,000		991,000		-
Remove equity of BCBC (Note 3(b))	-		(12,158,279)		(625,507)
Capital stock of BC Bud at May 31, 2021	-		351,340		-
Reverse takeover - shares issued to shareholders of BC Bud (Note 3(c))	26,250,000		3,904,631		-
Resulting Issuer common shares outstanding	44,843,482	$	4,255,971	$	-

c) Stock options

Stock options outstanding as at May 31, 2021:

	Number outstanding		Exercise price	Expiry date
Stock options	85,000	$	1.00	October 13, 2022

d) Warrants

Warrants outstanding as at May 31, 2021:

	Number outstanding		Exercise price	Expiry date
Warrants	4,000,000	$	0.50	April 26, 2023

e) Restricted share units

Restricted share units ("RSUs") outstanding as at May 31, 2021:

	Number outstanding	Vesting Dates
RSUs	1,377,083	May 31, 2022*
	366,666	November 30, 2022*
	760,417	May 31, 2023*
	366,667	November 30, 2023*
	366,667	May 31, 2024*
	3,237,500	

4. SHARE CAPITAL AND RESERVES (cont'd…)

e) Restricted share units (cont'd…)

*A total of 3,327,500 RSUs will be issued to directors, an officer and consultants upon completion of the Transaction. The RSUs will entitle the holders to acquire an aggregate of 3,327,500 shares subject to vesting on various dates following the closing date of the Transaction, provided that the holder continues, on such vesting dates, to hold a role with the Resulting Issuer as a director, officer, employee or consultant.

The fair value per RSU is estimated at the prevailing fair value share price of $0.21 for a total fair value of $698,775 which will be recognized over the vesting period. No share-payments payments expense has been recognized in the pro-forma statement of financial position as the expense will be recognized over the following two-year period.

5. PRO-FORMA TAX RATE

The pro-forma effective tax rate that will be applicable to the consolidated operations is 27%.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 29th day of September, 2021.

Brayden Sutton (signed)	*Samantha Shorter (signed)*
Chief Executive Officer	Chief Financial Officer
Thomas Joshua Taylor (signed)	*Corey Larricq (signed)*
Director	Director

CERTIFICATE OF THE PROMOTERS

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 29th day of September, 2021.

Brayden Sutton (signed)

Thomas Joshua Taylor (signed)

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to the Target It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 29th day of September, 2021.

Thomas Joshua Taylor (signed)	*Brayden Sutton (signed)*
President and Director	Director