RED LIGHT HOLLAND CORP (FORMERLY ADDED CAPITAL INC.)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of the activities, results of operations and financial condition of Red Light Holland Corp. ("**Red Light**", "**RLH**", or the "**Company**") is for the three and nine month periods ended December 31, 2020, and the comparable periods in 2019.

The discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2020, and related notes thereto (the "**2021 Q3 Interim Financial Statements**") and the annual audited consolidated financial statements for the years ended March 31, 2020 and 2019. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The 2021 Q3 Interim Financial Statements are presented on a consolidated basis with the Company's three wholly-owned subsidiaries, being:

- Red Light Holland (Subco 1) Inc. ("**Subco 1**"), a corporation formed under the Business Corporations Act (Ontario) (the "**OBCA**") on May 22, 2020, pursuant to the amalgamation of Red Light Holland Financing Inc. and 2747439 Ontario Inc.;

- Red Light Holland (Subco 2) Inc. ("**Subco 2**"), a corporation formed under the OBCA on May 22, 2020, pursuant to the amalgamation of Red Light Holland Debt Inc. and 2747451 Ontario Inc.; and

- RLH Netherlands B.V. ("**Dutchco**"), a limited liability company formed under the laws of the Netherlands on August 5, 2020.

Subco 2, as of the date of this MD&A, and NSI until it was sold on September 21, 2020, are non-operating subsidiaries of the Company, with no material business operations or activities. As at the date of this MD&A, Dutchco is the Company's only operating subsidiary, through which the Company has conducted its operations in the Netherlands since August 5, 2020.

All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, including the Annual Information Form (filed January 11, 2021), are filed electronically through the System for Electronic Document Analysis and Retrieval ("**SEDAR**"**)** and are available online at www.sedar.com.

The effective date for this report is February 26, 2021.

Forward-Looking Statements

Certain statements contained in this **MD&A** and in certain documents incorporated by reference into this MD&A, constitute forward-looking statements, within the meaning of applicable securities laws ("**forward-looking statements**"). Such statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe", "prospect", "future", "possible", "can", "speculative", "perhaps" and similar expressions.

Forward looking information and statements included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's Second Batch being available for harvest by calendar Q2, 2021;
- the Company's plan to allocate for packaging and distribution within the Netherlands (under the "iMicrodose" brand") and wholesale distribution, as early as calendar Q2, 2021;
- the Company's plan to build out the Facility (as hereinafter defined) to obtain EU-GMP (as hereinafter defined) certification for the Facility in calendar Q4, 2021;
- the Company's plan to enter into a binding definitive agreement to acquire SR Wholesale (as hereinafter defined) by the ended of Calendar Q1 2021;
- the Company's plan to launch the digital care program by the beginning of February, 2021;
- the Company's plan to set up iMIC in the Super Smart Store (both terms as hereinafter defined) before the end of calendar Q1, 2021;
- the Company's plan, subject to all applicable laws and regulations, to enter into a binding definitive agreement regarding a joint venture with Halo Labs Inc., within the next 9 months;
- the Company's plan, subject to all applicable laws and regulations, to enter into a binding joint venture agreement with Disruptive Pharma LLC;
- the Company's plan, subject to all applicable laws and regulations, to enter into a binding definitive agreement to acquire a 100% interest in Mera Life Sciences LLC, within the next 9 months.

Forward looking information and statements included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect. including, but not limited to, assumptions about:

- general business and market conditions;
- Red Light Holland Corp.'s (the "**Company**") ability to execute on its business plan, and secure any licenses, permits, and authorizations which may from time to time become necessary to execute on its business plan;
- the Company's financial condition for the reasonably foreseeable future and its ability to carry out its development plans;
- the demand, and market opportunity, for the Company's product offerings;
- the Company's ability to establish, preserve and develop its brand, and attract and retain required personnel;
- the Company's ability to successfully complete the build-out of the Facility (as hereinafter defined), and commence the build out necessary to obtain EU-GMP (as hereinafter defined) certification, and distribute its product offerings on the terms and within the timelines anticipated by the Company;
- the impact of COVID-19 on the market demand for EU-GMP certified truffles;
- the business operations of entities and institutions (and in particular, those engaged in the health and sciences industries) which might otherwise have presented the Company with business-to-business sales channels for the sale of the Company's for EU-GMP certified truffles;
- the regulatory framework in the European Union remaining the same in respect of the minimum requirements that a producer must meet to obtain EU-GMP certification;
- the Company's ability to identify a cost-effective build-out plan to obtain EU-GMP certification for the Facility;
- the impact of current and future social and economic conditions (including, not limited to, global pandemics) on the business and operations of the Company, and the Company's ability to capitalize on anticipated business opportunities;
- the Company's ability to grow, harvest, and distribute truffles from time to time cultivated and produced by the Company within the timelines anticipated by the Company; and
- the Company's ability to meet the timeframe for the harvesting, packaging and distribution of the Second Batch as disclosed in in a press release dated December 15, 2020 and this MD&A.

Although the Company believes that the expectations reflected in those forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct. As such, forward-looking statements included in this MD&A and in the documents incorporated by reference into this MD&A should not be unduly relied upon.

Further, readers are cautioned that forward looking statements involve known and unknown risks, uncertainties and other factor (many of which are beyond the Company's ability to predict or control) that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, the Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, which should not be considered to be exhaustive:

- general economic conditions in Canada, the Netherlands, and globally, including reduced availability of debt and equity financing generally;
- governmental regulation of the industry or industries within which the Company may be engaged in from time to time, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- liabilities inherent in the operations of the Company as a participant in the truffles industry;
- general business and market conditions; and
- the Company's capabilities in developing third party relationships and engaging resources to achieve its business objectives.

Forward-looking statements contained in this MD&A and the documents incorporated by reference into this MD&A speak only as of the date of this MD&A, or as of the date specified in the documents incorporated by reference into this MD&A, as the case may be. The Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements, except as required pursuant to applicable securities laws.

The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

Overview and RTO

On October 8, 2019, Red Light Holland Corp (formerly Added Capital Inc.) ("**Red Light Holland**" or the "**Company**") incorporated Red Light Holland Financing Inc. ("**Subco 1**") (under the laws of the province of Ontario), for the purpose of completing a transaction to establish itself as a producer and distributor of its premium brand of psilocybin truffles within the Netherlands. On May 22, 2020, the Company closed a transaction (the "**Transaction**") with Subco 1 and Red Light Holland Debt Inc. ("**Debtco**"), both wholly owned subsidiaries of the Company. The Transaction was effected by way of two triangular amalgamations (the "**Amalgamations**") among (a) the Company and Debtco, and a wholly-owned subsidiary of the Company, and (b) the Company and Subco 1 another wholly-owned subsidiary of the Company. Concurrent with the Transaction, the Company effected a change of its name to "Red Light Holland Corp." from Added Capital Inc.

Following completion of the Transaction on May 22, 2020, the Company received approval to list its common shares on the Canadian Securities Exchange (the "**CSE**") and commenced trading on May 28, 2020, under the ticker symbol "TRIP" and on July 11, 2020, listing of its common shares on the Frankfurt Stock Exchange ("**FSE**") under the symbol "4YX".

In connection with the completion of the Transaction, the board of directors and senior officers of the Company have been reconstituted and currently consist of Todd Shapiro (Director and Chief Executive Officer), Kyle Appleby (Chief Financial Officer), Brad Lamb (Director and Chairman), Anne Barnes (Director), and Binyomin Posen (Director).

In May 2020, the Company formed an advisory board headed by Bruce Linton, one of the world's foremost executives in the cannabis industry, as the Chairman, and in June 2020, added the Honourable Tony Clement, Genevieve Roch-Decter, Sarah Hashkes, and Joseph Geraci to the advisory board.

Effective February 13, 2020, the Company consolidated its issued and outstanding common shares on the basis of one (new) post consolidation common share for each 20 (old) pre-consolidation common shares (the "**Consolidation**"). The Consolidation was approved at the Company's annual and special meeting of shareholders held on May 8, 2019. The information in this report reflect the post-consolidation common shares.

Prior to completing the Transaction, and during fiscal 2020, the Company was inactive and evaluating business opportunities.

Financing events and restructuring

In January 2020, Red Light Holland completed a debt restructuring transaction (the "**Debt Restructuring**"), whereby it assigned, to its wholly owned subsidiary, Debtco, an aggregate of $1,577,623 in debt (the "**Assigned Debt**") owing by Red Light Holland to several third-party creditors. As part of the Debt Restructuring, in January 2020, Debtco completed a debt conversion (the "**Debt Conversion**"), whereby various debt holders elected to convert an aggregate of $196,563 of the Assigned Debt into Debtco Shares at a conversion price of $0.005 per Debtco Share, and an aggregate of $1,294,292 of the Assigned Debt into Debtco Shares at a conversion price of $0.02 per Debtco Share.

In addition, Debtco accepted subscriptions for an aggregate of $14,583 for Debtco Shares at a price of $0.005 per Debtco Share, and an aggregate of $344,096 of for Debtco Shares at a price of $0.02 per Debtco Share.

In May 2020, Subco 1 completed a non-brokered private placement of 66,022,530 subscription receipts ("**Subscription Receipt**") at a price of $0.06 per Subscription Receipt for gross proceeds of $3,961,352. Each Subscription Receipt entitled the holder to one common share in the capital of Subco 1 ("**Subco 1 Share**"). In connection with the offering, Subco 1 paid to the Finder a cash commission of $273,633, and issued 4,856,935 compensation warrants. Subco 1 also issued an aggregate of 1,833,333 new RLH Shares to certain finders as consideration for assisting in arranging the Amalgamations.

Upon completion of the Transaction, (i) each shareholder of Subco 1 received one common share of the Company (total 67,855,863 Shares) for each one Subco 1 Share held, (ii) each shareholder of Debtco received one common share of the Company (total 125,148,606 Shares) for each one common share in the capital of Debtco (each, a "**Debtco Share**") held, and (iii) all unexercised Finder Compensation Warrants (4,816,802 warrants) were adjusted in accordance with their terms such that, each Finder Compensation Warrant entitles the holder to acquire, upon exercise, one common share of the Company, on the same terms.

On June 8, 2020, June 16, 2020, and July 16, 2020, the Company closed a brokered private placement (in three tranches) of Units in three tranches, for gross proceeds of approximately $4,309,830. The Company issued a total of 26,120,181 Units at a price of $0.165 per Unit, with each Unit consisting of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.26 at any time until 48 months following the date of issuance, subject to an accelerated expiry option. In connection with the First Tranche, the Company paid to the agent a cash fee of $210,000 and issued 1,272,727 compensation options, with each compensation option entitling the holder to purchase one Unit at a price of $0.165 per Unit, for a period of 48 months following the issuance date. In connection with the Second Tranche, the Company paid the agent a cash fee of $58,137 and issued 352,346 compensation warrants, with each compensation warrant entitling the holder to purchase one unit at a price of $0.165 per unit for a period of 48 months following the date of issuance. No cash fees or compensation warrants were issued for the third and final tranche.

On July 14, 2020, the Company entered into a securities exchange agreement (the "**Securities Exchange Agreement**") with PharmaDrug Inc. (CSE: BUZZ) ("**PharmaDrug**"). Under the terms of the Securities Exchange Agreement, PharmaDrug has agreed to issue 9,333,333 units to the Company (the "**PharmaDrug SEAUnits**") at deemed price of $0.075 per unit, in consideration for the issuance by Red Light Holland of 4,242,424 RLH Units at a deemed price of $0.165 per unit to PharmaDrug. Each PharmaDrug SEA Unit consists of (i) one common share of PharmaDrug (a "**PharmaDrug Share**"), (ii) 0.9 of a PharmaDrug common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of PharmaDrug at a price of $0.13 for a period of 48 months (each whole warrant, a "**Class A PharmaDrug Warrant**"), and (iii) 0.1 of a PharmaDrug common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of PharmaDrug at a price of $0.08 for a period of 48 months (each whole warrant, a "**Class B PharmaDrug Warrant**"). In addition, the Company will make a cash investment for $200,000 of units of PharmaDrug (the "**PharmaDrug Subscription Units**") at a price of $0.075 per unit, each PharmaDrug Subscription Unit consisting of (i) one PharmaDrug Share, and (ii) one Class B PharmaDrug Warrant. Each RLH Unit will consist of one common share in the capital of the Company (a "**RLH Share**") and one common share purchase warrant (a "**RLH Warrant**") of the Company. Each RLH Warrant entitles the holder to purchase one additional RLH Share at an exercise price of $0.26 at any time for a period of 48 months, subject to an accelerated expiry option.

On January 28 2021, the Company closed a bought deal short form prospectus offering, including the exercise in full of the underwriter's over-allotment option (the "**First Offering**"). In connection with the First Offering, the Company issued 38,334,100 units of the Company (the "**Units**") at a price of $0.255 per Unit, for aggregate gross proceeds of $9,775,195.

Each Unit is comprised of one common share in the capital of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder to purchase one Common Share at an exercise price of $0.38, for a period of 42 months following the closing of the First Offering. In the event that the volume weighted average trading price of the Common Shares exceeds $0.89 for 10 consecutive trading days, the Company may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be listed for trading on the facilities of the Canadian Securities Exchange (the "**CSE**") under the symbol TRIP.WRT3. The Company received approval from the CSE to list the Warrants which have commenced trading.

In consideration for its services in connection with the First Offering, the Company paid to the Underwriter a cash fee equal to $677,934 and issued to the Underwriter 2,661,762 compensation options (the "**Compensation Options**"). Each Compensation Option may be exercised to acquire one Unit at $0.255 for a period of 42 months following the closing of the First Offering. Each Unit underlying the Compensation Options have the same terms as those issued under the First Offering.

On February 24 2021, The Company closed a bought deal short form prospectus offering, including the exercise in full of the underwriter's over-allotment option (the "**Second Offering**"). In connection with the Second Offering, the Company issued 26,450,000 Units at a price of $0.44 per Unit, for aggregate gross proceeds of $11,638,000.

Each Unit is comprised of one Common Share and one Warrant. Each Warrant entitles the holder to purchase one Common Share at an exercise price of $0.70, for a period of 36 months following the closing of the Second Offering. In the event that the volume weighted average trading price of the Common Shares exceeds $1.52 for 10 consecutive trading days, the Company may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be listed for trading on the facilities of the CSE under the symbol TRIP.WRT.A. The Company received approval from the CSE to list the Warrants which have commenced trading.

In consideration for its services in connection with the Second Offering, the Company paid to the Underwriter a cash fee equal to $794,070 and issued to the Underwriter 1,804,705 Compensation Options. Each Compensation Option may be exercised to acquire one Unit at $0.44 for a period of 36 months following the closing of the Second Offering. Each Unit underlying the Compensation Options have the same terms as those issued under the Second Offering.

During the nine months ended December 31, 2020, 28,659,174 warrants were exercised for proceeds of $7,553,490.

Business of Red Light Holland Corp (following completion of the Transaction)

The Company is an Ontario-based corporation engaged in the production, growth and sale (through existing operators of Smart Shops (as hereinafter defined) and an advanced e-commerce platform) of a premium brand of psilocybin truffles (commonly known as magic truffles) ("**truffles**") to the legal, recreational market within the Netherlands, in compliance with all applicable laws.

The Company's operations are based exclusively within the Netherlands, where the Company is currently engaged in the sale and distribution of the Psilocybe Galindoi strain of truffles under a single brand, "iMicrodose."

As of the date of this MD&A, the iMicrodose brand of truffles are offered for sale through brick-and-mortar retail stores (referred to in the Netherlands as (referred to in the Netherlands as "smart shops") (the "**Smart Shops**") which are duly authorized (where required) under applicable laws and operated by its industry partners. Smart Shops are retail stores within the Netherlands focused on the sale of psychoactive substances, generally including psychedelics and truffles, as well as related literature and paraphernalia. In addition, the Company's brand of truffles are offered for sale through the E-Commerce Platform (as hereinafter defined), as well as an online e-commerce platform operated by Xena-it.nl B.V. ("**McSmart**"), at www.tatanka.nl.

The following is a list of the Smart Shops operated by Interrobang Ltd., a wholly-owned subsidiary of PharmaDrug Inc.) ("**Super Smart**"), and McSmart, in which the Company's brand of truffles are offered for sale as of the date of this MD&A. To the knowledge of the Company, McSmart and Super Smart are unaffiliated with (and operate independently of) each other.

- One (1) Smart Shop located in Tiel, the Netherlands (the "**Super Smart Store**") operated by Super Smart;
- The following three (3) Smart Shops operated by McSmart (i) one (1) Smart Shop located in Amsterdam, the Netherlands, and operated under the name "Tantanka", (ii) one (1) Smart Shop located in Amsterdam, the Netherlands, and operated under the name "Tantanka", and (iii) one (1) Smart Shop located in Amsterdam, the Netherlands, and operated under the name "The Headshop."

The Company is also engaged in the cultivation and production of truffles at the Facility.

The Company commenced growing its first batch of truffles at the Facility in August 2020, comprised of 100,000 grams of the Psilocybe Mexicana, Psilocybe Galindoi, and Psilocybe Tampanensis strains of truffles (the "**Initial Batch**"**)**. The Initial Batch Company became available for harvest in late October 2020, as previously announced by the Company. In December 2020, the Company completed harvest of the Initial Batch, which resulted in a harvest of 85,000 grams of truffles (the "**Initial Harvest**") - 15,000 grams of truffles less than the quantity originally anticipated to be harvested by the Company. The Initial Batch yielded less than the anticipated 100,000 grams of truffles because of the Company's newness to the cultivation and production of truffles, and due to some spoilage.

As at this MD&A, the Company has completed internal testing and quality assurance and has allocated and sold 70,000 grams of truffles from the Initial Harvest to SR Wholesale B.V ("**SR Wholesale**"), and has allocated the remaining 15,000 grams of truffles for further internal testing, sample packaging, and product photography. Although the Company initially anticipated that it would package and distribute the Initial Harvest within the Netherlands under the "iMicrodose" brand, amid the uncertainty inherent in prevailing market and economic conditions due to COVID-19 (which has resulted in, among other things, a temporary closure of Smart Shops within the Netherlands), the proposed sale to SR Wholesale presented the Company with a level of certainty as to the timely sale of the Initial Harvest.

In November 2020, the Company commenced growing its second crop of approximately 1,000,000 grams of the Psilocybe Mexicana, Psilocybe Galindoi, and Psilocybe Tampanensis strains of truffles (the "**Second Batch**"). The Second Batch is expected to become available for harvest in calendar Q2 2021. For clarity, once a batch is ready for harvest, the harvest does not immediately have to take place, but rather can be done several months later. The Company anticipates that the Second Batch will be allocated for packaging and distribution within the Netherlands (under the "iMicrodose" brand) and wholesale distribution, which is expected to occur as early as calendar Q2 2021. The Company's ability to have the Second Batch available for harvest in Q2 2021, and allocated for packaging and distribution within the Netherlands (under the iMicrodose" brand) and wholesale distribution, as early as calendar Q2 2021 is dependent upon certain assumptions that management of the Company believes to be reasonable based on the information currently available to management, including the following assumptions: (a) the Company's temperature control system, filtration system, and other equipment used for the production and assembly processes required to support the packaging and distribution of truffles continue to operate in good working order; (b) the growth rate of the current batch of truffles being produced at the Facility, when compared to the Company's historical yield of 100,000 grams and historical reductions of 15%, produces an adequate supply of truffles based on the Company's historical ratio to offset potential reductions in quantities resulting during the harvesting of truffles (c) the growth process presently employed by the Company in respect of its Second Batch of truffles being adequate to support the anticipated yield of such truffles within the timelines anticipated by the Company, (d) the Company's informal arrangements, relationships and/or discussions with wholesale distributors and/or operators of brick-and-mortar retail stores (Smart Shops) in the Netherlands become or translate into one or more binding contract(s) for the sale and distribution of the Company's Second Batch of truffles, before the point of distribution, and further, are adequate to distribute and offer for sale the Second Batch within the timelines anticipated by the Company (see "Risk Factors - Risk Related to the Company's Business and Industry – Reliance on Informal Arrangements" as well as the Risk Factors as disclosed in the Company's Annual Information Form filed on SEDAR January 11, 2021), (e) the current expressions of interest and discussions with third party brick-and-mortar retail stores (Smart Shops), and the ecommerce platform operated by McSmart, an Industry Partner of the Company, generate adequate demand for the Company's brand of truffles, (f) the Company's employees who cultivate, harvest, package and deliver to market the truffles on a timely basis are able to continue to do so, and (g) the Company's historical yield of 100,000 grams provides an adequate basis for the production of new batches of truffles.

Some of the risks that could cause the results expressed in forward looking statements relating to the Company's plans in respect of the Second Batch to differ materially from those anticipated include the following: (a) damage to the Facility, resulting from the occurrence of fires, floods, natural disasters, and other analogous, unanticipated occurrences; (b) a malfunctioning of the equipment, and/or inefficiencies in the Company's process, for the harvest, label, or package the truffles; (c) unanticipated changes in economic and market conditions, including changes

resulting from COVID-19, or in the market demand for truffles; (d) unanticipated changes in the regulatory environment within the Netherlands in respect of the packaging, labelling, sale and/or distribution of truffles; (e) shortages in the availability of labour and personnel necessary to package and distribute the truffles within the Netherlands; (f) unanticipated or adverse changes in general market conditions (including the market demand for EUGMP certified truffles); and (g) the Company's inability to control spoilage or waste of the truffles. The Company may also allocate a portion of the Second Batch for potential wholesale distribution, internal testing, product photography, and/or other promotional and marketing purposes.

At present, the Company is also exploring potential sales channels for the wholesale distribution of truffles cultivated and produced within the Facility.

The Company anticipates acquiring in 2021, SR Wholesale a distributor of among other things, truffles, CBD products, cannabis seeds, in the Netherlands with a distribution network of over 300 companies that sell their products across Europe, and ultimately expanding the sale and distribution of its iMicrodose Packs. For more information on the anticipated effects of this proposed acquisition, please see the section entitled "SR Wholesale Acquisition" under "Significant Projects", and the section entitled "Overall Performance and Outlook."

Although the Netherlands does not, as of the date of this MD&A, directly regulate the cultivation, distribution, sale and possession of fresh, unprocessed truffles (whether at the federal level or at a local level), the Company limits its business activities within the Netherlands exclusively to fresh, unprocessed truffles, which have not transitioned in a stage of growth to become magic mushrooms, in order to comply with the Opium Act. For a description of the regulatory framework in the Netherlands in respect of truffles, please see the section entitled "*Regulatory Framework and Licensing Regime*", in this MD&A.

At present, the Company does not have any plans to establish or operate any brick-and-mortar retail store locations within the Netherlands, and intends to continue to utilize Smart Shop operators within the Netherlands, and the E-Commerce Platform, to distribute and offer for sale the Company's brand of truffles. Similarly, the Company does not have any plans to engage in the distribution, sale and marketing of its products in any jurisdiction outside of the Netherlands. However, the Company may in the future expand in to one or more additional jurisdictions at such time as market and regulatory conditions present a legal and viable business opportunity for the expansion of the Company's business into such jurisdictions. There can be no assurance as to the timing or completion of any such expansion.

Truffles vs. Magic Mushrooms

Truffles are the sclerotia (the compact mass of hardened, vegetative part of a fungus or fungus-like bacterial colony which contain food reserves) of psilocybin mushrooms ("**magic mushrooms**"). Truffles and magic mushrooms both belong to the same species of psychoactive fungi, and contain similar psychoactive substances and active compounds (such as psilocybin, psilocin and baeocystin). However, there are some key differences. First, truffles and magic mushrooms are each at a different stage of fungal development. Truffles, which grow beneath the ground, can be described as dormant fungi (which resemble walnuts) that store food reserves during periods where surrounding environmental conditions are not optimal for the above-ground growth of the mushroom part of a fungus. Truffles store food and psychoactive chemicals until the surrounding environment becomes suitable for the above-ground growth of magic mushrooms. Second, although scientific data is limited with respect to the various kinds of truffles, anecdotal reports from users of truffles usually describe milder experiences, with less pronounced hallucinations and a more preserved ability to move and socialize. Finally, the concentration of psychoactive substances and active compounds in magic mushrooms is believed to vary considerably, which could result in the potency of individual mushrooms in a particular batch of magic mushrooms to be somewhat inconsistent. On the other hand, the concentration of psychoactive substances and active compounds (and therefore, the potency) is regarded to be far more consistent in truffles, relative to magic mushrooms, which enables a more predictable dosing experience.

The Company does not make any claims regarding any health, medical or therapeutic benefits, or physiological effects associated with the use or consumption of truffles.

Strains of Truffles: Psilocybe Mexicana, Psilocybe Galindoi, and Psilocybe Tampanensis

As of the date of this MD&A, the iMicrodose-branded truffles are comprised of the Psilocybe Galindoi strains of truffles, sourced from McSmart, one of the Company's industry partners within the Netherlands, and the Initial Batch

currently being harvested at the Facility, is comprised of the Psilocybe Mexicana, Psilocybe Galindoi, and Psilocybe Tampanensis strains of truffles.

The Psilocybe Mexicana, Psilocybe Galindoi, and Psilocybe Tampanensis strains of truffles are easy to cultivate, and have an approximately 0.63% to 0.90% psilocybin content, which is regarded as falling within the median range for most truffles. The Psilocybe Mexicana, Psilocybe Galindoi Psilocybe, and Psilocybe Tampanensis are believed to originate from North America. Although scientific data is limited with respect to the various strains of truffles, anecdotal reports from users of the Psilocybe Mexicana, Psilocybe Galindoi, and Psilocybe Tampanensis strains of truffles usually describe milder experiences (relative to magic mushrooms), with less pronounced hallucinations and a more preserved ability to move and socialize. Although the effects of truffles on individuals vary, depending on among other things, the particular strain of truffles and the strength of a particular dosage, as well as an individual's mood at the time of consumption, the environment within which such consumption occurs, and the impact of an individual's pre-existing health or medical conditions, anecdotal reports from users of the Psilocybe Mexicana, Psilocybe Galindoi, and Psilocybe Tampanensis strains of truffles generally describe one or more of (or a combination of) increased clarity, focus, and energy, a reduction in anxiety levels and a sense of calmness, and a general feeling of positivity and connectivity with oneself and one's environment, in each case for a temporary period.

As discussed in the section entitled "*Overall Performance and Outlook*" in this MD&A, the Company did not proceed with its plan to introduce its brand of truffles under the brand names "Bicycle Day" (comprised of the Psilocybe Cubensis strain of truffles) and "Bliss" (comprised of the Psilocybe Tampanesis strain of truffles), as originally disclosed in the Listing Statement. Instead, the Company solidified its arrangement with McSmart and launched its own brand of truffles under the re-branded name, "iMicrodose". The Psilocybe Mexicana and Psilocybe Galindoi strains of truffles comprising the Initial Batch are unrelated to the strains which the Company originally anticipated would comprise the "Bicycle Day" and "Bliss" brands of the Company's truffles. However, the Psilocybe Tampanensis strain of truffles is the strain which the Company originally anticipated would comprise the "Bliss" brand of the Company's truffles.

Indoor Cultivation of Truffles

The cultivation of truffles within an indoor environment primarily requires a combination of the right soil conditions and temperature. In contrast to, for example, the indoor cultivation of cannabis (which typically requires a custom, controlled indoor environment with artificial lighting and appropriate airflow and temperature controls, among other things) truffles are relatively easier to cultivate within an indoor environment with appropriate soil conditions and controlled temperature (generally, between 21 and 24 degrees Celsius). As of the date of this MD&A, the Company is engaged in the cultivation and production of truffles within the Facility, which has been fitted with appropriate heating, ventilation, and air conditioning systems to produce the optimal environment required for the indoor cultivation of truffles. The Company also maintains protocols customarily employed by participants within the truffles industry within the Netherlands in order to ensure around-the-clock temperature control, which includes the deployment of on-site personnel on a regular basis to prevent disruptions to the Company's cultivation and production operations.

Regulatory Framework and Licensing Regime

As of the date of this MD&A, participants within the truffles industry within the Netherlands do not require any special licenses, permits or other approvals in order to engage in the cultivation, production, distribution, and sale of truffles within the Netherlands, to the extent such activities pertain to fresh, unprocessed truffles which have not transitioned in a stage of growth to become magic mushrooms.

The regulation of truffles and activities pertaining to truffles within the Netherlands is unlike the regulatory framework in both Canada and the United States with respect to certain controlled substances. Both Canada and the United States have implemented robust regulatory frameworks for regulating certain controlled substances, such as cannabis, and activities relating to such controlled substances that are within the jurisdiction of the respective governmental body (such as, the cultivation, distribution, sale and possession of cannabis). However, in the Netherlands, neither the federal government nor any local government has, as of the date of this MD&A, implemented any direct regulatory or licensing framework in respect of the cultivation, production, and sale, and recreational consumption of fresh, unprocessed truffles within the Netherlands. As such, as of the date of this MD&A, the Netherlands does not directly regulate the cultivation, distribution, sale and possession of fresh, unprocessed truffles, whether at the federal level or at a local level. However, to the extent truffles are subject to processing, or have transitioned in a stage of growth to become magic mushrooms, such biomatter will, at such

point in time, become a controlled substance that is subject to direct federal regulation in the Netherlands under the *Opium Act* (*Opiumwe*) (the "**Opium Act**").

The Opium Act

As of the date of this MD&A, the Opium Act is the primary drug legislation in the Netherlands. Articles 2 and 3 of the Opium Act prohibit the possession, production, preparation, processing, selling, delivering, transporting, importing and exporting of any drug or substance listed on the schedules/lists accompanying the Opium Act (together, the "**Opium Act Lists**"), as well as preparations containing one or more of such prohibited substances. Articles 2 and 3 of the Opium Act also prohibit the above-noted activities in respect of a number of plants or parts of plants which are named in the Opium Act Lists.

Under the legislative framework of the Opium Act, and as confirmed by case law from the Supreme Court of the Netherlands (the highest court in the Netherlands), insofar as the Opium Act Lists include certain compounds and preparations but not the organic matter within which those compounds occur naturally, the prohibitions in Articles 2 and 3 of the Opium Act do not relate to unlisted organic matter (and parts thereof). As of the date of this MD&A, the Opium Act Lists expressly name magic mushrooms, as well as psilocin (*psilocine*) and psilocybin (*psilocybine*), both of which are substances that naturally occur within both magic mushrooms and truffles. However, the Opium Act Lists do not expressly name truffles. The consequence of this exclusion is that, in light of the legislative framework of the Opium Act, and case law from the Supreme Court of the Netherlands, Articles 2 and 3 of the Opium Act do not prohibit the cultivation, production, and sale of fresh, unprocessed truffles, but, solely to the extent that (i) the fresh truffles are not subject to further processing that results in such truffles becoming a preparation prohibited under the Opium Act, and (ii) the biomatter that is cultivated, produced, and sold as fresh truffles has not progressed to a stage in growth where the biomatter has transitioned from sclerotia (truffles), to become a magic mushroom (*paddo*). In short, the lack of direct regulation of fresh, unprocessed truffles and the cultivation, distribution, sale and possession of fresh, unprocessed truffles does not mean that activities pertaining to truffles are entirely unregulated, but rather, unregulated only to the extent that such activities pertain to fresh unprocessed truffles, which have not transitioned to a stage of growth to become magic mushrooms.

Local Laws

Although the activities of the Company and its industry partners within the Netherlands, insofar as they relate to cultivation, production, distribution, and sale of fresh, unprocessed truffles, may be largely unregulated by federal legislation in the Netherlands, such activities could from time to time become subject to, where applicable, non-uniform rules in the form of local ordinances and municipal by-laws (i.e. General Municipal By-Law (*Algemene Plaatselijke Verordening*)) (the "**Local Rules**") from time to time enacted by municipalities within the Netherlands (for example, rules which require Smart Shops to be located beyond a certain specified distance from secondary schools).

The Local Rules establish general municipal rules with respect to public order and safety within a certain municipality, and stipulate, among other things, certain permit requirements for certain ordinary course activities applicable to different forms of businesses operating within a certain local municipality (such as, catering businesses, cafes, hotels, bars, etc.). For example, Local Rules applicable to the retail business sector may control, among other things, usability of public roads, opening and closing times, noise pollution, advertising and pamphlets, and shop displays.

As of the date of this MD&A, there are over 300 local municipalities in the Netherlands, each of which has implemented different forms of Local Rules pertaining to public order and safety to govern the general business affairs within their respective municipality. Of such municipalities, only a handful of municipalities have extended ordinary permit requirements generally applicable to certain businesses to Smart Shops. As of the date of this MD&A, the Company's iMicrodose Packs are available in approximately eight (8) Smart Shops operated by third parties within the Netherlands (including McSmart), with such Smart Shops located in the municipalities of Eindhoven, Amsterdam, Rotterdam, 's-Hertogenbosch, Oss, and Tiel. To the knowledge of the Company after due inquiry, none of these municipalities have implemented any licensing or permit requirements applicable to Smart Shops. In light of, among other things, its prominence as a tourist hot spot, Amsterdam has, however, implemented a municipal zoning plan which is generally applicable to all businesses operating within Amsterdam (including Smart Shops) and is not specifically directed at Smart Shops.

Security and Storage Requirements

As of the date of this MD&A, the applicable laws of the Netherlands do not impose any storage and security requirements, or any recordkeeping requirements, on companies engaged in the cultivation, production and, distribution of fresh, unprocessed truffles within the Netherlands. As a result, unlike companies operating in, for example, Canada and the United States in industries relating to certain controlled substances, such as cannabis, the Company is not required to establish methods and procedures similar to those required in certain jurisdictions within Canada and the United States, such as those relating to: (i) identifying, recording, and reporting diversion, theft, or loss, (ii) correcting inventory errors, (iii) managing product recalls, or (iv) maintaining commercial grade alarm and video surveillance systems. However, despite the absence of applicable legal requirements, the Company continues to evaluate and monitor industry best practice and developments applied by participants within the truffles industry in the Netherlands (and analogous industries outside of the Netherlands) on an ongoing basis, with the goal of implementing, in the future, such procedures and practices as the Company may deem necessary or advisable to mitigate any identified risks and preserve the integrity of the Company's business operations.

E-Commerce

As of the date of this MD&A, the Netherlands has not enacted a legal or regulatory framework directly governing the promotion and offer for sale of truffles through e-commerce platforms. However, the Dutch Advertising Code Authority (*Stichting Reclame Code*) (the "**DACA**") has implemented the *Dutch Advertising Code* (the "**Advertising Code**"), which stipulates certain rules pertaining to advertising by various businesses within the Netherlands, with certain specialized rules applying to certain types of products such as foods, alcohol and tobacco. Among its general requirements, the Advertising Code stipulates, for example, that advertising shall not be dishonest or misleading, or aggressive. The Company consulted with the DACA prior to launching the E-Commerce Platform, in the course of which consultation the Company confirmed that the Company's advertising activities would not be strictly subject to any specific requirements in respect of its activities as they relate to the advertising and promotion of truffles. However, the Company has adopted an ethical approach to marketing and advertising, whereby the Company voluntarily identifies and adheres to certain industry best practices which generally apply to businesses, and where possible, applies certain requirements applicable to tobacco and alcohol to the E-Commerce Platform, *mutatis mutandis*, taking care to, for example, avoid displaying, suggesting or encouraging excessive or otherwise irresponsible consumption.

Risk Exposure Resulting from Regulatory Environment

Unlike companies engaged in the cannabis industry within the United States, for example, the regulatory environment within the Netherlands as of the date of this MD&A does not, in and of itself, subject the Company to a heightened risk of third-party providers suspending or withdrawing services as a result of inherent uncertainty in the regulatory environment, or to a heightened risk of a regulatory body imposing restrictions on the Company's ability to operate within the Netherlands. However, the Company continues to be subject to all of the usual risks and uncertainties of conducting operations in any given industry, including, among others, the risk that its industry partners may become bankrupt, have economic or business interests or goals that are inconsistent with the Company's business interests or goals, or take actions that are contrary to instructions from the Company or to applicable laws, any of which can damage the Company's reputation and brand. Please see the section entitled "*Risk Factors*" in this MD&A.

Compliance with Applicable Laws

Prior to commencing operations within the Netherlands, the Company obtained legal advice in respect of the regulation of truffles and activities pertaining to truffles within the Netherlands, including the regulatory framework governing the Company's operations in the Netherlands, and the legal requirements applicable to such operations. Such legal advice was obtained in the form of a confidential legal opinion from a recognized, global law firm with offices in the Netherlands, and was supplemented by informal legal confirmation obtained from a local law firm within the Netherlands, with expertise in the subject matter.

As of the date of this MD&A, the Company's operations within the Netherlands are conducted in accordance with such legal advice, and are compliant with all applicable laws governing such operations. To date, the Company has not received any notice of non-compliance, or received any citations or notices of violation from any governmental authority in the Netherlands which could have an adverse impact on the Company's business operations. Further, to the best of the Company's knowledge, the activities of the Company's industry partners (including Super Smart and all Current Industry Partners (as defined below)) within the Netherlands, insofar as such activities relate to cultivation, production, distribution, and sale of fresh, unprocessed truffles, are in compliance with all laws applicable to such activities.

The President and Chief Executive Officer of the Company are generally responsible for monitoring the operations of the Company in the Netherlands and oversee, and where appropriate participate in, local site visits by qualified professionals in order to verify the Company's compliance with applicable laws. Such monitoring is focused on, among other things, reviewing compliance with recordkeeping and standard operating procedures implemented by the Company from time to time, the Local Rules, and overseeing all communications with applicable regulatory bodies. The President and Chief Executive Officer of the Company also oversee random audits of all the Company's operations, as well as the training, process validation, and problem resolution when compliance questions arise.

The Company continues to monitor industry best practice and developments within the Netherlands on an ongoing basis, and takes the following measures to ensure the Company's continued compliance with applicable laws:

- The Company retains appropriately experienced legal counsel and other professionals to advise the Company and conduct the necessary due diligence to ensure that the operations of the Company and its industry partners comply with applicable laws.

- Management of the Company, together with legal counsel and other professional advisors to the Company, screen industry partners with which the Company proposes to establish relationships, in order to select those operators which (i) adhere to strict business practice standards satisfactory to the Company, (ii) have established adequate internal compliance mechanisms to monitor compliance with applicable laws (if any), and, (ii) to the extent required, possess the applicable licenses, permits, and authorizations to carry on business operations in the Netherlands. In particular, as of the date of this MD&A, the Company screens industry partners to ensure, among other things, that the industry partner:

    - is duly registered with the Netherlands Chamber of Commerce, which is the official registrar of companies within the Netherlands;

    - is duly registered to pay the Value Added Tax ("**VAT**"), which is a tax that is levied in the Netherlands on most goods and services (including, the sale of truffles at a rate of 21%); and

    - has obtained, to the extent required under the Local Rules of the applicable municipality in which an industry partner carries on business operations, the requisite permits to carry on its business operations.

- The Company reviews its products and product packaging, in consultation with appropriately experienced legal counsel and other professionals, to ensure that the products comply with applicable laws and contain the necessary disclaimers about the contents of the products to prevent adverse public health consequences from use.

In addition to the foregoing, the Company relies on the expertise and commitment of its management team, legal advisors, employees and independent consultants, and to this end, consults with such personnel on an ongoing basis, as the Company may deem appropriate in the circumstances, to ensure compliance with applicable laws. In particular, the Company retains and consults with qualified external consultants and legal counsel in order to establish strict growth and cultivation parameters and procedures, and ensure that its cultivation and production operations comply with applicable laws in effect from time to time. In particular, as of the date of this MD&A, in order to comply with the Opium Act, the Company grows and cultivates its truffles in sealed, airtight bags, a manner currently employed by existing participants in the truffles industry, in order to create a precise and controlled environment that is unsuitable for the growth of magic mushrooms (and thereby preclude the truffles from transitioning to become magic mushrooms). Further, in respect of the Smart Shops located in Amsterdam, the Company has reviewed the applicable municipal zoning plan, and has verified that such Smart Shops are in compliance therewith.

The Company will continue to evaluate, monitor and reassess its disclosure in respect of its operations within the Netherlands (and any related risks) on an ongoing basis, and intends to promptly supplement and amend such disclosure in its prospective public filings where necessary, including in the event of any government policy changes or, the introduction of new or amended guidance, laws or regulations pertaining to truffles within the Netherlands.

Relationships with Third Parties

As of the date of this MD&A, the Company is dependent on a number of third-party relationships to conduct its business operations within the Netherlands, including its relationships with McSmart, and Super Smart (both of which entities are, to the knowledge of the Company, independent of, and unaffiliated with, each other). At present, the Company's most significant third-party relationship is with McSmart, which is engaged in the supply, production, packaging, and distribution of the Company's iMicrodose brand of truffles within the Netherlands through three (3) Smart Shops operated by McSmart as well as through its proprietary e-commerce platform. In addition, the Company has established relationships with an additional 2 participants within the truffles industry within the Netherlands (SR-Wholesale B.V., as well as the operator of a Smart Shop under the name "House of Smart"), and relies on such parties to distribute the Company's iMicrodose brand of truffles within the Netherlands through Smart Shops operated by such parties (McSmart, and all such parties, collectively, the "**Current Industry Partners**").

In light of the uncertainty as to the immediate and eventual impacts of the novel corona virus pandemic ("**COVID-19**") (and in particular, on the operations of the Company and its industry partners within the Netherlands), the early stage and development of the Company's business, and the Company's intention to over time reduce its reliance on third parties in order to engage in the cultivation, production, and sale of truffles within the Netherlands, the Company has not entered into formal agreements with the Current Industry Partners. Instead, the Company's present business relationships with the Current Industry Partners are based on informal arrangements of a nature customarily entered into by participants within the truffles industry in the Netherlands.

In light of the informal nature of the Company's arrangements with the Current Industry Partners, the Company employs a risk-management framework designed to minimize foreseeable risks and losses resulting therefrom to the Company, by seeking to identify, measure, monitor, and control the Company's risk exposure to the types of risks inherent in the Company's current relationships with the Current Industry Partners. Such risks, include, among others things, the risk that a Current Industry Partner might become bankrupt, undertake economic or business interests or goals that are inconsistent with the Company's business interests or goals, or take actions that are directly contrary to the Company's instructions or to applicable laws, or damage the Company's brand. The Company's risk management framework is undertaken by management of the Company, which together with legal counsel and other professional advisors to the Company, screen industry partners with which the Company proposes to establish relationships, in order to select those operators which, among other things, adhere to strict business practice standards satisfactory to the Company, and have established adequate internal compliance mechanisms to monitor compliance with applicable laws.

Significant Projects

As of the date of this MD&A, the Company has thirteen significant projects which have not generated revenue, or that have generated revenue but are expected to generate additional revenue in the future, in each case related to the operations of the Company within the truffles industry in the Netherlands. The following is a description of each such project, including a description of the Company's plan for such project, the status of the project relative to the Company's plan for such project, the expenditures made by the Company in respect of such project to date and how such expenditures relate to anticipated timing and costs to advance the project to the next stage of the Company's plan for the specific project.

1. *The Facility*

The Company currently leases an approximately 3,000 square feet, custom built, indoor growing, production and distribution facility, in Horst, the Netherlands (the "**Facility**").

In June 2020, the Company engaged an independent consultant and commenced planning for the build-out and construction of the Facility, to determine the steps necessary to advance the Facility to an operational stage necessary to cultivate and produce non-European Union Good Manufacturing Practices ("**EU-GMP**") certified truffles (the "**Phase 1 Planning Stage**"). The Phase 1 Planning Stage involved a general assessment of the Facility, during which, management of the Company and the consultant worked closely to plan the steps required to commence the growth of non-EU-GMP certified truffles at the Facility (including, among other things, identifying appropriate ceiling, wall, and floor coating suitable for the proposed truffles growth operations).

In July 2020, the Company engaged another independent consultant (the "**Special Advisor**") with specialized knowledge of EU-GMP matters to advise the Company and assist with planning the phase 2 build-out of the Facility, including, among other things, advising the Company with respect to the costs, timelines, and procedures

associated with building-out the Facility with the view to obtaining EU-GMP certification for the Facility (the "**Phase 2 EU-GMP Planning Stage**"). During the Phase 2 EU-GMP Planning Stage, management of the Company and the Special Advisor worked closely to undertake a review of the various steps involved in obtaining EU-GMP certification for the Facility, with a focus on assessing the costs involved, the various options available to the Company to obtain EU-GMP certification for the Facility, and the associated costs and benefits (and efficiency) of each such option, and the timelines associated with each such option.

In the course of consulting with the Special Advisor, the Company learned that fitting the Facility for the cultivation and production of non-EU-GMP certified truffles would allow the Company to create a revenue stream as the Company further considered and evaluated the costs and procedures associated with building-out the Facility to obtain EU-GMP certification for the Facility. In August 2020, following careful consideration, and in light of the current market and economic conditions and other factors considered by the Company, the Company determined that it was in the best interests of the Company to proceed in the said manner. Accordingly, the Company commenced growing its first crop of non-EU-GMP certified truffles in August 2020.

To date, the Company incurred approximately $24,000 in costs and expenses in connection with the Phase 1 Planning Stage (attributable primarily to consulting fees and renovations and upgrades relating to heating, ventilation, and air conditioning systems and the application of floor, ceiling and wall coatings completed at such phase), and approximately $9,000 in costs and expenses in connection with the Phase 2 EU-GMP Planning Stage (attributable primarily to consulting fees of the Special Advisor). For greater clarity, as of the date of this MD&A, the Facility is complete to accommodate non-EU-GMP growth operations, and the Company does not expect to incur additional costs related to the non-EU-GMP growth operations, with the exception of normal course enhancements or operational improvements. In the course of consulting with the Special Advisor, the Company determined that the Company will be required to incur an additional estimated amount of up to $1,197,769 in order to build-out the Facility in accordance with the standards necessary to obtain EU-GMP certification for the Facility, which will require, among other things, updates to the Facility's design and construction to comply with environmental and safety controls. In order to complete the EU-GMP certification for the Facility, the Company must undertake phase 3 ("**Phase 3**"), as part of which the Company will be required to engage a further consultancy firm, which will, among other things, review and assess the information provided by the Special Advisor in order to identify and advise the Company with respect to a suitable, and cost-effective build-out plan to obtain EU-GMP certification for the Facility. The build-out plan is expected to be tailored to suit the Company's business objectives at the time of such consultation process, as the same may exist in light of the impact of COVID-19 on, among other things, the Company's specific business objectives in respect of, and the reasons for, the EU-GMP certification for the Facility, as well as the then prevailing market and competitive conditions in respect of such objectives. As part of this consultation process, the consultancy firm is expected to draft a final construction plan covering each stage of the construction necessary to obtain EU-GMP certification for the Facility, in light of the then prevailing EU-GMP standards and certification requirements applicable to qualify the Company's cultivation and production process at the Facility, as well as the then present business objectives of the Company.

As of the date of this MD&A, the Company is further considering and evaluating the economic viability and benefits of proceeding with building-out the Facility to obtain EU-GMP certification for the Facility. The Company's disclosure in the Listing Statement projected that construction of the Facility is expected to be completed over the course of a twelve (12) to twenty-four (24) month period following commencement. However, the projected timelines included the timeline necessary to build out the Facility to obtain EU-GMP certification.

The Company did not achieve its target of commencing construction of the Facility in calendar Q2, 2020, as originally disclosed under the heading "*Facility*" on pages 20 and 21 of the Company's listing statement dated May 25, 2020 (the "**Listing Statement**"). However, the Company commenced the build out of the Facility in August 2020 (the "**Build-Out Commencement Date**"**)**, at which point the Company implemented the business decision to fit the Facility for the cultivation and production of non-EU-GMP certified truffles in the interim period, while the Company further considered and evaluated the costs and procedures associated with building-out the Facility to obtain EU-GMP certification. As a result of the Company's business decision, despite the fact that the Company did not commence the build out of the Facility in calendar Q2, 2020 as anticipated in the Listing Statement, the Company began growing its first crop of non-EU-GMP certified truffles in August 2020 (as disclosed in its press release of August 5, 2020), much sooner than the twelve (12) to twenty four (24) month period disclosed under the heading "*Facility*" on pages 20 and 21 of the Listing Statement. The Company clarifies that the timelines disclosed in the Listing Statement were determined by the Company at a point in time when the Company was still further evaluating its proposed strategy to commence operations, amid heightened uncertainty as to the duration, and the immediate and eventual impact, of COVID-19. Accordingly, the timeline for completing construction of the Facility contained therein included the time period necessary to build out the Facility to the standard necessary to obtain EU-GMP

certification for the Facility, with the goal of commencing the growth of non-EU-GMP certified truffles upon completion of construction, and subsequently, applying to obtain EU-GMP certification for the Facility. As of the date of this MD&A, the Company is utilizing only 20 percent of its Facility to accommodate its first crop of non-EU-GMP certified truffles.

As noted above in this MD&A, under the section entitled "*Regulatory Framework and Licensing Regime*", truffles industry participants within the Netherlands do not require any special license, permit or other approval in order to engage in the cultivation, production, distribution, and sale of truffles within the Netherlands. Accordingly, in order to comply with the Opium Act, the Company simply began growing and cultivating its truffles in sealed, airtight bags, in a manner currently employed by existing participants in the truffles industry, in order to create a precise, and controlled environment that is designed to preclude truffles from transitioning to become magic mushrooms.

As of the date of this MD&A, the Company anticipates that it will commence with building-out the Facility to obtain EU-GMP certification in calendar Q1, 2021. In the event that the Company proceeds with the build-out of the Facility to obtain EU-GMP certification for the Facility, the Company expects to be able to complete the build-out within the timelines originally anticipated by the Company in the Listing Statement (being, twelve (12) to twenty four (24) month period following the Build-Out Commencement Date, and not later than June 2022), and in particular, expects to complete construction within 12 months following commencement of Phase 3. There can be no guarantee that the Company will commence (or if commenced, complete) Phase 3. The Company's ability to begin the build-out of the Facility to obtain EU-GMP certification in calendar Q2, 2021 is dependent upon: upon certain assumptions that management of the Company believes to be reasonable based on the information currently available to management, including the following assumptions: : (a) the preliminary estimates received from the independent consultants engaged during Phase 1 and Phase 2 in respect of the costs (approximately $1,230,000) and timelines (approximately 12 months from the commencement of Phase 3) to build-out the Facility to obtain EU-GMP certification being materially accurate, with the Company's financial resources being sufficient to commence and complete Phase 3 within the timelines anticipated by the Company, and cover the costs of material variances in the aforesaid preliminary cost estimates, (b) the Company's plan to proceed with the build-out of the Facility as currently contemplated (within approximately 12 months from the commencement of Phase 3 and at a cost of approximately $1,230,000) being (i) materially accurate and feasible in light of the regulatory environment, both within the Netherlands in respect of the Company's business and operations, and in respect of the regulatory framework governing EU-GMP certification, and (ii) not materially affected by changes in such regulatory environment or unanticipated future developments (including, but not limited to, potential disruptions to supply chains which could affect the Company's ability to obtain the materials required to complete the build-out of its Facility), and (c) the contractors and/or personnel necessary to undertake Phase 3 and complete the build-out of its Facility continue to be readily available, and willing to enter into favourable contractual arrangements with the Company in respect thereof in light of the Company's beliefs as to the immediate and potential impact of COVID-19 on the general economic, financial, market and political conditions in the Netherlands. The Company notes the following in respect of the foregoing material assumptions: (1) The Company's assumption as to its plan to proceed with the build-out of the Facility to obtain EU-GMP certification being materially accurate is based on preliminary guidance received by the Company from the independent consultants engaged during Phase 1 and Phase 2. Among other things, the Company received preliminary guidance in respect of the approximately 12 month-period to complete the build-out of the Facility as currently contemplated, which, upon completion, will allow the Company to submit an application to obtain EU-GMP certification. (2) As of the date hereof, the Company has not entered into any agreements with contractors and/or personnel to undertake the build-out of the Facility. In the Company's view, in light of the Company not having undertaken Phase 3, entering into such agreements may be premature at the present time. However, based on the Company's informal assessment, the Company does not anticipate the build-out of the Facility to be unusual or to require specialized labour or materials or personnel. Accordingly, the Company does not anticipate material difficulties in entering into agreements with contractors and/or personnel to complete the buildout of the Facility in the future. Based on the information currently available, the Company does not anticipate requiring more than 10 contractors and/or personnel to undertake the build-out of the Facility in order to complete construction and submit an application to obtain EU-GMP certification. Based on the Company's informal assessment of the labour force and employment conditions and demand within the Netherlands, the Company does not anticipate material difficulties in retaining such contractors, employees, and/or personnel on terms acceptable to the Company. (3) The Company notes that in order to submit an application to obtain EU-GMP certification for the Facility, the Company will be required to undertake and complete Phase 3, as part of which the Company, together with a Phase 3 consultant, will need to identify the approvals, permits, and/or licenses which are required by the Company in order to obtain EU-GMP certification for the Facility. The Company clarifies that as of the date hereof, it has neither determined, nor applied for, the approvals, permits, and/or licenses which may be required to obtain EUGMP certification for the Facility.

Some of the risks that could cause the results expressed in forward looking statements relating to the Company's plans to build-out of the Facility to obtain EU-GMP certification to differ materially include the following: (a) damage to the Facility, resulting from the occurrence of fires, floods, natural disasters, and other analogous, unanticipated occurrences; (b) management of the Company determining not to proceed with the build-out of the Facility to obtain EU-GMP certification, as a result of such plan no longer being, at the relevant time, an economically viable business decision that is in the best interest of the Company; (c) unanticipated changes in economic and market conditions (including changes resulting from COVID-19) or in the regulatory environment, both within the Netherlands and in respect of the regulatory framework governing EU-GMP certification; (d) shortages in the availability of labour and construction materials necessary to complete the build-out of the Facility to obtain EU-GMP certification; and (e) unanticipated or adverse changes in the application process for, and/or the anticipated costs associated with, obtaining EU-GMP certification for the Facility, or in general market conditions (including the market demand for EUGMP certified truffles).

In particular, the Company believes that the following events and circumstances may reasonably be likely to cause actual results with respect to the timing and commencement of Phase 3 to differ materially from those anticipated by the Company and expressed in this MD&A:

- the impact of COVID-19 on general market conditions, and particularly, on (A) the market demand for EU-GMP certified truffles, and (B) the business operations of entities and institutions (and in particular, those engaged in the health and sciences industries) which might otherwise have presented the Company with business-to-business sales channels for the sale of the Company's for EU-GMP certified truffles;
- the impact of measures from time to time implemented by the Company to mitigate unanticipated impacts of COVID-19 on the Company's business operations, including, but not limited to, a potential reallocation of funds to (A) establish and implement new business initiatives, (B) accelerate, increase, reduce, or eliminate existing initiatives, (C) address unexpected setbacks, and (D) pursue strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities; and
- unanticipated setbacks which may materialize following the date of this MD&A, including, among other things, changes in the rules and regulations established by the European Union in respect of the minimum requirements that a producer must meet to obtain EU-GMP certification, and the Company's inability to identify a cost-effective build-out plan to obtain EU-GMP certification for the Facility.

On February 4, 2020, Red Light Holland Financing Inc. ("**Finco**"), the Company's then wholly-owned subsidiary, entered into a supply and collaboration agreement (the "**Supply and Collaboration Agreement**"**)** with Revive Therapeutics Ltd. ("**Revive**"). Pursuant to the Supply and Collaboration Agreement, the parties completed a mutual investment into one another whereby Revive subscribed for 2,500,000 subscription receipts of Finco for aggregate consideration of $150,000, and Finco subscribed for 3,000,000 common shares in the capital of Revive for aggregate consideration of $150,000. The Supply and Collaboration Agreement was entered into by the parties at a point in time when the Company was in the early stages of delineating its exact business plans, and in particular, with the expectation that the Company will pursue the construction of the Facility within the Netherlands, and seek to certify the constructed Facility as the EU-GMP certified facility in the truffle space. As of the date hereof, there remains uncertainty as to the immediate and eventual impacts of the COVID-19 pandemic on the operations of the Company and in particular, the anticipated timelines to progress with the next step in the Company's plans to obtain EU-GMP certification for the Facility. For greater clarity, since the Company's Listing Statement, there have been no developments in the arrangement with Revive, and the Company and Revive have not entered into any further contractual arrangements.

2. E-Commerce Platform

In late September 2020, the Company launched its e-commerce platform under the domain name "iMicrodose.nl" (the "**E-Commerce Platform**"), in order to market and promote its premium brand of truffles for sale through Smart Shops within the Netherlands. While the Company's disclosure in the Listing Statement projected that the E-Commerce Platform was expected to be launched in calendar Q2, 2020, the launch was delayed by approximately three (3) months as a result of general economic and business interruptions and slowdowns in the pace of the progress of the development of the E-Commerce Platform, resulting primarily from COVID-19.

To date, the Company has incurred approximately $14,000 in costs and expenses in connection with the development and launch of the E-Commerce Platform (of which approximately $8,000 is attributable to consulting fees, and approximately $6,000 is attributable to costs and expenses associated with website design (including setting up online payment processors and a subscription-based ordering system, and ensuring compliance with the *General Data Protection Regulation* of the European Union).

As of the date of this MD&A, the Company's "iMicrodose" brand of truffles is offered for sale on the E-Commerce Platform, in 15 gram microdosing kits) on both a single order basis and a subscription basis, with product orders delivered to end consumers within the Netherlands through an arrangement with McSmart. Access to the E-Commerce Platform is limited to individuals over the age of 18, who may purchase the iMicrodose microdosing kits for delivery within the Netherlands by registering and processing their order through the E-Commerce Platform. To date, the Company has not launched any material marketing, promotional, or educational campaigns on the E-Commerce Platform, and the E-Commerce Platform is used solely as an online marketplace to facilitate the purchase and sale of the iMicrodose microdosing kits. Please see the section entitled "*Regulatory Framework and Licensing Regime – E-Commerce*", for a summary discussion of the steps taken by the Company to ensure compliance with applicable laws prior to the launch of the E-Commerce platform.

As of the date of this MD&A, the E-Commerce Platform has generated limited revenue, but is expected to generate additional revenue in the future, subject to, among other things, market demand and competition, as well as the efficacy of any promotional efforts from time to time undertaken by the Company.

Except for updates and maintenance from time to time required in the ordinary course of business, the E-Commerce Platform is complete, and the Company does not anticipate any further work required with respect thereto.

3. Scarlette Lillie Science Innovation

In June 2020, the Company established a scientific and innovation division of the Company, "Scarlette Lillie Science and Innovation" ("**SLSI**"), which marked an early move by the Company to position itself to expand its business into the medical psychedelics market in the future, at such time as market and regulatory conditions present a viable business opportunity. SLSI is expected to be funded by a portion of the Company's available funds from time to time, and once operational, is expected to allow the Company to initiate and expedite various science, innovation and research activities focused on, among other things, exploring the potential medical and health benefits of psilocybin and whole fungi-medicine.

As of the date of this MD&A, SLSI has not yet commenced any material operations, and its activities have been limited to the activities of its Scientific Advisor, Sarah Haskes, in working with RadixMotion Inc. ("**RadixMotion**"), a virtual reality company based in the State of Delaware to design and develop for the Company a virtual reality shopping experience module (the "**VR Module**"). To date, the Company has incurred approximately $26,000 in costs and expenses in connection with the establishment and development of SLSI (attributable primarily to the engagement of RadixMotion to develop the VR Module with input from SLSI, and to consulting fees paid to its Scientific Advisor, Sarah Haskes).

As of the date of this MD&A, the Company has not determined the exact nature of SLSI's future operations. Instead, the Company continues to evaluate market conditions on an ongoing basis, with the goal of identifying viable business opportunities in one or more segments of the medical psychedelics market within which SLSI may potentially become engaged in the future. The Company anticipates that SLSI's initial operations will be limited to activities which are not subject to material regulatory or licensing requirements, or to the extent subject to such requirements, undertaken through collaborations with one or more industry partners duly authorized to undertake such activities. In order to commence operations and enter into the medical psychedelics market, SLSI will need to carefully evaluate market-entry conditions and the costs and benefits of entering into one or more segments of the medical psychedelics market, and in particular in light of the current uncertainty as to the duration, and the immediate and eventual impact, of COVID-19 on the Company's business and operations, as well as general market and competitive conditions.

As of the date of this MD&A, the Company has not determined the costs and expenses which SLSI might be expected to incur in order to commence material operations. However, in the event that the Company identifies one or more viable business opportunities in one or more segments of the medical psychedelics market, the Company anticipates that it may allocate an initial estimated budget of up to approximately $500,000 to enable SLSI to pursue such business opportunities. There can be no assurance as to the timing or completion of SLSI's entry into one or more segments of the medical psychedelics market.

4. Virtual Reality Model

In July 2020, the Company engaged RadixMotion to design and develop the VR Module for the Company. The VR Module is intended to explain the effects of microdosing of truffles on the human brain, as well as a virtual reality avatar (the "**VR Avatar**") centered around the Company's brand. RadixMotion is a virtual reality company that utilizes the latest neuroscience research with immersive technology to strengthen the connection between the human body and human brain.

The VR Module is expected to allow potential consumers of the Company's products to experience effects intended to approximate the effects of microdosing truffles, in order to enable them to identify their personal comfort level and understand the potential effects of truffles before purchasing the Company's products. Users can also opt in to provide the Company with key data which the Company can then use to, among other things, conduct studies, and support valuable research and study. The VR Module represents a step by the Company to promote responsible use (by educating and enabling individuals to make reasoned, informed decisions with respect to truffles), and contribute to the scientific community by gathering valuable data on user experience (including of synesthesia, loss of autonomy and suggestibility) from users who opt-in, to inform further study and research in the psychedelic space.

The VR Avatar was completed in Q3 2020. The VR Avatar is currently in the process of being integrated into RadixMotion's "Meu" platform (the "**Meu Platform**"), the first social platform based on three-dimensional human movement data, which uses RadixMotion's movement data channels to bridge virtual reality and mobile augmented reality. The VR Avatar is expected to assist in the Company's larger efforts towards reducing the stigma associated with, among other things, truffles and other psychedelic substances. The VR Module was completed in calendar Q4 2020. It was initially expected to be launched in one or more Smart Shops in calendar Q4 2020. However, effective December 15, 2020, the Government of the Netherlands imposed a lockdown within the Netherlands to address the ongoing COVID-19 pandemic, ordering the closure of all non-essential businesses within the Netherlands, including Smart Shops. As a result, the anticipated launch of the VR Module was delayed. As at the date of this MD&A, the Company expects to launch the VR Module in calendar Q1 2021, subject to, among other things, market demand, economic and regulatory conditions, competition, and the impact of COVID-19 on, among other things, the business objectives and operational priorities from time to time established by the Company.

To date, the Company has incurred approximately $26,000 in costs and expenses in connection with the development and launch of the VR Module and the VR Avatar, which includes costs and expenses associated with the purchase of the hardware required to launch the VR Module.

In order to launch the VR Module, the Company will need to identify potential launch sites, enter into arrangements with the responsible persons at such sites, purchase the hardware required to support and launch the VR Module, and undertake or supervise site-specific installation, testing, and staff training, and incur an estimated amount of up to $6,600 in costs and expenses associated with the foregoing, per each such site. In addition, following the launch the VR Module, the Company may consider one or more additional, alternative options, in order to launch and make accessible the VR Module to a larger audience within the Netherlands.

5. Augmented Reality Application and Digital Care Program

In November 2020, the Company further engaged RadixMotion to (i) assist in setting up an in-store media center with an augmented reality application which would provide consumers with data about microdosing, and (ii) designing and developing a digital care program to assist people in making informed choices with respect to their microdosing usage of truffles. The Company expects to launch the augmented reality application in an in-store media center on or before the end of Q1, 2021. The Company expects to costs and expected with the foregoing to be approximately $6,600.

The Company has recently completed the digital care program, which is in the form a web application allowing individual users to use anonymous sign-in mechanisms to track their microdosing journey. The Company expects the total cost and expenses relating to the foregoing to be approximately $85,800, which was used to fund the development, testing, and deployment of the digital care program web application. The Company intends to add advanced features, which will measure external biometrics related to stress, to the digital care program web application by the end of calendar Q1, 2021. The Company anticipates costs and expenses relating to the addition of the foregoing advanced features to be approximately $19,800, which will fund the development, testing, and deployment of the advanced features. To date the Company has spent $55,000.

6. Super Smart Distribution Arrangement

In September 2020, the Company reached an informal distribution agreement with Super Smart for the sale and distribution of the Company's iMicrodose Packs (the "**Super Smart Distribution Arrangement**") in the Super Smart Store. The iMicrodose Packs became available for purchase in the Super Smart Store in October 2020. As part of its arrangement with Super Smart, the Company has also agreed to build and set up an iMicrodose Media Information Centre ("**iMIC**") in the Super Smart Store, which is expected to be established before the end of calendar Q2, 2021. The delay has been caused by the COVID-19 lockdowns in the Netherlands.

To date, the Company has not incurred any costs and expenses in connection with the Company's arrangement with Super Smart. In order to launch iMIC at the Super Smart Store, RadixMotion must complete and deliver to the Company a functional VR Module, following which, the Company will need to purchase and provide Super Smart with the hardware required to support and launch the VR Module and undertake or supervise site-specific installation, testing, and staff training, in connection with which the Company expects to incur costs and expenses in an estimated amount of up to $6,600. The Company may also incur additional costs and expenses in an estimated amount of up to $4,650 associated with the printing and distribution of informational materials and/or user manuals, as well as setting up product displays and associated marketing material.

7. SR Wholesale Acquisition

In November 2020, the Company entered into a non-binding letter of intent ("**SR Wholesale LOI**") to acquire SR Wholesale B.V. ("**SR Wholesale**"), a distributor of truffles in the Netherlands with a distribution network of over 300 companies. Under the terms of the SR Wholesale LOI, it was contemplated that SR Wholesale and the Company will enter into a binding agreement on or before December 18, 2020 for the Company to acquire all equity interest in SR Wholesale. The Company and SR Wholesale agreed to extend the term of the SR Wholesale LOI until January 31, 2021 and further to March 7, 2021 to complete due diligence, and expects to enter into a binding agreement or before March 7, 2021. The Company expects to pay 900,000€ (which is approximately $1,397,106 CAD as of the date of this MD&A) on closing of the purchase transaction, and an additional €300,000 (approximately $465,702 CAD) through the issuance of a convertible promissory note with a maturity date of two (2) years. The Company expects the acquisition to close on or before the 45th day upon signing of the binding agreement. The Company is currently conducting due diligence on SR Wholesale which it expects to complete on or before the end of calendar Q1, 2021. As of the date of this MD&A, the Company has incurred approximately $9,500 in costs and expenses related to negotiating the SR Wholesale LOI, and expect to incur approximately $50,000 in costs and expenses to enter into a binding agreement.

8. Joint Venture with Halo Labs Inc.

On November 20, 2020, the Company entered into a non-binding letter of intent with Halo Labs Inc. to establish the Oregon Joint Venture in the future to engage in the manufacturing and supply psilocybin products to licensed facilities in the State of Oregon, U.S. The proceeds allocated include estimated costs of $150,000 associated with the build out a facility in Oregon, and estimated costs of $1,000,000 allocated for the purchase of equipment required for the licensed facility, retaining the required staff to carry out the proposed business activities, and funding future research endeavours at the facility. Significant events that must occur to move forward with this objective include (i) the establishment, by the Oregon Health Authority, of a regulatory framework to govern such proposed activities in the State of Oregon, U.S., (ii) satisfactory completion of due diligence in respect of the viability of the Oregon Joint Venture in light of the regulatory framework established by the Oregon Health Authority, and (iii) the negotiation and entering into of a definitive agreement and satisfaction of customary closing conditions. The anticipated timeline for completing this objective is late calendar Q4 2023, which is based on, among others, the following material assumptions: (i) the Company's plan to proceed with the build-out of the facility as currently contemplated being materially feasible in light of a reasonable regulatory framework being implemented by the Oregon Health Authority within the timelines anticipated by the Company and not materially affected by changes in such regulatory environment, and (ii) the contractors and/or personnel necessary to undertake the build-out of the facility and the proposed business activities within the facility continue to be readily available, and willing to enter into favourable contractual arrangements with the Company in respect thereof. The Company notes the following in respect of the foregoing material assumptions: (1) The Company's assumption as to its plan to proceed with the build-out of the facility being feasible in light of the regulatory framework to be implemented by the Oregon Health Authority is based on current, public information as to the anticipated timeline for the Oregon Health Authority to develop the said regulatory framework, which is currently expected to be developed over a two-year period, and the Company's expectation that such regulatory framework will be reasonable and achieve the goal and intent of the Measure 109. (2) As at the date hereof, due to the Oregon Health Authority not having developed the said regulatory framework,

the Company is unable to determine the approvals, permits, and/or licenses which may be required in order to undertake the Oregon Joint Venture as proposed. Following such time as the Oregon Health Authority introduces the said regulatory framework, the Company intends to work with local legal counsel to review, and pursue all approvals, permits, and/or licenses which may be required to undertake the Oregon Joint Venture as proposed. (3) As of the date hereof, the Company has not entered into any agreements with contractors and/or personnel to undertake the build-out of the facility. In the Company's view, in light of the Oregon Health Authority not having developed the abovementioned regulatory framework, entering into such agreements may be premature at the present time. However, based on the Company's informal assessment, the Company does not anticipate the build-out of the facility to be unusual or to require specialized labour or materials or personnel. Accordingly, the Company does not anticipate material difficulties in entering into agreements with contractors and/or personnel to complete the build-out of the facility in the future. Based on the information currently available, the Company does not anticipate requiring more than two contractors and/or personnel to undertake the build-out of the facility. Based on the Company's informal assessment of the labour force and employment conditions and demand within the State of Oregon, U.S., the Company does not anticipate material difficulties in retaining such contractors, employees, and/or personnel on terms acceptable to the Company. As of the date of this MD&A, the Company is waiting for the OHA to create a program and the regulations which will govern the sale of psilocybin products in the State of Oregon. Subject to applicable laws and regulations, the Company anticipates entering to a definitive agreement within the next 9 months and building out a facility in Oregon.

The Halo Labs LOI was entered into following the passage of Ballot Measure 109 in the State of Oregon ("Measure 109"), whereby voters voted for the State of Oregon to progress towards becoming the first U.S. state to allow the use of psilocybin for therapeutic use. Although psilocybin remains illegal under federal U.S. laws as of the date of this MD&A, Measure 109 authorizes the Oregon Health Authority ("OHA") to establish (over the course of a 2 year period) a regulatory framework to permit the manufacture, delivery, and administration of psilocybin at supervised, licensed facilities within the State of Oregon.

As of the date of this MD&A, the OHA has neither established a program nor regulations to govern the sale and distribution of psilocybin products within the State of Oregon. The Oregon Joint Venture is not expected to be established until such time as the OHA has established such regulatory framework, and the market and regulatory conditions within the State of Oregon present a viable business opportunity for Red Light Holland and Halo Labs.

9. Marketing Plans

The Company originally disclosed in the Listing Statement that the Company may engage marketing and brand development firms to roll out the Company's brand of truffles across the Netherlands over the course of twelve (12) to twenty four (24) months, with a target of launching its marketing campaign in calendar Q2, 2020. However, as a result of general economic and business interruptions and slowdowns resulting primarily from COVID-19, the Company did not achieve its target of launching its marketing campaign in calendar Q2, 2020, as originally disclosed in the Listing Statement. In light of current uncertainty as to the duration, and the immediate and eventual impact, of COVID-19 on the Company's business and operations, as well as general market and competitive conditions, the Company continues to evaluate market conditions on an ongoing basis, with the goal of determining the appropriate timing to launch the Company's marketing campaign, and where deemed advisable, engage marketing and brand development firms to roll out the Company's brand of truffles across the Netherlands.

To date, the Company has incurred approximately $65,000 in costs and expenses in connection with the Company's marketing efforts (attributable primarily to costs and expenses associated with the hosting and promotion of the Company's product launch event). Amid current uncertainty as to the duration, and the immediate and eventual impact, of COVID-19 on the Company's business and operations, as well as general market and competitive conditions, the Company continues to carefully evaluate market conditions on an ongoing basis, in order to devise an effective marketing campaign which is appropriately tailored to market demand within the Netherlands. In order to undertake such marketing efforts, the Company anticipates that it will be required to work closely with its Chief Creative Officer to devise a marketing campaign and determine the timing of the launch thereof, and consider and, if deemed advisable, engage one or more social media influencers to amplify and extend the reach of the Company's marketing efforts within the Netherlands. The Company expects to incur an estimated amount of up to approximately $150,000 in monthly costs and expenses in connection with advertising campaigns, social media (including celebrity influencers promoting truffles and merchandise), digital banner ads, and pop-up shops.

10. Psychedelic Insights Letter of Intent

In December 2020, Red Light Holland entered into a non-binding letter of intent (the "Psychedelic Insights LOI") with Psychedelic Insights B.V. ("Psychedelics Insights") to acquire a 51% interest in Psychedelic Insights, with the parties intending to enter into a formal definitive agreement in respect of the proposed acquisition (the "Psychedelics Insights Definitive Agreement"). Psychedelic Insights is a Netherlands based company engaged in providing psychedelic assisted therapy using truffles to individuals from across the globe.

The consideration for the acquisition is expected to be set forth in the Psychedelics Insights Definitive Agreement. However, the Psychedelic Insights LOI contemplates such consideration to be comprised of a cash payment of approximately $233,000 (payable in equal installments over a two year period), the issuance of 200,000 options, and a $50,000 investment by Red Light Holland into Psychedelic Insights.

As of the date of this MD&A, the parties continue to negotiate the terms of the Psychedelics Insights Definitive Agreement.

11. Disruptive Pharma Joint Venture

In December 2020, Red Light Holland entered into a non-binding letter of intent (the "Disruptive Pharma LOI") with Disruptive Pharma LLC ("Disruptive Pharma"), a Latin America-focused pharmaceutical investment company focused on developing innovative solutions for the health and wellness industry, in order to establish a future joint venture (the "Disruptive Pharma Joint Venture") to cultivate, manufacture, and commercialize truffles for the Brazilian market, and to explore other potential business opportunities. The Disruptive Pharma Joint Venture is subject to the parties entering into a formal definitive agreement in respect thereof (the "Disruptive Pharma Joint Venture Agreement").

Pursuant to the Disruptive Pharma LOI, Red Light Holland and Disruptive Pharma are expected to each hold a 50% interest in a new entity to be formed to undertake the Disruptive Pharma Joint Venture. The parties are expected to share equally the costs and expenses associated with the Disruptive Pharma Joint Venture, with Red Light Holland expected to be entitled to 51% of the profits generated through the Disruptive Pharma Joint Venture. As of the date of this MD&A, the parties have not entered into the Disruptive Pharma Joint Venture Agreement but continue to negotiate its terms.

While continuing to finalizing the proposed joint venture structure and agreement, and in consideration for Disruptive Pharma having met certain initial milestones, the Company has agreed to issue to Disruptive Pharma, 3,000,000 common share purchase warrants, each warrant is exercisable into one common share of the Company at a price of $0.50 per share for a period of 2 years. 750,000 of these warrants have vested immediately based on Disruptive Pharma having fulfilled certain milestones, the balance vest upon future milestones being met. The milestones related to the recent authorization by Anvisa, Brazil's National Health Regulatory Agency, for the Company's iMicrodose packs, to be legally imported to Brazil via the 'named patient import process' for prescribed medical patient use.

12. Mera Life Acquisition

In December 2020, Red Light Holland entered into a non-binding term sheet (the "**Mera Life Term Sheet**") with Mera Life Sciences LLC ("**Mera Life**"), a company focused on developing a modern medicinal industry in St. Vincent and the Grenadines, to acquire a 100% interest in Mera Life, subject to the parties entering into a formal definitive agreement in respect of the proposed acquisition (the "Mera Life Definitive Agreement"). The consideration for the acquisition is expected to be set forth in the Mera Life Definitive Agreement. However, the Mera Life Term Sheet contemplates such consideration to be comprised of approximately $2,500,000 in Common Shares, with such shares to be subject to vesting over a one year period.

In the event a definitive agreement is entered into and the transaction is completed, costs of the setting up the research facility would include (i) leasehold improvement (ii) various laboratory equipment and supplies (iii) licensing costs for Artificial Intelligence technology. The acquisition of Mera and its licenses would allow Red Light Holland to perform high quality psychedelic product research and development with, and cultivate, extract and process Psilocybin and other plant based substances. Significant events that must occur to move forward with this objective are satisfactory completion of due diligence, negotiation of a definitive agreement, satisfaction of customary closing conditions. The timeline for this objective is calendar Q4 2021, which is based on the following material assumptions: (i) the Company's preliminary estimates in respect of the costs and timelines for setting up the research facility

being materially accurate, (ii) the contractors, employees, and/or personnel necessary to undertake and complete all required leasehold improvements continue to be readily available and willing to enter into favourable contractual arrangements with the Company in respect thereof, (vi) the Company's plan to set up and operate the research facility being materially accurate and feasible in light of the regulatory environment within St. Vincent and the Grenadines (which the Company expects to assess in its due diligence phase). See "Summary Description of the Business - Mera Life Acquisition". The Company notes the following in respect of the foregoing material assumptions: (1) The Company determined the costs and timelines for setting up the research facility based on its discussions with the Company's Scientific Advisor, who possesses the requisite experience and knowledge with respect to the construction of similar facilities. (2) As of the date hereof, the Company has not entered into any agreements with contractors, employees and/or personnel to complete the leasehold improvements in respect of the research facility. However, the Company does not anticipate such leasehold improvements to be unusual or to require specialized labour or materials or personnel. Accordingly, the Company does not anticipate material difficulties in entering into agreements with contractors, employees and/or personnel to complete such leasehold improvements in the future. The Company anticipates that it will require up to 2 contractors to undertake and complete the said leasehold improvements. Based on the Company's informal assessment of the labour force and employment conditions and demand within St. Vincent and the Grenadines, the Company does not anticipate material difficulties in retaining such contractors, employees, and/or personnel on terms acceptable to the Company. (3) As at the date hereof, the Company has engaged local legal counsel to review and advise the Company with respect to the approvals, permits, and/or licenses which may be required in order to set up the research facility. The Company's assumption as to its plan to set up and operate the research facility being materially accurate and feasible in light of the regulatory environment within St. Vincent and the Grenadines based on the Company's preliminary discussions with the Government of St. Vincent and the Grenadines and the Company's local legal counsel in respect of the process for setting up the research facility. The Company intends to continue to work with local legal counsel and the Government of St. Vincent and the Grenadines to identify all approvals, permits, and/or licenses which may be required to set up the research facility, and following such determination, apply for the required approvals, permits, and/or licenses prior to commencing operations at the research facility. The Company clarifies that as of the date hereof, it has not applied for any approvals, permits, and/or licenses which may be required to set up the research facility.

As of the date of this MD&A, the parties have not entered into the Mera Life Definitive Agreement.

13. Wisdom Truffle

The Wisdom Truffle is currently being designed by Karim Rashid, and is an updated version of the Company's virtual reality experience designed by RadixMotion. The Wisdom Truffle will be a figurine expected to be produced in three different sizes and which can potentially be sold across the world in approximately late 2021. The Wisdom Truffle's intention is to highlight an iMicrodose lifestyle which promotes positivity, and connects people to an enlightened community. The proceeds allocated include estimated costs associated with the production and distribution of the Wisdom Truffle across the world in one or more jurisdictions to be determined by the Company at a later date, and is comprised of the following: (i) balance of fees payable to Karim Rashid for the design and development of the Wisdom Truffle (estimated to be approximately $15,000), (ii) manufacturing costs relating to the production of the Wisdom Truffle (estimated to be approximately $200,000, assuming an initial production target of over 4,000 units), and (iii) ancillary costs associated with the storage, shipping, handling, and distribution of the Wisdom Truffles (estimated to be approximately $40,000). Significant events that must occur to move forward with the proposed business objective include, finalizing the design and production specifications of the Wisdom Truffle (including the manufacturing of a prototype), and completing market research into one or more economically viable jurisdictions within which to launch the Wisdom Truffle.

The anticipated timeline for completing this objective is late calendar Q4 2021, which is based on, among others, the following material assumptions: (i) the demand for, and benefits of, the introduction of the Wisdom Truffle being materially accurate in light of the Company's assessment of market and competitive conditions, and (ii) the persons necessary to manufacture and distribute the Wisdom Truffle continue to be readily available in the jurisdictions chosen by the Company, and willing to enter into favourable contractual arrangements with the Company in respect thereof. The Company notes the following in respect of the foregoing material assumptions: (1) As of the date hereof, the Company has not entered into any agreements with any persons to manufacture and distribute the Wisdom Truffle. To the knowledge of the Company, based on its informal assessment and its discussions with Karim Rashid, the manufacturing requirements for the Wisdom Truffle are not unusual and do not require specialized labour or materials or personnel. Accordingly, the Company does not anticipate material difficulties in entering into such manufacturing and distribution agreements in respect of the Wisdom Truffle. At the early stages, the Company intends to utilize its working relationship with Karim Rashid, and leverage his professional network

(which includes distributors and manufacturers) to undertake the manufacture and distribution of the Wisdom Truffle. (2) The Company's assumption in respect of the demand for the Wisdom Truffle are based on the Company's informal assessment of the market and competitive conditions, and in particular in respect of the recent, growing popularity of the "KAWS" figurines globally. (3) Following such time as the Company determines economically viable jurisdictions within which to launch the Wisdom Truffle (and prior to entering into arrangements for the manufacturing and/or distribution of the Wisdom Truffle) the Company intends to work with local legal counsel to review, and to the extent required ensure that its requisite partners possess, all approvals, permits, and/or licenses which may be required in the relevant jurisdiction in order to undertake such activities. The Company clarifies that as of the date hereof, it has not applied for any approvals, permits, and/or licenses which may be required to manufacture and/or distribute the Wisdom Truffle.

Use of Proceeds and Milestones

During the period beginning from the beginning of the Company's current fiscal year and ending on the date of this MD&A, the Company raised an aggregate amount of approximately $28,000,000 in net cash proceeds through bought deal financings, and private placements completed by the Company and Finco (together, the "**Private Placements**"). The Company also received proceeds of approximately $8,000,000 from the exercise of warrants and options.

As described in the Company's public disclosure documents, the Company intends to use the aggregate gross proceeds of the Private Placements for operational expansion, business development, and working capital and general corporate purposes, with the foregoing general categories encompassing the business objectives and milestones as fully described in the Company's short form prospectus' filed January 26, 2021 and, February 9, 2021.

As of the date of this MD&A, there have not been, and the Company does not anticipate, any changes to its previously made disclosure about the Company's intended use of proceeds from the Private Placements.

In light of the current uncertainty as to the duration, and the immediate and eventual impact, of COVID-19 on the Company's business and operations, as well as general market and competitive conditions, the Company continues to maintain its fiscally responsible approach to its growth and expansion initiatives. In particular, the Company continues to evaluate market conditions on an ongoing basis, with the goal of, among other things, (i) identifying the appropriate time to initiate certain of the Company's business objectives, as expressed as at the date of this MD&A, and (ii) exploring potential alternative, viable opportunities to further develop and expand the Company's business. As such, the Company notes that there may be circumstances where, for sound business reasons, the Company may be required to reallocate funds, including due to demands for shifting focus or investment in marketing and business development activities, requirements for accelerating, increasing, reducing, or eliminating initiatives in response to changes in market, regulations and/or developments in research and design, unexpected setbacks, and strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities.

Overall Performance and Outlook

Results of Operations for the three and nine months ended December 31, 2020 compared to the three and nine months ended December 31, 2019

As at December 31, 2020, the Company is well positioned with $11,429,928 in cash and cash equivalents, $13,896,309 in current assets, and $13,307,445 in working capital. The Company reports a consolidated net income (loss) of $173,488 and $(863,330) for the three and nine months ended December 31, 2020, compared to a net loss of $(8,955) and $(18,955) for the three and nine months ended December 31, 2019. During the comparative period, the Company was not operating, as it was seeking a corporate transaction. Therefore, all expense categories have increased in the current period with the closing of the Transaction and commencement of business activity.

	Three months ended December 31		Nine months ended December 31	
	2020	**2019**	**2020**	**2019**
REVENUE (i)	$ 15,088	$ -	$ 15,088	$ -
COST OF SALES	11,154	-	11,154	-
GROSS PROFIT	3,934	-	3,934	-
OPERATING EXPENSES				
General and administrative (ii)	452,656	8,955	1,707,245	18,955
Share based payments (iii)	482,427	-	1,395,288	-
Interest expense	2,364	-	3,998	-
Research and development (iv)	975	-	14,998	-
	(938,422)	(8,955)	(3,121,529)	(18,955)
LOSS BEFORE OTHER ITEMS	(934,488)	(8,955)	(3,117,595)	(18,955)
OTHER ITEMS				
Gain on sale of marketable securities (v)	-	-	585,162	-
Gain on sale of subsidiary (vi)	-	-	843,411	
Unrealized change in fair value of marketable securities	1,100,999	-	815,999	-
Interest income	6,977	-	9,693	-
NET LOSS AND COMPREHENSIVE LOSS	$ 173,488	$ (8,955)	$ (863,330)	$ (18,955)

(i) During fiscal Q3, the Company commenced sales of product and merchandise as follows:

	Three months ended December 31		Nine months ended December 31	
	2020	2019	2020	2019
REVENUE				
Sales of product *	**$ 11,827**	$ -	**$ 11,827**	$ -
Sales of merchandise	**3,261**	-	**3,261**	-
	$ 15,088	$ -	**$ 15,088**	$ -

* Includes 70,000 grams of truffles and 152 imicrodose packs.

(ii) The following is a breakdown of General and Administrative expenses for the three and nine months ended December 31:

	Three months ended December 31		Nine months ended December 31	
	2020	**2019**	**2020**	**2019**
Consulting	$ 33,636	$ -	$ 154,512	$ -
Legal, audit and other professional fees	17,369	8,955	371,863	18,955
Management fees	94,174	-	245,174	-
Business development	20,529	-	178,371	-
Office and general	149,713	-	192,609	-
Regulatory	5,982	-	20,087	-
Shareholder communication	117,982	-	527,645	-
Amortization and depreciation	13,271	-	16,985	-
	$ 452,656	$ 8,955	$ 1,707,245	$ 18,955

(iii) Share based payments includes the value of options that vested during the period, and the value of shares and warrants issued to various consultants as compensation for services rendered.

(iv) Research on the medical applications of psilocybin.

(v) Gain on sale of marketable securities represents the realized gains generated from the sale of shares of Revive Therapeutics Ltd. (“Revive”). Revive participated in the Subscription Receipt financing for 2,500,000 subscription receipts. In exchange, the Company received 3,000,000 common shares of Revive with a deemed valued of $150,000. As at December 31, 2020, all Revive shares have been sold.

(vi) Represents the gain on the sale of Northern Securities Inc., an inactive subsidiary of the Company.

Quarterly Financial Information

For the quarters ended	Revenue ($'s)	Net Income (Loss) ($'s)	Loss per share ($'s)	Weighted Average Shares
December 31, 2020	15,088	173,488	0.00	232,939,828
September 30, 2020	-	(426,433)	(0.00)	226,747,374
June 30, 2020	-	(854,145)	(0.01)	80,925,926
March 31, 2020	-	(306,218)	(0.36)	851,335
December 31, 2019	-	(8,955)	(0.01)	851,335
December 31, 2019	-	(5,000)	(0.01)	851,335
June 30, 2019	-	(5,000)	(0.01)	851,335
March 31, 2019	-	(6,783)	(0.01)	851,335
December 31, 2018	84	(57,540)	(0.07)	851,335

Liquidity, Capital Resources and Cash Flows

As at December 31, 2020, the Company had cash of $11,429,828 (March 31, 2020 - $1,963,492) and $nil (March 31, 2020 - $1,804,290) of funds held in escrow.

The Company used cash in operations of $2,482,622 for the nine months ended December 31, 2020 compared to $85,410 in 2019 (as in 2019 the Company was inactive).

Cash from investing activities amounts to $2,225,349 and consisted of $1,804,290 of funds released from escrow, and $735,161 proceeds from the sale of Revive shares. The cash inflows were offset by the purchase of marketable securities in the amount of $250,000, and $64,102 for leasehold improvements and equipment purchases.

Cash from financing activities amounted to $9,723,709 and consisted of net proceeds from private placements of $3,925,295, and $5,798,414 from the exercise of warrants.

As at December 31, 2020, the Company had a working capital position of $13,074,445, which will fund operations and growth strategy in the short term.

The primary need for liquidity is to fund the construction of the Facility, M&A's, execute the business plan to drive sales and to fund working capital requirements. The primary source of liquidity has been primarily from private and/or public financing. The ability to fund operations, to make planned capital expenditures and execute the growth/acquisition strategy depends on the future operating performance and cash flows, which are subject to prevailing economic conditions, regulatory and financial, business and other factors, some of which are beyond the Company's control.

Subsequent to December 31, 2020, and as a result of closing two bought deal financings (see financing events), and the exercise of warrants, the Company has working capital over $30,000,000.

The Company manages liquidity risk by reviewing, on an ongoing basis, its sources of liquidity and capital requirements. In evaluating the Company's capital requirements, including the impact of COVID-19 on the Company's business, and its ability to fund the execution of its business strategy, the Company believes that it has adequate available liquidity to enable it to meet its working capital and other operating requirements, fund current growth initiatives (please see the section entitled "*Significant Projects*" in this MD&A) and other capital expenditures and settle its liabilities for at least the next twelve (12) months. The Company's objective is to maintain sufficient cash to fund the Company's operating requirements and expansion plans identified from time to time. While the Company expects to incur losses for at minimum the next twelve (12) months, management of the Company continues to work towards the success and eventual profitability of the business.

The Company's ability to access both public and private capital is dependent upon, among other things, general market conditions and the capital markets generally, market perceptions about the Company and its business operations, and the trading prices of the Company's securities from time to time. When additional capital is required, the Company intends to raise funds through the issuance of equity or debt securities. Other possible sources include

the exercise of stock options and warrants of the Company. There can be no assurance that additional funds can be raised upon terms acceptable to the Company, or at all, as funding for early stage companies remains challenging generally. Given the nature of the Company's business as of the date of this MD&A, and in particular, the fact that its operations are undertaken exclusively within a foreign jurisdiction, the Company may face difficulty in accessing traditional sources of financing, notwithstanding that its business operations are conducted in a regulatory environment within which the Company's activities are neither illegal nor subject to conflicting laws.

The Company's current expenditure obligations include commitments for those projects described in the section entitled "*Significant Projects*" in this MD&A. The Company expects to continue funding these projects with available cash and cash equivalents.

The Company's monthly operating cash requirement is approximately $139,000. The $139,000 is based on average historical actuals in the past nine months. Historical numbers, as adjusted for non-recurring operating costs, are as follows:

Cash flow from operations for the nine months ended December 31, 2020	$ (2,482,622)
Add back consulting fees whose contracts ended in May 2020	102,440
Add back non-recurring business development (Consulting fee re M&A, Capital Market, business development) (1)	232,500
Add back non-recurring shareholder communication (CEO interviews, distribution of press releases, podcasts, presentations) (1)	167,500
Add back non-recurring shareholder communication (CEO interviews, distribution of press releases, podcasts, presentations) (1)	248,878
Add back professional fees relating to the change business and listing	268,074
Add back HST not yet received back	209,891
Total adjusted cash used in operations	$(1,253,339)
Average per month	$ (139,260)

Notes:
(1) These contracts were entered into concurrent with our going public and the May/June/July private placements, with the purpose of bringing awareness and exposure of the Company to the marketplace. The contracts have a term varying from 6-12 months, were all one-off contracts, with no expectation of renewals.

The following capital commitments (as described in the section entitled "*Significant Projects*" in this MD&A) are expected to be paid from existing working capital:

- *The Facility* – As detailed earlier, the Company has entered into a lease agreement in respect of the Facility, with a lease commitment of 5 years, commencing August 1, 2020, with an annual commitment of $30,000. As at December 31, 2020, the additional costs incurred to set up the Facility was approximately $24,000 and included the cost of coating the floors and ceiling, setting up the heating, ventilation, and air conditioning systems, and other leasehold improvements. The costs were incurred during Q2 of the current fiscal year.

- *E-Commerce Platform* – In September 2020, the Company entered into an agreement for the design and development of the E-Commerce Platform, for a fee of $5,200 to be paid in two instalments. The first instalment was paid on commencement of the project (paid in September 2020), the second on completion (paid in November 2020). Additional consulting fees related to the development were approximately $8,000 (of which $2,600 was paid during the Q2 2020).

- *Scarlette Lillie Science Innovation* – As at December 31, 2020 and the date of this MD&A, the Company has no capital commitments for funding this division. As previously noted, the Company is still assessing the nature of it future operations and investments of this division.

- *VR Module* **–** On July 15, 2020, the Company entered into a consulting agreement for the development of the VR Module and VR Avatar, for an all-in cost of $26,000 (paid in July 2020). The VR Avatar was completed in September 2020 while the module is expected to be completed in November 2020. There are no further capital commitments required on this project, other than ordinary course costs and expenses associated with launching the VR Module at potential launch sites in an estimated amount of up to $6,600, per each such site.

- *Super Smart Distribution Arrangement* – In connection with the Super Smart Distribution Arrangement, the Company is committed to provide Super Smart with a VR Headset, an iPad and train the employees on iMIC Centre and incur approximately $5,000 in hard costs and expenses. To date, no expenses have been incurred.

  SR Wholesale Acquisition – In connection with the Company's proposed acquisition of SR Wholesale, the Company is currently not committed to spending any funds. However, if the Company enters into a binding agreement, the Company anticipates committing to spending approximately 900,000€ (which is approximately $1,397,106 CAD as of the date of this MD&A) on closing of the purchase transaction, and an additional €300,000 (approximately $465,702 CAD) through the issuance of a convertible promissory note with a maturity date of two (2) years.

- *Joint Venture with Halo Labs* - In connection with the Company's proposed Joint Venture with Halo Labs, the Company is currently not committed to spending any funds. However, if the Company enters into a binding agreement, the Company anticipates committing to incurring approximately $150,000 in the build out of a facility, and estimated costs of $1,000,000 allocated for the purchase of equipment required for the facility.

- *Psychedelic Insights Letter of Intent* - In connection with the Company's LOI with Psychedelic Insights, the Company is currently not committed to spending any funds. However, if the Company enters into a binding agreement, the Company anticipates committing to a cash payment of approximately $233,000 (payable in equal installments over a two-year period), the issuance of 200,000 options, and a $50,000 investment by Red Light Holland into Psychedelic Insights.

- *Disruptive Pharma Joint Venture* - In connection with the Company's LOI with Disruptive Pharma, the Company is currently not committed to spending any funds. However, if the Company enters into a binding agreement, the Company anticipates future costs.

- *Mera Life Acquisition* - – In connection with the Company's proposed acquisition of Mera Life, the Company is currently not committed to spending any funds. However, if the Company enters into a binding agreement, the Company anticipates committing to spending approximately $2,500,000 for the construction of a facility.

- *Wisdom Truffle* – In connection with the Wisdom Truffle campaign, the Company has committed to a fee of US$50,000 (approximately $65,000) over two phases of product development, as well as a 5% Royalty Fee of net sales to be paid to the designer. To date, the Company has spent $45,300.

Management of Capital

The capital managed by the Company includes the components of shareholders' equity as described in the unaudited interim condensed financial statements for the three and nine months ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize its resources to fund the growth and development of its business, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets by seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. In order to maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to the issuance of new capital and the issuance of new debt.

Dividends

The Company did not pay dividends in the current period, 2020 or 2019 financial years.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2020 and the date of this MDA.

Critical Accounting Estimates

Significant judgments, estimates and assumptions

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

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(a) Income and other taxes
Income, value added, withholding and other taxes The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(b) Provisions and contingencies
Provisions are recorded by the Company when it has determined that it has a present obligation, whether legal or constructive, and that it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are recorded based on management's best estimates of timing, and quantum of future outflows.

(c) Share based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(d) Determination of functional currency
Management uses its judgment to determine the functional currency that most appropriately represents the economic effects of the underlying transactions, events and conditions. The functional currency of a company is the currency of the primary economic environment in which the company operates in consideration with other indicators. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

Risk Management

The following is a description and analysis of the risks associated with financial instruments that may affect the Company:

Fair value of financial assets and financial liabilities
Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to their imminent or short-term maturity.
Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2020, the Company had no interest-bearing loans.

Foreign exchange risk

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. The Company does not use derivatives to modify the foreign exchange risk. The Company holds minimal financial instruments in foreign currencies.

The Company's functional and reporting currency is the Canadian dollar. Foreign exchange risk arises from transactions denominated in currencies other than the Canadian dollar. The Company's primary foreign exchange exposures is the Euro, being the local currency in the Netherlands where the Company's subsidiary RLH NL operates.

The Company is exposed to currency risk through the assets and liabilities denominated in currencies other than Canadian dollar. As at December 31, 2020, the Company does not have a material risk as 97% of its assets and liabilities are denominated in the Canadian dollar.

Liquidity risk
Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The Company manages liquidity risk by reviewing the amount of cash available, on a daily basis, to ensure that it can meet its current obligations.

The Company has loans outstanding of $86,768 as at December 31, 2020 (March 31, 2020 - $86,768).

Credit risk
The Company's credit risk is primarily attributable to cash and cash held in escrow. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions and cash held with a law firm, from which management believes the risk of loss to be remote.

Share Capital Information

Outlined below is selected current share capital information related to the Company as at the date of this MDA:

Description	Number
Common shares issued and outstanding	332,513,764
Stock options outstanding	10,966,668
Broker warrants and common share purchase warrants issued and outstanding	76,839,888

Related Party Transactions

The Company had related party transactions with directors or officers of the Company, or companies with which they were associated, as follows:

Compensation to key management personnel
Compensation paid or payable during the three and nine months ended December 31, 2020 and 2019 to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

(a) During the nine months ended December 31, 2020, the Company was charged $150,000 in fees by the Todd Shapiro, the Chief Executive Officer for his management services.

(b) During the nine months ended December 31, 2020, the Company was charged $32,000 in management fees by CFO Advantage Inc a corporation controlled by Kyle Appleby, the Chief Financial Officer of the Company.

(c) During the nine months ended December 31, 2020, the Company was charged $70,000 in fees by Hans Derix, the President, for management services.

Equity Transactions: During the nine months ended December 31, 2020 and the year ended March 31, 2020 and 2019, the Company issued the following securities to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors:

On May 27, 2020, the Company issued 3,700,000 stock options to directors and officers of the Company, as follows:

- Todd Shapiro, Chief Executive Officer and Director – 1,200,000 stock options
- Lowell Kamin, Former Director – 1,000,000 stock options
- Anne Barnes, Director – 500,000 stock options
- Kyle Appleby, Chief Financial Officer – 250,000 stock options
- Brad Lamb, Director – 500,000 stock options
- Binyomin Posen, Director – 250,000 stock options

During the year ended March 31, 2020, the Company issued 22,867,184 common shares in settlement of $416,406 in indebtedness owing to related parties (2019 - $nil).

- CFO Advantage Inc., Consultant - 500,000 common shares
- Hans Derix, Officer - 3,750,000 common shares
- Binyomen Posen, Director - 166,667 common shares
- Lowell Kamin, Director - 833,336 common shares
- Donal Carroll, Director - 7,992,181 common shares
- Todd Shapiro, Chief Executive Officer and Director - 9,625,000 common shares

During the year ended March 31, 2020, the Company issued 2,333,333 common shares in settlement of $46,667 in indebtedness owing to related parties in connection with the Debtco financing in January 2020.

- Anne Barnes, Director - 1,000,000 common shares
- Brad Lamb, Director - 1,333,333 common shares

During the year ended March 31, 2020, the Company issued $200,000 worth of subscription receipts to related parties through the issuance of 3,333,333 subscription receipts through the Subco 1 financing.

- Anne Barnes, Director - 3,333,333 subscription receipts

Commitments, Provisions and Contingencies

The Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $244,000 which are due within one year.

Future Accounting Policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after April 1, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

COVID-19 Pandemic

General

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19". The COVID-19 outbreak resulted in governments worldwide enacting emergency measures to combat the spread of COVID-19 (including the implementation of travel bans, self-imposed quarantine periods, and social distancing). COVID-19 has had a profound and unprecedented impact on the global economy and has caused material disruption to individual businesses and the global economy. As of the date of this MD&A, the duration and the immediate and eventual impact of COVID-19 remains unknown, and in particular, it is not possible to reliably estimate the immediate and eventual impact of COVID-19 on the financial results and condition of the Company and its industry partners.

Impact on the Company

The Company commenced its operations within the Netherlands in fiscal Q2 2020, and during the interim period ended December 31, 2020, COVID-19 did not have a direct, material impact on the operations, financial condition, cash flows and financial performance of the Company. However, the Company believes that the direct and indirect impact of COVID-19 on the Company's industry partners indirectly delayed the Company's ability to establish and commence its operations within the Netherlands in accordance with the timelines originally anticipated by the Company.

The Company continues to monitor the latest developments on COVID-19 on an ongoing basis, and continues to assess the more immediate impact of COVID-19 on the operations of the Company and its industry partners within the Netherlands, with a focus on maintaining business continuity. The Company's approach to maintaining business continuity during COVID-19 is focused on, among other things:

- prudent cash management, which is reflected by among other things, the Company's decision to carefully assessing further expansion efforts and temporarily delaying both the build-out of the Facility to obtain EU-GMP certification for the Facility, and the launch of its marketing campaign, until such time as the Company can fully appraise itself of market and economic conditions;

- implementing appropriate measures tailored to mitigate unanticipated impacts of COVID-19, which is reflected in part by, among other things:

    - the Company's expedited build-out of the Facility for the cultivation and production of non-EU-GMP certified truffles in order to both (i) create a revenue stream as the Company further considers and evaluates the costs and procedures associated with building-out the Facility to obtain EU-GMP certification for the Facility amid COVID-19, and (ii) offset unanticipated interruptions in the supply of truffles sourced from its industry partners due to COVID-19; and

    - the Company's experimental launch of a subscription-based model for the sales of its brand of truffles through the E-Commerce Platform.

Amid COVID-19, the Company's success will depend on its ability to ensure that consumers in the Netherlands continue to have safe and uninterrupted access to the Company's truffles, as well as maintaining high quality cultivation, production, and distribution capabilities. The Company intends to continue to assess its business and operational needs, and implement cost reductions in salaries and consulting fees, marketing and other administrative functions, where necessary. Although COVID-19 has not significantly impacted the Company's operations to date, there can be no assurance that there will not be disruptions to its operations in the future. COVID-19 presents several unpredictable variables on the economy and the truffles market within the Netherlands, making it difficult to accurately forecast upcoming results.

In spite of this, the Company's core focus will be on closely monitoring the development of COVID-19 to focus its resources on navigating and adapting to emerging situations as they unfold. See also the section below entitled "*Risk Factors*" for further discussion on the potential impacts of COVID-19.

Risk Factors

Due to the nature of the Company's business, its limited operating history, and its stage of development, an investment in the securities of the Company is highly speculative and involves significant risks and uncertainties. As the Company continues to develop its business, the Company will face numerous challenges, and additional risks and uncertainties not presently known to the Company, or which the Company believes to be immaterial. In the event that such risks and uncertainties materialize, the Company's business, financial condition, and results of operations could be materially adversely affected, and shareholders of the Company could lose all or part of their investment in the Company. Such risks and uncertainties could also cause actual events to differ materially from those described in forward looking statements relating to the Company described in this MD&A and in certain documents incorporated by reference into this MD&A.

The following section summarizes certain of the risks and uncertainties relating to the business of the Company as of the date of this MD&A. The summary of such risks and uncertainties is not intended to be exhaustive, and such risks are in addition to the usual risks associated with investment in a business. Investors should carefully consider the following risks and uncertainties as well as the risk factors set out in the Listing Statement.

Introduction of, or Changes in, Laws, Regulations and Guidelines

Although the cultivation, production and distribution of fresh, unprocessed truffles within the Netherlands is not, as of the date of this MD&A, subject to regulation as, for example, the cannabis industries in Canada and the United States, the Company's operations in the Netherlands remain subject to compliance with the Opium Act, as well as other laws, regulations, and guidelines in effect from time to time enacted by applicable governmental authorities. Although the Company is, to its knowledge, in compliance with all applicable laws and regulations (and intends to continue to comply), there can be no guarantee that new laws, regulations, and guidelines will not be enacted, or that existing or future laws and regulations will not be changed. Any introduction of new (or changes to existing) laws, regulations, and guidelines, or other unanticipated events could require extensive changes to the Company's operations, increase compliance costs, and give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

No Assurance of Commercial Success or Profitability

The successful commercialization of the Company's brand of truffles and its future products in the Netherlands will depend on many factors, including, (i) the Company's ability to establish and maintain new and existing working partnerships with industry partners in order to source, distribute, and market its brand of truffles and other product offerings within the Netherlands, (ii) the Company's ability to supply a sufficient amount of its brand of truffles to meet market demand, and (iii) the number of competitors from time to time competing with the Company within the Netherlands. As the Company continues to grow and expand its operations within the Netherlands, there is a risk that the Netherlands truffles industry may become increasingly competitive in all its phases, and in particular as a result of the possibility that new entrants (including from jurisdictions outside of the Netherlands) could attempt to mirror the Company's business model and establish operations in the Netherlands. There can be no assurance that the Company or its industry partners will be successful in their respective efforts to develop and implement, or assist the Company in developing and implementing, a commercialization strategy for the Company's brand of truffles and future products. Further, there can be no assurance that consumer demand for the Company's truffles and other product offerings will be as anticipated, or that the Company will become profitable.

Limited Operating History in Truffles Industry

The Company began operations in the Netherlands in fiscal Q2 2020, and has a limited operating history within the truffles industry. As such, the Company will be subject to all of the business risks and uncertainties associated with any early staged enterprise, including the risks that it will be unable to (i) successfully cultivate, produce, distribute truffles, (ii) establish a market for its products, (iii) achieve its growth objectives and targets, and/or (iv) successfully assess and meet consumer demand and become profitable. The Company's future growth will depend substantially on its ability to address these and the other risks described in this section of this MD&A, and any failure to successfully address such risks could have a material adverse effect on the business, financial condition and operating results of the Company.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the truffles industry in the Netherlands. A failure in the demand for the Company's brand of truffles and future product offerings to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, financial condition and operating results of the Company.

Unfavourable Publicity or Consumer Perception

The Company's success within the truffles industry may be significantly influenced by consumer perception of truffles generally, or the Company's brand of truffles and future products, any of which can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of truffles and products produced or manufactured using truffles. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the truffles industry or any particular product offering of the Company, or consistent with earlier publicity. Any 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 business, financial condition and operating results of the Company.

Reliance on Key Personnel

The Company success has depended, and will continue to depend, on the efforts and talents of its executives and employees, including its Chief Executive Officer, and its ability to attract, develop, motivate and retain highly qualified and skilled employees, staff and consultants. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the loss of any of the Company's senior management or key employees could materially adversely affect its 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. The loss of any such key persons or the inability to find and retain new key persons could have a material adverse effect on the business, financial condition and operating results of the Company.

Reliance on a Single Facility

The Company's cultivation and production activities are conducted exclusively within the Facility, which is located in Horst, the Netherlands, and the Company anticipates that such activities will continue to be conducted within the Facility for the foreseeable future. The Company's operation and the condition of the Facility is, and will be, subject to hazards inherent in the truffles industry, including structural or equipment defects, malfunctions, natural disasters, fire, explosions, or other accidents that may cause damage to the Facility. Any adverse changes or developments (whether in the Netherlands generally or within the Facility) affecting the Facility could have a material and adverse effect on the Company's ability to continue to cultivate and produce its brand of truffles, and could have a material adverse effect on the business, financial condition and operating results of the Company.

Difficulty in Obtaining, or Unviability in Pursuing, EU-GMP Certification of Facility

The Company's business objectives include obtaining EU-GMP certification for the Facility, in order to enable the Company to grow and sell EU-GMP certified truffles within the Netherlands. However, as of the date of this MD&A, in light of among other things the existing uncertainty brought about by COVID-19, the Company is further considering and evaluating the economic viability and benefits of proceeding with building-out the Facility in order to obtain EU-GMP certification for the Facility.

As discussed elsewhere in this MD&A, in order to complete the EU-GMP certification for the Facility, the Company must undertake Phase 3, as part of which the Company must engage a consultancy firm to, among other things, obtain a build-out plan that is tailored to suit the Company's business objectives at the time of such consultation process, as the same may exist in light of the impact of COVID-19 on, among other things, the Company's specific business objectives in respect of, and the reasons for, the EU-GMP certification for the Facility, as well as the then prevailing market and competitive conditions in respect of such objectives. Although obtaining EU-GMP certification for the Facility could potentially provide the Company with a competitive edge, by enabling it to cultivate and sell EU-GMP certified truffles, there can be no guarantee that the Company will commence Phase 3, or that, if Phase 3 is commenced, that the Company will be successful in obtaining EU-GMP certification for the Facility. In particular,

as of the date of this MD&A, there is a heightened risk that the Company may ultimately determine that it is not in the best interest of the Company to pursue EU-GMP certification for the Facility. In the event that the Company determines not to obtain, or pursues but fails to obtain, EU-GMP certification for the Facility (including as a result of factors beyond the control of the Company), any such decision or failure could have a material adverse effect on the business, financial condition and operating results of the Company. Further, in the event that the Company is successful in obtaining EU-GMP certification for the Facility, any failure to comply with the requirements of the EU-GMP certification or any failure to maintain the conditions and requirements associated with such EU-GMP certification could have a material adverse effect on the business, financial condition and operating results of the Company.

The Company believes that the following events and circumstances may reasonably be likely to cause actual results with respect to the timing and commencement of Phase 3 to differ materially from those anticipated by the Company and expressed in this MD&A:

- the impact of COVID-19 on general market conditions, and particularly, on (A) the market demand for EU-GMP certified truffles, and (B) the business operations of entities and institutions (and in particular, those engaged in the health and sciences industries) which might otherwise have presented the Company with business-to-business sales channels for the sale of the Company's for EU-GMP certified truffles;
- the impact of measures from time to time implemented by the Company to mitigate unanticipated impacts of COVID-19 on the Company's business operations, including, but not limited to, a potential reallocation of funds to (A) establish and implement new business initiatives, (B) accelerate, increase, reduce, or eliminate existing initiatives, (C) address unexpected setbacks, and (D) pursue strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities; and
- unanticipated setbacks which may materialize following the date of this MD&A, including, among other things, changes in the rules and regulations established by the European Union in respect of the minimum requirements that a producer must meet to obtain EU-GMP certification, and the Company's inability to identify a cost-effective build-out plan to obtain EU-GMP certification for the Facility.

Liability, Enforcement Complaints, etc.

As a company engaged in the truffles industry within the Netherlands, the Company and/or its subsidiaries may from time to time become subject to litigation, formal or informal complaints, enforcement actions, and inquiries, including by one or more federal or local governmental authorities in the Netherlands. Any such litigation, complaints, and/or enforcement actions involving the Company and/or its subsidiaries could consume a considerable amount of financial and other corporate resources and the time of the Company's management, and could have a material adverse effect on the business, financial condition and operating results of the Company.

Reliance on Operations in Foreign Jurisdictions

As of the date of this MD&A, the Company's operations are conducted exclusively within the Netherlands. As such, the Company's operations at various times may be exposed to political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to: (i) renegotiation, nullification, termination or rescission of concessions, licenses, permits and contracts, from time to time held by the Company or to which the Company a party, (ii) changing political conditions, (iii) currency exchange rate fluctuations, (iv) taxation policies, and (v) changing government policies and legislation. The Company's operations within the Netherlands may also be affected in varying degrees by changes to laws, regulations, and guidelines applicable to foreign entities with respect to, but not limited to, the production of truffles, price controls, currency remittance, income taxes (including VAT), foreign investment, environmental legislation, and use of real property. Any change in such or similar laws, regulations, and guidelines, or shifts in political attitude, could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company cannot accurately predict the full impact of any such occurrence on the Company's operations and profitability. Finally, the Company may be subject to the exclusive jurisdiction of courts of the Netherlands in the event of any dispute arising from the Company's operations in the Netherlands.

Product Liability

As a cultivator, producer and distributor of products intended be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory actions and litigation if the Company's product

offerings are alleged to have caused loss or injury. In addition, the sale of the Company's product offerings involves the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination and unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of the Company's truffles alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including that the Company's product offerings caused death, injury, illness, or other loss. A product liability claim or regulatory action against the Company could result in increased costs, adversely affect the Company's reputation with consumers, and could have a material adverse effect on the business, financial condition and operating results of the Company.

Product Viability

In general, truffles have minimal long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry or other supplements or medications. As a result, the Company's brand of truffles could have certain side effects if not used as directed or if taken by an end user that has certain known or unknown medical conditions. If the Company's brand of truffles and future product offerings are not perceived to have the effects intended by the end user, the Company's business and its reputation may suffer, any of which could have a material adverse effect on the business, financial condition and operating results of the Company.

Product Recalls

The Company's brand of truffles and future product offerings may be subject to the recall or return 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 Company's product offerings are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company 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 and otherwise distract from day to day operations. As such, any product recall could have a material adverse effect on the business, financial condition and operating results of the Company.

Competitive Conditions

The Netherlands is an ideal location to establish and operate a vertically integrated truffles company, primarily due to its favourable regulatory regime, and access to a strong and established consumer base for the sale of truffles. The truffles industry within the Netherlands is an established industry that is highly competitive. The market for access to truffles in the Netherlands has created a competitive environment for truffles producers as well as for Smart Shop operators. The Company faces direct competition to attract and retain end-users, and competes with other industry participants that may have greater financial resources and longer operating histories. The chief competitors of the Company's product offerings are expected to be existing producers as well as Smart Shop operators. Although reliable data is limited, the Company believes that, as of the date of this MD&A, there are at least two (2) major producers of truffles within the Netherlands, and more than one hundred (100) Smart Shop operators that offer truffles for sale. To remain competitive, the Company will require a continued high level of investment in acquisitions and investments, research and development, and marketing. The Company may not have sufficient resources to maintain such activities on a competitive basis which could have a material adverse effect on the business, financial condition and operating results of the Company.

Liquidity and Future Financing

The Company is in its early stage of development, and has not yet generated meaningful revenue and will likely operate at a loss until such time as its business becomes established. Although the Company has, as of the date of this MD&A, sufficient capital to fund its ongoing business development and future growth and expansion plans for the foreseeable future, the Company may in the future require additional financing in order to fund such purposes. The Company's ability to secure any such required financing will depend, in part, upon investor perception of the Company's ability to build and maintain a successful business, as well as other factors beyond the Company's control. There can be no assurance that the Company will be able to successfully obtain additional financing, or that future financing will occur on terms satisfactory to the Company and/or its shareholders. If adequate funds are not available to the Company, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating. Future financing conducted by issuing securities of the Company may result in shareholders suffering additional dilution.

Dependence on Third Parties

As a company in its early stage of development, the Company has established relationships with various industry partners in the truffles industry in order to begin operations, develop its brand and product recognition, and generate revenue within the Netherlands. As of the date of this MD&A, the Company has established working relationships with 4 industry partners in the truffles industry within the Netherlands, and to date, the Company's relationships with McSmart, Super Smart, SR-Wholesale B.V. and the operator of a Smart Shop under the name "House of Smart" have been a significant contributor to its ability to introduce its brand of truffles within the Netherlands. In particular, as of the date of this MD&A, the Company's brand of truffles is sold exclusively within retail establishments operated by industry partners which may be considered competitors of the Company within the truffles industry in the Netherlands, with certain of such industry partners having both their own dedicated Smart Shops and cultivation and production facilities. In the event that one or more of the Company's industry partners were to cease providing the Company with an adequate supply of truffles or cease distributing the Company's brand of truffles through their own dedicated Smart Shops, any such occurrence could have a material adverse effect on the business, financial condition and operating results of the Company.

There can be no assurance that the Company will be able sustain its existing relationships with industry partners, or establish and maintain new relationships with industry partners necessary to meet its ongoing business needs. Further, there can be no assurance that industry partners with which the Company has established relationships with will continue to meet the Company's business needs from time to time, on a timely basis, or at all.

Reliance on Informal Arrangements

As of the date of this MD&A, the Company has not entered into any binding written agreements with any of its existing industry partners. Instead, the Company's present business relationships with the Current Industry Partners are based on informal arrangements of a nature customarily entered into by participants in the truffles industry within the Netherlands. As a result, in contrast to companies operating in other industries which may have written agreements with their respective industry partners, the Company is subject to the increased and unique risk that its existing arrangements with its industry partners may be terminated. Any such termination could have a material adverse effect on the business, financial condition and operating results of the Company.

Additional Information

Additional information on the Company has been filed electronically through the System for Document Analysis and retrieval ("SEDAR") and is available online at www.sedar.com.