

**NAVASOTA RESOURCES INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED JULY 31, 2019**

**1.1 Date**

The following discussion and analysis, prepared as of September 24, 2019 should be read together with the audited consolidated financial statements for the three month period ending July 31, 2019 and years ended April 30, 2019 and 2018 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. Additional information related to Navasota is available for view on SEDAR at [www.sedar.com](http://www.sedar.com). See also “Risk Factors” and “Forward Looking Statements” below.

**1.2 Company Overview**

Effective July 12, 2013 in connection with a share consolidation, the Company changed its name from Anglo Aluminum Corp. to Navasota Resources Inc. The Company effected a consolidation of its issued securities on a ten old for one new basis and, at the open of trading on July 12, 2013, the Company’s common shares commenced trading on the TSX Venture Exchange on a 10:1 post-consolidated basis under the name Navasota Resources Inc. and under the trading symbol “NAV”.

On February 28, 2007, Navasota signed an option agreement with La Société AMIG Mining International S.A.R.L. (“AMIG”) and its shareholders to earn and acquire up to 100% of the issued share capital of AMIG. Effective March 26, 2009, AMIG changed its name to Société AMIG Navasota Mining International S.A.R.L. On December 18, 2009, Navasota entered into an amending agreement with AMIG Navasota Mining International S.A.R.L. (“AMIG”), African Mining International S.A.R.L. (“AMSI”) and its shareholders pursuant to which Navasota made a payment of US\$350,000 to AMSI thereby increasing its ownership of AMIG from 45% to 51%. Navasota retains the right to earn a 100% interest in AMIG by paying US\$15,000,000 (US\$150,000 deposit paid) and issuing 300,000 of its common shares to the shareholders of AMIG. AMSI is a Guinean corporation and its shareholders are residents of Conakry, Guinea, West Africa.

AMIG is the legal and recorded holder of one mineral exploration permit for two mining research licenses granted by the Ministry of Mines and Geology of the Republic of Guinea on May 10, 2006. The permit covered two contiguous areas aggregating 1,064 square kilometers, located in the prefectures of Télemélé (Koba) and Gaoual (Koumbia) (the Project), for the exploration of bauxite. The permit was initially valid for three years and has since, in accordance with Article 25 of the new mining code of the Republic of Guinea, been renewed with the permitted area being reduced by approximately 50%, resulting in a new permit comprising two licenses covering 536 square kilometers. The new permit was extended to December 26, 2013. On October 30, 2013, the Minister of Mines and Geology of the Republic of Guinea granted an eight month extension to the Koba-Koumbia permit.

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As noted below, during the years ended April 30, 2014 and 2013, the Company's management reviewed the Koba/Koumbia bauxite property interest and recognized an impairment to a nominal value of one dollar relating to uncertainty of the Company being able to realize the carrying value of the asset.

On August 27, 2014, the Company received a letter from the Republic of Guinea's Minister of Mines and Geology stating that the permit will not be prolonged beyond a period of 4 months from the date of the letter and that the end of this period the Company was required to submit a feasibility study. The Company did not proceed further to this regard as a result the project is considered closed. The nominal value of \$1 is kept as a current carrying value of the property was written down to \$Nil in the Consolidated Statement of Loss for the year ended April 30, 2015.

On June 19, 2018, the Company completed a share consolidation where outstanding common shares were consolidated on the basis of one post-consolidation common share for five pre-consolidation common shares. Following this Consolidation there was an aggregate of 4,066,026 Post-Consolidation common shares.

**1.3 Management & Directors**

*STEVEN MINTZ, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER* – Mr. Mintz was appointed as Chief Financial Officer of the Company on May 16, 2018 and CHIEF EXECUTIVE OFFICER on October 12, 2018. Mr. Mintz went into public accounting for a large accounting firm from 1989 until 1992. He obtained his C.A. designation in June of 1992 and his Trustee in Bankruptcy license in 1995. In June 1992, he became employed by a boutique bankruptcy and insolvency firm where he was employed until January 1997 at which time he became a self-employed financial consultant serving both private individuals and companies as well as public companies in a variety of industries including mining, oil and gas, real estate, and investment strategies.

*NAVJIT DHALIWAL, CPA, CA, DIRECTOR* – Mr. Dhaliwal was appointed as Chief Financial Officer and Director of the Company on March 10, 2017. Mr. Dhaliwal has been in the finance, accounting and taxation fields for over a decade. Previously working in large accounting firms and national real estate organizations in Toronto. Mr. Dhaliwal has received his Chartered Accountant designation in 2010 and for the past year and a half has been a partner at ND LLP, a Chartered Accountancy firm operating nationally. Mr. Dhaliwal holds a Bachelors in Mathematics and Masters in Accountancy from the University of Waterloo. On May 16, 2018, Mr. Dhaliwal resigned as CFO and will continue to act as director of the Company.

*BALU GOPALAKRISHNAN, DIRECTOR* – Mr. Gopalakrishnan was appointed as Director of the Company on July 31, 2018. Mr. Gopalakrishnan is a Chartered Accountant with significant public company experience, including more than six years with XCEED Mortgage Corporation, where he gained significant experience preparing the company's annual and quarterly consolidated financial statements, Management Discussion and Analysis (MD&A) for quarterly and annual regulatory filings in accordance with International Financial Reporting Standards.

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***1.4 Selected Annual Information***

The following operations information is for the preceding three years ended April 30,

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$
Total assets	37,002	9,143	276
Revenue	-	-	-
Net loss for the year	(122,668)	(124,970)	(15,750)
Basic and diluted loss per share	(0.02)	(0.06)	(0.01)

***1.5 Performance Summary and Result of Operations***

The Company had net loss of \$440 for the three month period ended July 31, 2019 compared to a net loss of \$60,985 in 2018. The accumulated deficit from inception of the Company is \$ 29,046,209 compared to \$28,894,086 in 2018. This cumulate deficit and comparative figure for 2018 has been updated for the non-controlling interest portion.

(i) Professional fees of \$nil for the period ended July 31, 2019 decreased from \$24,725 in 2018. The decrease was due to more work completed on prior year investor relations activities such as the process of removing the cease trade order.

(ii) Filing fees of \$422 for the period ended July 31, 2019 decreased from \$6,397 in 2018 for the same reason.

(iii) Management fees of \$nil for the period ended July 31, 2019 decreased from \$29,798 in 2018. The decrease was due to managerial payment to the former officers and directors of the Company during the prior fiscal period.

(v) General and administration expense of \$nil for the period ended July 31, 2019 decreased from \$21 in 2018. The decrease was due to a decrease in the Company's activities during the fiscal period.

The Company's cash balance as at of July 31, 2019 was \$41,110 versus \$6,789 in 2018, and had a negative working capital of \$215,087 at July 31, 2019 versus \$214,648 as at April 30, 2019.

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***1.6 Summary of Quarterly Results***

For the quarter ended July 31, 2019, the Company incurred a net operating loss of \$440 compared to a net operating loss of \$60,985 for the prior year comparative quarter. The decrease in loss in this quarter is related to management fees, professional fees and filing fees in relation to lifting the British Columbia Securities Commission cease order during the quarter ended July 31, 2018. The results of the last eight quarters are noted below:

	July 31, 2019	Apr 30, 2019	Jan 31, 2019	Oct 31, 2018	Jul 31, 2018	Apr 31, 2018	Jan 31, 2018	Oct 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	-	-	-	-	-	-	-	-
Net loss	(440)	(27,353)	(7,398)	(26,932)	(60,985)	(92,561)	(20,443)	(10,380)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)	(0.01)	(0.01)

***1.7 Liquidity/Capital Resources***

The Company reported a negative working capital of \$215,087 as at July 31, 2019.

***Financial and business risks***

The Company requires additional funding to continue its operations. Management plans to raise additional funds through equity financings to continue to finance its operations over the next 12 months after removing the cease trade order. These conditions create material uncertainty that cast significant doubt about the Company's ability to continue on a going concern basis. The Company's ability to continue as a going concern is dependent on the Company's ability to raise additional. If the Company is unable to raise additional funds, the going concern assumption may not be valid. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company currently has no operations that generate cash flow.

The Company is exposed to a variety of financial risks by virtue of its activities. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

The Company's financial instruments consist of cash, due to related parties, and accounts payable. The carrying value of these financial instruments is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity risk. The Company does not currently have in place hedging or derivative trading

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policies to manage these risks since the Company's management does not believe that the current size and pattern of operations would warrant such hedging activities. The Company evaluates the key risks on an ongoing basis and has established policies and procedures to mitigate such risks. The Company is not exposed to interest risk as it does not hold any interest bearing debt.

**(a) Market risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of: foreign currency risk, and interest rate risk.

***Foreign currency risk:***

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

***Interest rate risk:***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have significant exposure to interest rate fluctuation.

**(b) Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company monitors its risk of shortage of funds by monitoring the maturity dates of accounts payable and accrued liabilities. Due to related parties has no specified term of repayment.

**(c) Credit risk:**

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit or in a trust account with the company's legal counsel and may be redeemed upon demand. The total gross exposure as at July 31, 2019 is not significant.

***1.8 Off-Balance Sheet Arrangements***

The Company does not utilize off-balance sheet arrangements.

***1.9 Transactions with Related Parties***

Due to related parties include loans and services received and unpaid from the directors of the Company (the "Directors") and companies controlled by the Directors (the "Related Party Lenders"). Due to related parties are non-interest bearing, unsecured and have no specified terms for repayment. During the year end April 30, 2019, the balance due to related party for \$210,801 as of April 30, 2018 was settled by the Company through the issuance of common shares.

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Management fees consist of fees paid to companies controlled by the CEO and CFO of the Company (for comparative purposes, former CEO and former CFO).

	<b>July 31, 2019</b>	<b>July 31, 2018</b>
	\$	\$
Management fee from CEO	-	21,103
Management fee from former CEO	-	-
Management fee from CFO	-	-
Management fee from Director	-	2,500
Management fee from former Director	-	-
Professional fees from CFO	-	6,195
	<b>-</b>	<b>29,798</b>

The Company had the following outstanding as at July 31, 2019 and 2018 with related parties:

	<b>July 31, 2019</b>	<b>July 31, 2018</b>
	\$	\$
Due to related parties	743	210,801
	<b>743</b>	<b>210,801</b>

**1.10 Other Significant Events**

On June 25, 2018, the Company announced it entered into a letter of intent with Isreal-based I.M.C. Holdings Ltd. whereby the parties will complete a business combination by way of a transaction that will constitute a reverse takeover of the Company by IMC. The resulting issuer that will exist upon completion of the Transaction will change its business from mining to the medical cannabis industry.

The completion of this transaction is subject to a number of conditions, including but not limited to the following:

- the execution of a definitive agreement;
- completion of mutually satisfactory due diligence;
- completion of the Share Consolidation; and
- receipt of all required regulatory, corporate and third party approvals, including approvals by governing regulatory bodies, the shareholders of Navasota, applicable Israeli governmental authorities, and the fulfilment of all applicable regulatory requirements and conditions necessary to complete the Transaction.

As of September 24, 2019 this transaction had not yet been completed. Management anticipates closing this transaction in the upcoming fiscal year.

**1.11 Proposed Transactions**

There are no other transactions that are currently under negotiation or proposed to be entered into.

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***1.12 Critical Accounting Estimates***

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

*(i) Recoverability of exploration and evaluation assets*

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the year the new information becomes available.

*(ii) Income taxes*

The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary differences can be utilized.

*(iii) Share-based payments*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

***1.13 Financial Instruments and Other Instruments***

The carrying amounts of cash, due to related parties, and accounts payable approximate fair value because of the short-term maturity of these items.

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**1.14 Other MD&A Requirements**

**Disclosure of Outstanding Share Data**

Summary of Outstanding Share Data as of July 31, 2019 and as of July 31, 2018:

- i. Authorized and issued share capital:

Class	Par Value	Authorized	Issued and Outstanding	
			July 31, 2019	July 31, 2018
Common	Nil	Unlimited	9,778,686	9,778,686

- ii. There were 2,000,000 warrants outstanding as of July 31, 2019 and as of July 31, 2018.
- iii. There were nil stock options outstanding as of July 31, 2019 and 70,000 as of July 31, 2018.

**Additional Information**

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).