EVERTON RESOURCES INC.

Management's Discussion and Analysis

For the three and nine month periods ended July 31, 2020

This Management's Discussion and Analysis ("MD&A") for Everton Resources Inc. (the "Company" or "Everton") should be read in conjunction with the condensed consolidated interim financial statements for the three and nine month periods ended July 31, 2020 and the consolidated financial statements for the years ended October 31, 2019 and 2018 and the notes thereto.

The financial information in this MD&A is derived from the Company's condensed consolidated interim financial statements for the three and nine month periods ended July 31, 2020, which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The effective date of this MD&A is September 25, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains or may refer to certain statements that may be deemed "forward-looking statements". Forward-looking statements include estimates and statements that describe the Company's future development plans, objectives or goals, including words to the effect that the Company expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for mineral commodities; exploration successes; new opportunities; continued availability of capital and financing; general economic, market or business conditions; and litigation, legislative, environmental or other judicial, regulatory, political and competitive developments. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Everton does not undertake to update any forward-looking statement that may be made from time to time by Management or on its behalf, except in accordance with applicable public disclosure rules and regulations. Readers are cautioned not to place undue reliance on forward looking statements.

BUSINESS OVERVIEW

Everton Resources Inc. ("Everton" or the "Company") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. In November 2002, the Company commenced operations as a junior mining company which involves the acquisition, exploration, and evaluation of mineral resource properties. Everton is in the exploration stage and does not derive any revenue from the exploration and evaluation of its properties. The address of the Company's corporate office is 591 Reynolds Rd, Lansdowne, Ontario KOE 1L0.

<u>Completion of Reverse Takeover Transaction and Listing on the Canadian Securities Exchange ("CSE")</u>

Subsequent to quarter end, on September 16, 2020, the Company completed its previously announced reverse takeover transaction (the "Transaction"), pursuant to which it acquired all of the issued and outstanding common shares (the "OpCo Shares") of the privately held Molecule Inc. ("OpCo"). The Company will carry on the business of OpCo, which is now a wholly owned subsidiary of the Company, being the production and co-packing of cannabis-infused beverages.

As part of the Transaction and prior to the completion of the Arrangement (as defined below), the Company changed its name to "Molecule Holdings Inc." (the "Name Change") and consolidated the common shares of the Company, on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the "Consolidation").

Final CSE Approval and Listing

The Company also received final approval to list its post-consolidation common shares (the "Common Shares") on the Canadian Securities Exchange (the "CSE"). The Common Shares commenced trading on the CSE on September 17, 2020 (the "Listing Date"), under the ticker symbol "MLCL". In addition, a new CUSIP and ISIN (60855E109 and CA60855E1097 respectively) were assigned to all of the common shares of the Company following the Name Change and Consolidation.

The Transaction

The Company and OpCo completed the Transaction by way of plan of arrangement (the "Arrangement") pursuant to the terms of an arrangement agreement dated November 27, 2019, as amended (the "Arrangement Agreement"), whereby the Company acquired all of the issued and outstanding OpCo Shares in exchange for the same number of Common Shares. Pursuant to the terms of the Arrangement Agreement, an aggregate 74,700,100 Common Shares were issued to the former shareholders of OpCo. An additional 1,215,500 Common Shares (the "Debt Shares") were issued to a director of the Company as well as President and CEO as contemplated in the Arrangement Agreement, as settlement of debt. With the completion of the Transaction, the Company had 85,229,047 Common Shares issued and outstanding on the Listing Date (on an undiluted basis), in addition to the Preferred Shares (as defined below). The Debt Shares are subject to a statutory 4 month hold period from the date of issuance.

Prior to the completion of the Transaction, and as approved by the disinterested shareholders of the Company at its annual and special meeting held on April 6, 2020, the Company: (i) voluntarily de-listed its Common Shares from the TSX Venture Exchange effective on Tuesday, September 15, 2020; and (ii) filed articles of amendment to give effect to the Name Change and Consolidation on September 15, 2020. Following the filing of the articles of arrangement by OpCo, the Transaction was completed on September 16, 2020.

Preferred Share Issuance

Pursuant to the terms of the Arrangement Agreement and prior to the completion of the Arrangement, the Company created and issued 9,313,447 preferred shares (the "Preferred Shares"), on the basis of one Preferred Share for every issued and outstanding Common Share of the Company prior to giving effect to the Transaction. The purpose of the Preferred Shares is to provide the shareholders of the Company other than OpCo shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the Company's remaining mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Preferred Shares. The Preferred Shares provide that, if triggered, the Preferred Shares will be redeemable, on a pro rata basis, for cash up to an aggregate maximum of $500,000. The Preferred Shares do not otherwise have any rights or recourses.

Private Placement

In the Company's press release dated September 10, 2020, the Company announced that the conditional approval of the CSE and the completion of the Arrangement would satisfy the primary escrow release conditions of the brokered private placement offering of subscription receipts (the "Brokered Offering") led by Gravitas Securities Inc. (the "Agent") previously announced on August 6, 2020, pursuant to the terms of an agency agreement dated July 29, 2020 (the "Agency Agreement") and the concurrent non-brokered private placement offering of subscription receipts (the "Non-Brokered Offering", together with the Brokered Offering, collectively the "Offerings") by Molecule Inc. together with the Company. Upon the satisfaction of all related release conditions as agreed by the Company, Molecule and the Agent, each of the 1,025 subscription receipts issued pursuant to the Offerings, which were issued at a price of $1,000 per subscription receipt, were deemed to be automatically exchanged without any additional consideration or further action on the part of the holders thereof into one convertible debenture (each a "Convertible Debenture") of the Company.

Each Convertible Debenture is an unsecured debt obligation of the Company and consists of: (i) a principal amount of $1,000; (ii) bears interest at the simple rate of 8% per annum, and (iii) matures on the three (3) year anniversary of the date of issuance thereof (the "Maturity Date"). Prior to the Maturity Date, and subject to exercise by the Company of an acceleration provision, all the outstanding principal and accrued interest of the Convertible Debentures may be converted into units of the Company (each a "Unit", collectively the "Units") at a price of $0.20 per Unit, at the sole option of the respective holder of the Convertible Debenture (the "Option"). Unless the Option is exercised prior to the Maturity Date, the Company will subsequently make a cash payment to the holders of the Convertible Debentures to settle the outstanding principal and accrued interest of each respective Convertible Debenture. The securities issued in the Offerings are subject to a hold period of 4 months and 1 day from the date of issuance of the Subscription Receipts.

The Units are comprised of: (i) one (1) Common Share and (ii) one-half (1/2) of one Common Share purchase warrant (each whole Common Share purchase warrant, being a "Warrant"). Each Warrant is exercisable to purchase one Common Share at an exercise price of $0.30 per Common Share until the three (3) year anniversary of the date of issuance of the Convertible Debentures.

The Agent also provided fiscal advisory services pursuant to the terms of a fiscal advisory agreement (the "Fiscal Advisory Agreement") with respect to the Non-Brokered Offering. Pursuant to the Agency Agreement and the Fiscal Advisory Agreement, Molecule issued an aggregate of 376,000 Agent's options (the "Agent's Options"), 34,000 advisor's options (the "Advisor's Options") and 40 convertible debentures (the "Compensation Debentures", together with the Agent's Options and the Advisor's Options collectively the "Compensation Securities"). Each Compensation Debenture has the same terms as the Convertible Debentures and each Agent's Option and each Advisor's Option may be exercised for one Unit at price of $0.20 per Unit until the three (3) year anniversary of the date of issuance thereof.

GOING CONCERN

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company is in the exploration stage and has not earned revenue from operations. As at July 31, 2020, the Company has a working capital of $211,046 and a deficit of $52,797,808. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on financial support through completion of equity financings, or the achievement of profitable operations in the future. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. The condensed consolidated interim financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

EXPLORATION OUTLOOK

As of September 25, 2020, the date of this MD&A, the only mineral property which Everton continues to hold an interest in is its Opinaca property, in Quebec, Canada.

DOMINICAN REPUBLIC PROPERTIES

In January 2019, the Company completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with a Mineral Property Purchase and Sale Agreement (the "Sale Agreement") with Precipitate Gold Corp. ("Precipitate"). Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipitate, with a fair value of $770,000, based on the quoted market price of Precipitate shares on the TSX Venture Exchange at the time, for total consideration of $795,000. The Company recognized a gain of $279,876 on the sale of these mineral exploration properties during the 2019 fiscal year.

CANADIAN PROPERTIES

Opinaca

The Opinaca A property is adjacent to the northern boundary of Goldcorp's Eleonore property hosting the Roberto gold deposit containing a significant proven and probable gold reserves estimate. The Opinaca B property is located about 8 km southeast of the Eleonore property.

On December 9, 2004, the Company signed an option agreement with Azimut Exploration Inc. ("Azimut") to earn a 50% undivided interest in the Opinaca property by incurring a minimum of $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. The Company made the cash payments and incurred the required exploration expenditures to earn its initial 50% interest in the property.

On November 15, 2011 (amended on November 1, 2013), the Company and Azimut Exploration Inc. ("Azimut") executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("Hecla") whereby Hecla could acquire a 50% ownership interest in the Opinaca property (leaving each of the Company and Azimut with 25%), by making total cash payments of $580,000, $290,000 of which was payable to Everton, and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014.

On November 7, 2013, the Company announced that Hecla had informed them of its intent to renew its option on the Opinaca A & B gold properties, for a third year.

In December 2014, Hecla advised the company that it would drop its option on the Opinaca A property while retaining its option on the Opinaca B property.

As at July 31, 2020, the Company holds a 25% interest in the Opinaca B property, with the remaining interest held by Azimut (25%) and Hecla (50%). Hecla is currently the operator.

As at July 31, 2020, the Company holds a 50% interest in the Opinaca A property, with the remaining 50% interest held by Azimut.

During the year ended October 31, 2019, the Company wrote down the carrying value of the property to $1 and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $3,095,636 ($260,449 of mineral exploration property costs and $2,835,187 of exploration and evaluation costs).

Chapais

On December 5, 2017, the Company entered into an option agreement with Albert Mining Inc. ("Albert Mining") to earn up to a 75% interest in seven mining claims located in the Chapais mining district of Quebec. To earn the 75% interest, the Company was to pay $30,000 in cash, incur exploration expenditures totaling $370,000 over a three-year period, and issue to Albert Mining a total of 2,500,000 common shares at two separate dates during the three-year period.

During the year ended October 31, 2019, the Company terminated the option agreement with Albert Mining, wrote down the cost of the Chapais property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $149,882. This was based on the Company's decision that poor exploration results to date did not warrant further exploration on the property.

As at July 31, 2020 and October 31, 2019, the carrying values of the Company's mineral exploration properties and exploration and evaluation assets were as follows:

	July 31, 2020		October 31, 2019	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
a) Cabirma del Cerro	**-**	**-**	-	-
b) Arroyo Carpintero	**-**	**-**	-	-
	-	**-**	-	-
Canada (Quebec)				
c) Opinaca	**1**	**-**	1	-
d) Chapais	**-**	**-**	-	-
	1	**-**	1	-
TOTAL	**1**	**-**	1	-

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets for the period from October 31, 2018 to July 31, 2020:

	Nine months ended July 31, 2020	Year ended October 31, 2019
	$	$
Balance, beginning of the year	**1**	3,730,643
Additions to mineral exploration properties	**-**	30,000
Sale of mineral exploration properties and exploration and evaluation assets	**-**	(515,124)
Write-down of mineral exploration properties and exploration and evaluation assets	**-**	(3,245,518)
Balance, end of the year	**1**	1
Mineral exploration properties	**1**	1
Exploration and evaluation assets	**-**	-
	1	1

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the Company's condensed consolidated interim financial statements for the three and nine month periods ended July 31, 2020, which were prepared in accordance with IFRS:

	Three months		Nine months	
	ended July 31,		ended July 31,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net earnings (loss)	**270,516**	(39,443)	**(293,620)**	(66,015)
Comprehensive income (loss)	**270,516**	(39,443)	**(293,620)**	(66,015)
Basic and diluted net earnings (loss) per common share	**0.0029**	(0.0004)	**(0.0032)**	(0.0007)

	July 31,	October 31,
As at	**2020**	2019
	$	$
Cash	**127,465**	4,775
Marketable securities	**588,432**	-
Long-term investment	**-**	964,250
Mineral exploration properties	**1**	1
Total assets	**723,070**	978,134
Total liabilities	**512,023**	473,467

PAYMENT OF DIVIDENDS

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration and development programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

RESULTS OF OPERATIONS

During the three and nine month periods ended July 31, 2020, the Company recorded net earnings (loss) and total comprehensive income (loss) of $270,516 and ($293,620), respectively, as compared to net earnings (loss) and total comprehensive income (loss) of ($39,443) and ($66,015), respectively, during the three and nine month periods ended July 31, 2019, a variance of $309,959 and ($227,605), respectively. The variances were primarily attributable to the following items: (i) professional fees, (ii) change in fair value of financial assets at fair value through profit or loss, (iii) writedown of mineral exploration properties and exploration and evaluation assets, (iv) gain on sale of mineral exploration properties and (v) forgiveness of debt to Management, as further described below:

(i) During the three and nine month periods ended July 31, 2020, the Company incurred professional fees in the amount of $49,540 and $123,641, respectively, as compared to ($7,300) and $1,633 during the three and nine month periods ended July 31, 2019, an increase of $56,840 and $122,008, respectively. The increase is a due to additional legal services in connection with the Company's acquisition of Molecule Inc.

(ii) During the three and nine month periods ended July 31, 2020, the Company recorded an increase (decrease) in fair value of financial assets at fair value through profit or loss of $361,372 and ($14,295), respectively, as compared to an increase (decrease) of $Nil and ($103,750) during the three and nine month periods ended July 31, 2019, an increase of $361,372 and $89,455, respectively. The increase is a result of fluctuations in the market price of the Company's financial assets measured at fair value through profit or loss.

(iii) During the three and nine month periods ended July 31, 2020, the Company recorded a writedown of mineral exploration properties and exploration and evaluation assets of $Nil and $Nil, respectively, as compared to $Nil and $149,882 during the three and nine month periods ended July 31, 2019. The writedown was recorded in connection with the Company's decision to discontinue exploration work on its Chapais property, as poor exploration results to date did not warrant further exploration on the property.

(iv) During the three and nine month periods ended July 31, 2020, the Company recognized a gain on sale of mineral exploration properties of $Nil and $Nil, respectively, as compared to $Nil and $279,876 during the three and nine month periods ended July 31, 2019. The gain was recognized in connection with the sale of the Company's three remaining concessions in the Dominican Republic.

(v) During the three and nine month periods ended July 31, 2020, the Company recorded forgiveness of debt to Management of $Nil and $Nil, respectively, as compared to $Nil and $75,000 during the three and nine month periods ended July 31, 2019. The debt forgiveness relates to accrued consulting fees to the Company's CEO, which he elected to cancel to the benefit of the Company.

SUMMARY OF QUARTERLY RESULTS

The following information has been derived from the eight most recently completed quarters, all presented in accordance with IFRS:

	July 31,	**April 30,**	**January 31,**	**October 31,**
For the three months ended	**2020**	**2020**	**2020**	**2019**
	$	**$**	**$**	**$**
Net earnings (loss)	270,516	(231,807)	(332,329)	(2,854,338)
Comprehensive income (loss)	270,516	(231,807)	(332,329)	(2,854,338)
Basic and diluted earnings (loss)				
per common share	0.0029	(0.0025)	(0.0036)	(0.0306)

	July 31,	**April 30,**	**January 31,**	**October 31,**
For the three months ended	**2019**	**2019**	**2019**	**2018**
	$	**$**	**$**	**$**
Net earnings (loss)	(39,443)	(69,366)	42,794	(163,164)
Comprehensive income (loss)	(39,443)	(69,366)	42,794	(163,164)
Basic and diluted earnings (loss)				
common share	(0.0004)	(0.0007)	0.0005	(0.0017)

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity depends on existing cash reserves and its ability to dispose of its marketable securities, supplemented as necessary by equity and/or debt financings. As at July 31, 2020, the Company had working capital of $211,046, including cash of $127,465, marketable securities of $588,432 and current liabilities of $512,023.

During the nine month period ended July 31, 2020, the Company used cash of $138,833 to fund operating activities.

The Company does not have any exploration obligations on its properties. Any exploration projects undertaken by the Company are at the sole discretion of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As at July 31, 2020 and as of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As at the date of this MD&A, there are no proposed asset or business acquisitions or dispositions.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Consulting fees	**30,000**	30,000	**90,000**	103,000
Benefits	**-**	-	**-**	2,016
	30,000	30,000	**90,000**	105,016

During the three and nine month periods ended July 31, 2020, consulting fees of $15,000 and $45,000 were paid/payable to a corporation owned by Andre Audet, the Company's CEO, for services rendered as CEO of the Company (2019 - $15,000 and $60,000). In addition, short-term benefits in the amount of $Nil and $Nil were paid on his behalf (2019 - $Nil and $2,016). During the nine month period ended July 31, 2019, unpaid consulting fees in the amount of $75,000 were forgiven by Andre Audet. The amount was recorded as forgiveness of debt to Management in the consolidated statement of operations and comprehensive income. As at July 31, 2020, unpaid consulting fees in the amount of $180,400 remain outstanding and payable to Andre Audet and have been included in accounts payable and accrued liabilities ($135,400 as at October 31, 2019).

During the three and nine month periods ended July 31, 2020, consulting fees of $15,000 and $45,000 were paid/payable to Brendan Stutt, the Company's CFO, for services rendered as CFO of the Company (2019 - $15,000 and $25,000).

During the three and nine month periods ended July 31, 2020, consulting fees of $Nil and $Nil were paid/payable to a corporation owned by Lucie Letellier, the Company's former CFO, for services rendered as CFO of the Company (2019 - $Nil and $18,000).

Loan Payable

As at July 31, 2020, the Company has a loan payable to the CEO of the Company in the amount of $92,700 ($192,700 as at October 31, 2019). The loan is non-interest bearing and has no specific terms of repayment.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, marketable securities, long-term investment, accounts payable and accrued liabilities and loan payable. Marketable securities and long-term investment are carried at fair value. The fair value of the Company's other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	July 31, 2020	October 31, 2019
	$	$
Financial assets		
Amortized cost		
Cash	**127,465**	4,775
Fair value through profit or loss		
Marketable securities	**588,432**	-
Long-term investment	**-**	964,250
Total financial assets	**715,897**	969,025
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(419,323)**	(280,767)
Loan payable	**(92,700)**	(192,700)
Total financial liabilities	**(512,023)**	(473,467)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

The Company holds shares in a publicly listed company in the mineral exploration industry. The Company is exposed to market risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at July 31, 2020. As at July 31, 2020, the value of these listed shares was $588,432. At July 31, 2020, had the price for these publicly listed shares been 10% lower, the comprehensive income for the period would have been $58,843 less. Conversely, had the price been 10% higher, the comprehensive income would have been $58,843 greater.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern in order to maintain its properties in good standing, support normal operating requirements, continue the exploration and evaluation of its mineral properties and support any expansionary plans, and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. In order to facilitate the management of its capital requirements, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company prepares annual budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

There were no significant changes to capital management policies of the Company during the nine month period ended July 31, 2020.

CHANGE IN ACCOUNTING POLICIES

The Company has not had any changes in accounting policies, other than the adoption of new mandatory standards under IFRS as well as amendments to existing standards, for the nine month period ended July 31, 2020.

INHERENT RISK FACTORS

You should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating the Company and its business before making any investment decision. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected. The risk factors described below reflect the new business of the Company, being the production and co-packing of cannabis-infused beverages, following the acquisition of Molecule Inc., and should be carefully considered by readers, including investors considering a purchase of securities of the Company.

An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment.

The Company's business requires compliance with regulatory or agency proceedings, investigations and audits

The Company's business requires compliance with many laws and regulations, specifically Canadian cannabis laws that are still in the early stages and subject to unexpected changes. Failure to comply with these laws and regulations could subject the Company or the businesses in which it invests to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Licensing requirements for cannabis companies in Canada

The market for cannabis and cannabis derivative products in Canada is regulated by the *Cannabis Act* and *Cannabis Regulations*. Health Canada is the primary regulator of the cannabis industry as a whole. There is no guarantee that the Company will obtain all the necessary licences or approvals required for its business. In addition, failure to comply with the requirements of any licence or any failure to maintain such licence would have a material adverse impact on the business, financial condition and operating results of the Company.

There is no assurance that the Company will turn a profit or generate immediate revenues

The Company has no history of earnings or cash flow from operations and the Company may not generate material revenue or achieve self-sustaining operations for several years, if at all. There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company anticipates that it will incur substantial expenses relating to the development and initial operations of its investments and business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of investments, operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Requirements for Further Financing and Dilution

The Company may not have sufficient financial resources to undertake all of the activities as currently planned. The Company may need to obtain further financing, whether through debt financing, equity financing or other means. To obtain such funds the Company may sell additional securities, the effect of which could result in substantial dilution of the equity interests of the holders of the Company Shares. There can be no assurance that the Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to shareholders or that the terms of such financing will be favourable. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its operations.

The Company has a limited operating history

The Company will not have a record of achievement to be relied upon. The Company's operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Company cannot be certain that its investment strategy or development of the Company's business will be successful. The likelihood of the Company's success must be assessed in consideration of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Company fails to address any of those risks or difficulties adequately, the business will likely suffer.

The Company may be vulnerable to unfavorable publicity or consumer perception

Cannabis and cannabis derivatives industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use cannabis industry.

The cannabis industry is subject to increasing competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company. Because of the early stage of the industry in which the Company will operate, the Company will face additional competition from new entrants. If the number of users of marijuana products in Canada increases, the demand for products will increase and competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Ongoing Costs and Obligations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Product Liability

Upon becoming a producer or distributor of products designed to facilitate cannabis ingestion by humans, the Company would face an inherent risk of exposure to product liability claims, regulatory action and litigation if such products are alleged to have caused significant loss or injury. In addition, tampering by unauthorized third parties or product contamination with respect to the cannabis used in such products may impact the risk of injury to consumers. Previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. As a supplier and/or producer and/or distributor and/or retailer of products designed to facilitate the consumption of cannabis, the Company may be subject to various product liability claims, including, among others, that the cannabis product caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls can cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company will have detailed procedures in place for testing its products or require that third parties do the same where applicable, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brands were subject to recall, the image of that brand and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Approvals

The Company may require advance approval of its products from authorities in the applicable jurisdiction. While the Company intends to follow the guidelines and regulations of each applicable local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the

Company's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Product Exchanges, Returns and Warranty Claims

If the Company is unable to maintain or cause the maintenance of an acceptable degree of quality control of products it produces or distributes, the Company may incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the Company's business, results of operations and financial condition.

Results of Future Clinical Research

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, dosing and/or social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the proposed management of the Company believe that the articles, reports and studies support their respective beliefs regarding the medical benefits, viability, safety, efficacy, dosing and/or social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, holders or prospective purchasers of the Company Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Reliance on Key Inputs

The business of the Company would be dependent on a number of key inputs and their related costs including raw materials and supplies related to product development and manufacturing operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Company's business, financial condition, and results of operations or prospects. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Company.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure plans may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the Company's business, financial condition, results of operations or prospects.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Operating Risks and Insurance

The Company's operations will be subject to hazards inherent in the cannabis industry, such as equipment defects, malfunction and failures, natural disasters which result in fires, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment, labour disputes, and changes in the regulatory environment. These risks could expose the Company to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents would affect operating costs, insurability and relationships with customers, employees and regulators.

The Company will continuously monitor its operations for quality control and safety. However, there are no assurances that the Company's safety procedures will always prevent such damages. Although the Company will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Company, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the Company, the Company's ability to conduct normal business operations and on the Company's business, financial condition, results of operations and cash flows in the future.

Dilution

The Company may enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the other shareholders and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company Shares.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements. While the Company is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition.

Constraints on Marketing Products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada limits companies' abilities to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and results of operations could be adversely affected.

COVID-19 Outbreak

Since the emergence in or about December 2019 of a novel strain of coronavirus ("COVID-19"), the highly contagious virus has spread across the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since that time in response to the outbreak, governmental authorities in Canada and internationally have implemented various measures with the aim of preventing or limiting further spread of COVID-19. These measures, which have included travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, and social distancing, have, among other things, resulted in widespread business, employment and economic disruptions. The global pandemic continues to rapidly evolve and the ultimate impact of the COVID-19 outbreak is highly uncertain.

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to issues related to labour, processing and supply chain. The Company has not yet begun production but is implementing or will implement precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, suppliers and consumers, which may adversely impact the Company's labour productivity and its supply chains. For example, mandatory or voluntary self-quarantines may limit the staffing of the Company's facility. In addition, it's possible that the COVID-19 pandemic may adversely affect the Company's ability to successfully market and sell its products. Although the opposite may be true, sales volumes of cannabis-infused products may be adversely impacted by consumer "social distancing" behaviours. Continued spread of COVID-19 globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the unpredictability and scale of the effects of COVID-19, the Company is unable to accurately estimate the impact or level of materiality of COVID-19 on its business, operations or financial results. The Company will monitor the situation in order to assess any possible adverse impact on its business, supply chain and customers on an ongoing basis and to determine which measures, if any, will be taken to mitigate such adverse impact.

CRITICAL ACCOUNTING ESTIMATES

See Note 2 to the Company's consolidated financial statements for the years ended October 31, 2019 and 2018.

NEW ACCOUNTING POLICIES ISSUED BUT NOT YET EFFECTIVE

See Note 2 to the Company's consolidated financial statements for the years ended October 31, 2019 and 2018.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at September 25, 2020, consist of:

Security	**Expiry date**	**Range of exercise price**	**Securities outstanding**
		$	**#**
Common shares	-	-	85,968,214
Warrants	Up to February 21, 2021	0.70	1,103,250
Stock options	Up to September 17, 2025	0.10 - 1.30	3,560,000
Restricted share units	-	-	1,717,500
Broker warrants	Up to July 29, 2023	0.20	410,000

In addition to the above table, there are also outstanding convertible debentures, issued in connection with the private placement which closed on July 29, 2020 – see Business Overview section.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Company is available on SEDAR (www.sedar.com).