THE HASH CORPORATION (Formerly SENTERNET PHI GAMMA INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED)

Introduction

The following Management's Discussion & Analysis ("MD&A") of the financial condition and results of the operations of The Hash Corporation (formely Senternet Phi Gamma Inc.) (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51- 102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2019 and 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended December 31, 2019 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 15, 2020, unless otherwise indicated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

(Expressed In Canadian Dollars Unless Otherwise Noted)

Forward-looking statements	Assumptions	Risk factors
The Company's cash balance at December 31, 2019, is sufficient to fund its operating expenses at current levels. At the date hereof, the Company's cash balance has diminished as a result of normal business operations and management is attempting to defer payments, to the extent practical	The operating activities of the Company for the twelve-month period ending December 31, 2020, and the costs associated therewith, will be dependent on raising sufficient capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; interest rate and exchange rate fluctuations; changes in economic conditions, ongoing uncertainties relating to the COVID-19 virus
Management's outlook regarding future trends	Financing will be available for the Company's future business or property acquisition and operating activities	Changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions, ongoing uncertainties relating to the COVID-19 virus

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Hash Corporation (formerly, Senternet Phi Gamma Inc.) was incorporated under the Business Corporations Act (Ontario) on March 28, 1967 as Northville Explorations Ltd. On January 22, 2014, the Company changed its name to Senternet Phi Gamma Inc. and on July 8, 2019 the Company changed its name to its present name. On April 20, 2020 the Company entered into a collaboration agreement to allow it to sell cannabis based hashish and related products.

The head office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9

Operation Highlights

Further to the Change of Business, the Company intends to effect a series of related transactions designed to better align itself with the new business.

On July 8, 2019, the Company reconstituting the board of directors and senior officers such that it consists of Chris Savoie (Chief Executive Officer and Director), Ty Metford (Chief Operating Officer), Donal Carroll (Chief Financial Officer), Jesse Kline (Chief Communications Officer), Yaron Conforti (Director), Binyomin Posen (Director), Jesse Kaplan (Director) and Sruli Weinreb (Director).

On July 8, 2019, the Company extended the expiry date of the warrants issued in the Company's private placement that closed on May 4, 2018, with the new expiration date being the date that is three months following the date on which the Company's common shares are listed. The Company estimates the completion of the listing by June 2020. The warrants were revalued by calculating the fair value using the Black-Scholes model with the following assumptions: Risk free interest rate 1.68%, Expected life – 1.25 years, Expected annual volatility – 90%, Expected dividends – Nil, Share price - $0.02, Exercise price $0.04 The adjustment required for the extension of the warrants was $5,652 was reflected in the warrants reserve and share capital.

On July 8, 2019, the Company granted 100,000,000 special warrants to an arm's-length consultant of the Company, each special warrant entitling the holder thereof to acquire one common share at a purchase price of $0.005 until July 8, 2020. The fair value of the warrants was determined to be $1,532,500. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 1.68%, Expected life – 1 years, Expected annual volatility – 93% Share price - $0.02, Exercise price - $0.005, Expected dividends – Nil. The warrants were recorded as share-based payments in the statement of loss and comprehensive loss.

On August 30, 2019 the Company completed the first tranche of a non-brokered private placement financing ("Financing I"). The Company issued 108,325,732 common shares at a price of $0.02 per share for gross proceeds of $2,166,514. First Republic Capital Corporation ("First Republic") acted as the lead finder for the Financing I. A cash fee was paid to finders representing 6% of the gross proceeds raised in Financing I. Additionally, finders' received compensation warrants ("Compensation Warrants") totaling 6% of the number of Shares sold pursuant to Financing I. First Republic was paid a corporate finance fee representing 4% of the gross proceeds raised in Financing I and that number of Compensation Warrants equaling 4% of the number of shares sold in Financing I. In connection with the August 30, 2019 private placement financing, the Company estimated the fair value of the 10,832,573 warrants at $102,094 using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate 1.35%, Expected life – 2 years, Expected annual volatility – 87%, Expected dividends – Nil, Share price $0.02, Exercise price - $0.02. The Compensation Warrants are exercisable at a price of $0.02 per share for a period of 24 months after the closing of the Financing I.

On September 19, 2019, the Company completed the second tranche of Financing I. The Company issued 5,000,000 common shares at a price of $0.02 per share for gross proceeds $100,000. In connection with the September 19, 2019 private placement financing, the Company estimated the fair value of the 500,000 warrants at $4,737 using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate 1.60%, Expected life – 2 years, Expected annual volatility – 88%, Expected dividends – Nil Share price $0.02, Exercise price - $0.02. The Compensation Warrants are exercisable at a price of $0.02 per share for a period of 24 months after the closing of the Financing I.

On November 4, 2019, the Company completed the first tranche of a non-brokered private placement financing ("Financing II"). The Company issued 18,580,931 common shares at a price of $0.05 per share for gross proceeds $929,020. First Republic Capital Corporation ("First Republic") acted as the lead finder for the Financing II. A cash fee was paid to finders representing 6% of the gross proceeds raised in Financing II. Additionally, finders' received compensation warrants ("Compensation Warrants") totaling 6% of the number of Shares sold pursuant to Financing II. First Republic was paid a corporate finance fee representing 4% of the gross proceeds raised in Financing II and that number of Compensation Warrants equaling 4% of the number of shares sold in Financing II. In connection with the November 4, 2019 private placement financing, the Company estimated the fair value of the 1,858,039 warrants at $44,003 using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate 1.63%, Expected life – 2 years, Expected annual volatility – 88%, Expected dividends – Nil, Share price $0.05, Exercise price - $0.05. The Compensation Warrants are exercisable at a price of $0.05 per share for a period of 24 months after the closing of the Financing II.

On December 23, 2019, the Company completed the second tranche of Financing II. The Company issued 2,140,000 common shares at a price of $0.05 per share for gross proceeds $107,000. In connection with the December 23, 2019 private placement financing, the Company estimated the fair value of the 214,000 warrants at $5,175 using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate 1.68%, Expected life – 2 years, Expected annual volatility – 90%, Expected dividends – Nil, Share price $0.05, Exercise price - $0.05. The Compensation Warrants are exercisable at a price of $0.05 per share for a period of 24 months after the closing of the Financing II.

Proposed Transactions

The Company routinely evaluates various business development opportunities which could entail it to sell cannabis based hashish and related products.

On April 20, 2020, the Company entered into a five-year collaboration agreement with Medz Cannabis Inc. ("Medz"). The Company is to lease 2,300 square feet of processing space (the "Processing Space") within a licensed facility owned by Medz located in Toronto, Ontario for $5,513 per month. In addition, Medz is to assist the Company in obtaining the requisite regulatory approvals to produce and sell cannabis-based hashish and other cannabis concentrates (the "Products") and is also to supply the Company with certain materials to be used in the production process. The Company is to pay to Medz a 3.5% royalty on all revenues generated from sale of the Products produced in the Processing Space, and a 5% royalty on any tolling or service revenue earned by the Company on certain service contracts

There can be no assurances that any such regulatory approvals to produce and sell Products will be approved.

Trends

The Company's future performance and financial success are largely tied and dependent upon the extent to which it will obtain and maintain the Health Canada producer license.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Product prices;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- The ability to complete a transaction;
- Purchasing power of the Canadian; and
- Ability to obtain funding.

(Expressed In Canadian Dollars Unless Otherwise Noted)

The Canadian federal government, the provincial government of Ontario have not introduced measures that have directly impeded the operational activities of the Company. Management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", the Company is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Selected Annual Financial Information

	Years Ended December 31		
	2019 ($)	**2018 ($)**	**2017 ($)**
Net (loss) income for the year	(2,041,096)	(271,282)	191,698
Basic and diluted (loss) income per share	(0.03)	(0.02)	0.07
Total assets	2,695,207	105,725	1,368

Selected Quarterly Financial Information

As the Company has no revenue, the Company's ability to fund its operations is dependent upon its ability to secure financing through equity issues or the sale of assets. See "Trends" above and "Risk Factors" below.

A summary of selected information for each of the eight most recent quarters is as follows:

(Expressed In Canadian Dollars Unless Otherwise Noted)

Three Months Ended	Total Revenue ($)	Loss (Income) Total ($)	Loss (Income) Per Share ($)[(1)]	Total Assets ($)
2019-December 31	Nil	230,488	0.00	2,695,207
2019-September 30	Nil	1,749,062	0.03	2,592,758
2019-June 30	Nil	33,220	0.00	82,738
2019-March 31	Nil	28,326	0.00	89,545
2018-December 31	Nil	100,493	0.00	105,725
2018-September 30	Nil	38,053	0.00	128,464
2018-June 30	Nil	124,446	0.00	175,318
2018-March 31	Nil	9,490	0.00	4,775

(1) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Discussion of Operations

Financial Performance

Three months ended December 31, 2019 compared with three months ended December 31, 2018

For the three months ended December 31, 2019, the Company's realized a net loss of $230,488, with basic and diluted loss per share of $0.00. This compares with a net income of $100,493, with basic and diluted income per share of $0.00, the three months ended December 31, 2018. The increase of $129,995 in net loss was principally because:

- Salaries and wages for the three months ended December 31, 2019 was $134,741 compared to $nil for the three months ended December 31, 2018 due to the change in its business and focus;
- Office and general expenses for the three months ended December 31, 2019 was $55,802 compared to $9,906 for the three months ended December 31, 2018 due to the increase and change in its business and focus;
- Transfer agent's fees and expenses for the three months ended December 31, 2019 was $13,405 compared to $43,016 for the three months ended December 31, 2018 due decrease to costs incurred on the reorganization of the Company.

Year ended December 31, 2019 compared with year ended December 31, 2018

For the year ended December 31, 2019, the Company had a net loss of $2,041,096 with basic and diluted loss per share of $0.03. This compares with a net loss of $271,282, with basic and diluted income per share of $0.02, the year ended December 31, 2018. The increase of $1,769,814 in net loss was principally because:

- For the year ended December 31, 2019, the Company recorded share-based payments of $1,532,500 compared to $nil for the year ended December 31, 2018. The increase is due 100,000,000 special warrants granted to an arm's length consultant, each special warrant entitling the holder thereof to acquire one Post-Consolidation at a nominal purchase price for a period of one year;

- Salaries and wages for the year ended December 31, 2019 was $312,391 compared to $nil for the year ended December 31, 2018 due to the change in its business and focus;

- Office and general expenses for the year ended December 31, 2019 was $62,964 compared to $12,139 for the year ended December 31, 2018 due to the increase and change in its business and focus;

- Transfer agent's fees and expenses for the year ended December 31, 2019 was $29,242 compared to $92,251 for the year ended December 31, 2018 due decrease to costs incurred on the reorganization of the Company.

Cash Flow

At December 31, 2019, the Company had cash of $2,672,404 (December 31, 2018 - $105,724). The increase in cash of $2,566,680 was due to cash provided by financing activities of $2,944,763.

Cash used in operating activities was $378,083 for the year ended December 31, 2019. For fiscal 2019, operating activities were affected by net loss of $2,041,096, plus non-cash items of $1,532,500 for share-based payments and changes in non-cash working capital balances of $62,597 related to the increase in Government remittances, and a $193,110 increase in accounts payables and accrued liabilities. For the year ended December 31, 2018, cash used in operating activities was $182,868. Operating activities were affected by net loss of $271.282 and the change in non-cash working capital balances of $39,795 related to increases in HST payable and $47,281 in accounts payables and accrued liabilities.

Cash provided by financing activities was $2,944,763 for the year ended December 31, 2019, which represented the net proceeds from issuance of common shares, due to the completion of financings. For the year ended December 31, 2018, cash provided by financing activities was $288,563 which represented the net proceeds from issuance of common shares of $437,500 and repayments to related parties of $148,937.

Liquidity and Financial Position

The Company currently is to focus on the production and sale of cannabis-based hashish and other cannabis concentrates and is focused on the receipt of all required licenses and for Health Canada approval for the sale of such products.

As of December 31, 2019, the Company had a working capital of $2,442,816 (December 31, 2018 – $6,649), consisting of current assets of $2,695,207 (December 31, 2018 - $105,725) and current liabilities of $252,391 (December 31, 2018 - $99,076). The Company's working capital at December 31, 2019 represents an increase in its working capital of $2,436,167 from December 31, 2018. The increase was due to cash provided by financing activities of $2,944,763. offset by ongoing corporate overhead charges to keep the Company compliant with its public company reporting and disclosure obligations and for the change in its business and focus.

The Company has financed all of its operations since inception through the sale of common stock and warrants and expects that to be the case for the foreseeable future. The Company's long term ability to carry out its business plan is dependent on its achieving profitable operations or obtaining additional financing.

The Company's outstanding warrants and stock options may provide some additional capital. If all those warrants and stock options are exercised, of which there is no assurance, the Company would obtain additional proceeds of $1,720,000.

The Company's cash balance at December 31, 2019, is sufficient to fund its operating expenses at current levels (see "Operational Highlights" above).

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company entered into the following transactions with related parties:

The Company incurred $312,391 (2018 - $nil) in salaries and management fees expenses with officers of the Company of which one is also a director of the Company. These transactions were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

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

> i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
>
> ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

New Accounting Standards Adopted

IFRS 16 – Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases. IFRS 16 requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. Based on the Company's assessment, the Company has determined that this standard did not have a significant impact on its financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23")

IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Based on the Company's assessment, the Company has determined that this interpretation did not have a significant impact on its financial statements.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. 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. Based on the Company's assessment, the Company has determined that this standard modification will not have a significant impact on its financial statements.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

- Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes Option Pricing Model;
- Warrant valuation;
- Income taxes;
- Amounts of accounts payable and accrued liabilities;
- Assets' carrying values and impairment charges.

Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at December 31, 2019 was $2,442,816 (December 31, 2018 - $6,649). The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2019.

Financial Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

At December 31, 2019 and 2018 the Company's financial instruments consist of cash, marketable securities and accounts payable and accrued liabilities. The fair values of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of this instrument. The fair value of cash and marketable securities is based on level 1 inputs of the fair value hierarchy.

Financial risk

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at December 31, 2019 under its financial instruments is approximately $2,672,404 (December 31, 2018 - $105,724).

All of the Company's cash and cash equivalents are held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its operations. All of the Company's liabilities are current and carrying amounts in the statement of the financial position reflect the maximum obligation.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company is not exposed to significant interest rate risk.

Share Capital

As of the date of this MD&A, the Company had 159,070,290 issued and outstanding common shares. The Company had also 135,654,612 warrants outstanding.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

The Company's financial condition, results of operation and business are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its business and operations, because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Directors' and Officers' Involvement in Other Projects

The directors and officers of the Company will only devote a small portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

Limited Operating History

The Company does not have an operating history or any established financing sources.

The Company has a history of operating losses and may not achieve or sustain profitability. It cannot guarantee investors that it will become profitable, and even if it achieves profitability, given the evolving nature of the industry in which it operates, it may not be unable to sustain or increase profitability and its failure to do so could adversely affect its business, including its ability to raise additional funds.

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future, assuming the Company obtains a Cannabis License. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability or that the Company will obtain a Cannabis License.

The Company's business and prospects must be considered in light of the risks, expenses and difficulties often encountered by early stage cannabis companies, particularly when no Cannabis License has been obtained yet. Risks to consider include the unpredictability of the Company's ability to obtain a Cannabis License to cultivate, produce or sell, the Company's ability to anticipate and adapt to the constantly evolving array of business opportunities that may be presented to it in the marijuana sector and its ability to identify, attract, train and retain qualified personnel to assist it with its growth and diversity.

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

To create and thereafter increase revenues, the Company must receive a Cannabis License to cultivate, produce and sell marijuana and cannabis extracts, it must then cultivate and produce marketable marijuana and cannabis extracts, and it must locate, retain, and regularly add new customers to sell its cannabis products to. There are no assurances that any of these events will occur and if any of them do not, the Company's operating results will be adversely affected.

Negative Operating Cash Flows

Since incorporation, the Company has had negative operating cash flow and incurred losses. The Company may never achieve positive operating cash flow. To the extent the Company has negative operating cash flows in future, it may need to deploy a portion of its existing cash reserves or identify additional sources of financing to fund such negative cash flows. The Company may require additional financing in order to continue as a going concern, as well as to grow and expand its operations. It is possible that any required future financing will not be available or, if available, will not be available on favorable terms. If adequate funds are not available, or are not available on acceptable terms, the Company.

<u>The Company is not a Licensed Producer or Seller Under the Cannabis Act</u>

The Company has filed for its Cannabis License Application with Health Canada. The Company's ability to cultivate, produce and sell marijuana and cannabis extracts in Canada is dependent on it receiving a Cannabis License permitting it to cultivate, produce and sell. As at the date of this MD&A, the Company has not received a Cannabis License to cultivate, produce or sell marijuana or cannabis extracts and there is no guarantee that the Company will ever receive such license. Health Canada has received many applications and only a small fraction have been processed and approved to date. In addition, the application process has transferred from being regulated under the ACMPR to now being regulated under the Cannabis Act, with little guidance on the new regime being provided by Health Canada. The timing and success of the Company at the various stages in the application process are beyond the Company's control and is in the sole discretion of Health Canada. Although the Company believes that the Company will meet the requirements of the Cannabis Act, there can be no assurances that Health Canada will grant the Cannabis License. If the Company's Cannabis License Application is rejected by Health Canada, the Company will not have an operating business and consequently its operating results will be adversely affected.

In the event the Company does receive a Cannabis License, such license will require that the Company will be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of any such license or any failure to maintain such license could have a material adverse impact on the business, financial condition and operating results of the Company.

<u>Timeframes and Cost to Obtain a License to Sell Under the Cannabis Ac*t*</u>

The Company has not filed for its Cannabis License Application with Health Canada. On April 20, 2020, the Company entered into a five-year collaboration agreement with Medz Cannabis Inc. ("Medz"). The Company is to lease 2,300 square feet of processing space (the "Processing Space") within a licensed facility owned by Medz located in Toronto, Ontario for $5,513 per month. In addition, Medz is to assist the Company in obtaining the requisite regulatory approvals to produce and sell cannabis-based hashish and other cannabis concentrates (the "Products") and is also to supply the Company with certain materials to be used in the production process. The Company is to pay to Medz a 3.5% royalty on all revenues generated from sale of the Products produced in the Processing Space, and a 5% royalty on any tolling or service revenue earned by the Company on certain service contracts.

<u>Regulatory Risks</u>

The proposed activities of the Company will be subject to regulation by the Government, particularly Health Canada's Office of Controlled Substances. The Company's business objectives require that it comply with current regulatory requirements and obtaining requisite regulatory approvals for the production and sale of cannabis products. The Company cannot predict the time required to obtain all necessary regulatory approvals. Any delays in obtaining, or failure to obtain regulatory approvals or a Cannabis License to cultivate, produce and sell marijuana or cannabis extracts, would significantly delay the development of the Company's business and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

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

Governmental Regulations and Risks

The Company's operations are subject to various laws, regulations and guidelines relating to the cultivation, manufacture/production, packaging/labeling, management, advertising, sale, transportation, storage and disposal of marijuana, but also including laws and regulations relating to drug, controlled substances, health and safety and the conduct of operations. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may adversely affect the Company's business, financial conditions and operations.

A Cannabis License is subject to environmental regulations. In addition, the Company's proposed production of cannabis extractions will involve the use of certain hazardous materials. Consequently, the Company's operations will be subject to environmental and health and safety laws and regulations. The Company's operations may require environmental permits and controls to prevent and limit pollution of the environment. Environmental laws and regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. The Company may incur significant costs as a result of violations of, or liabilities under, applicable environmental laws and regulations, or to maintain compliance with such laws or regulations. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non- compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

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

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

Commodity Price Risk

Cannabis is a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for cannabis and the Company has arranged its proposed business accordingly; however, there can be no assurance that price volatility will be favorable to the Company. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate. An adverse change in the cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

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

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

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

Given the nature of the Company's expected business activities and the expected concentration of cannabis products in inventory in the Facility, despite meeting or exceeding Health Canada's security requirements, there will be a risk of shrinkage as well as theft. A security breach at the Facility could expose the Company to additional liability and to potentially costly litigation, and could result in increased costs in relation to resolving such shrinkage or theft and preventing same in future.

Reliance on Management; Dependence on Suppliers and Skilled Labour

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. Its future success will depend on its ability to attract, develop, motivate and retain highly qualified personnel. Qualified individuals are in high demand and the Company may incur significant costs to attract and retain them. In addition, the loss of any key senior management could materially adversely affect the Company's ability to execute its business plan and it may not be able to find adequate replacements on a timely basis, or at all.

The ability of the Company to compete and grow will also be dependent on it having access, at a reasonable cost and in a timely manner, to non-management 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. This could have an adverse effect on the financial results of the Company.

Disruption in Manufacturing

The Company plans to produce all or nearly all of the cannabis extracts that it expects to sell to its customers. Accordingly, the Company will be highly dependent on the efficient operation a Facility. Any significant disruption in its operations at the Facility for any reason, including as a result of regulatory requirements, equipment failures, natural disasters, fires, accidents, work stoppages, power outages, quality of raw material or other reasons, could disrupt its supply of products to its customers, which in turn could adversely affect its sales and customer relationships, and its business financial condition and/or results of operations could be materially adversely affected. Lost sales or increased costs that may be experienced during a disruption of operations may have a material adverse effect on the Company's business and financial results.

Intellectual Property

The Company's commercial success will depend, in part, on its intellectual property rights. Its success will also depend in part on its ability to develop products, obtain patents, protect its trade secrets and operate without infringing third-party exclusive rights or without others infringing its exclusive rights or those granted to it under license.

The Company may not be able to develop patentable proprietary technology and/or products. Even if obtained, it cannot be completely certain that future patents, if any, will provide a definitive and competitive advantage or afford protection against competitors with similar technology. In addition, the Company cannot provide any assurance that such patents will not be challenged or circumvented by others using alternative technology or whether existing third-party patents will prevent the Company from marketing its products.

If third-party licenses are required, the Company may not be able to obtain them, or if obtainable, they may not be available on reasonable terms. Inability to obtain such licenses or create alternative technologies could delay the market launch of certain products, or even prevent the Company from developing, manufacturing or selling certain products. The Company could incur significant costs in defending itself in patent infringement proceedings initiated against it. Claims that the Company's technology or products infringe on intellectual property rights of others could be costly to defend or settle, could cause reputational injury and would divert the attention of the Company's management and key personnel, which in turn could have a material adverse effect on its business, results of operations, financial condition and cash flows. A failure by the Company to protect its intellectual property may have a material adverse effect on its ability to develop and commercialize products. The Company will be able to protect its intellectual property rights from unauthorized use by third parties only to the extent that its intellectual property rights are covered and protected by valid and enforceable patents or are effectively maintained as trade secrets. The Company will try to protect its intellectual property position by, among other things, filing patent applications related to its proprietary technologies, inventions and improvements that are important to the development of its business. Because the patent position of companies involves complex legal and factual questions, the issuance, scope, validity, and enforceability of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated, reexamined or circumvented. If its patents are invalidated or found to be unenforceable, the Company would lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee the right to use the patented technology or commercialize a product using that technology. As a result, patents that the Company owns may not allow it to exploit the rights conferred by such intellectual property protection.

The Company expects that in its business it will also rely on trade secrets, know-how and technology, which are not protected by patents. The Company will try to protect this information by entering into confidentiality agreements with parties who have access to such confidential information, such as current and prospective employees, consultants, suppliers, distributors, manufacturers and commercial partners. Any of these parties may breach the agreements and disclose confidential information to competitors. It is possible that a competitor will make unauthorized use of such information, and that the Company's competitive position could be disadvantaged.

Enforcing a claim that a third party infringes on, has illegally obtained or is using an intellectual property right, including a trade secret or know-how, is expensive and time-consuming and the outcome is unpredictable. In addition, enforcing such a claim could divert management's attention from the business and operations of the Company. If any intellectual property right were to be infringed by, disclosed to or independently developed by a competitor, the Company's competitive position could be harmed. Any adverse outcome of such litigation or settlement of such a dispute could subject the Company to significant liabilities, could put one or more of its patents at risk of being invalidated or interpreted narrowly or could put one or more of its pending patent applications at risk of not issuing. Any such litigation could also divert technical and management personnel from their normal responsibilities.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of the Company's confidential information could be compromised by disclosure during this type of litigation. For example, confidential information may be disclosed, inadvertently or as ordered by the court, in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure could provide competitors with access to the Company's proprietary information and consequently may harm the Company's competitive position.

Unfavourable Publicity or Consumer Perception

Management of the Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety and quality of the marijuana produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of 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 favourable to the marijuana 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 favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's business, results of operations and financial condition. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the business, results of operations and financial condition of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of marijuana in general, or the Company's proposed products specifically, or associating the consumption of marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

<u>Product Liability</u>

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

<u>Product Recalls</u>

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products 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. Although the Company will be required to have detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

There are approximately 329 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licenseesapplicants/ licensed-cultivators-processors-sellers.html). If the Company is successful in securing a Cannabis License, the Company will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company.

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

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

COVID-19 virus

Beginning in March 2020 the Governments of Canada and Ontario, as well as foreign governments, instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Company's financial position, its results of operations and its cash flows significantly. As these are subsequent events, these financial statements do not reflect such impact. As at May 15, 2020, it is also not possible to accurately quantify or estimate that impact.

(Expressed In Canadian Dollars Unless Otherwise Noted)

Additional Disclosure for Venture Issuers without Significant Revenue

General and Administrative

Names	Year Ended December 31, 2019 ($)	Year Ended December 31, 2018 ($)
Office and general	62,964	12,139
Professional and corporate fees	103,999	166,892
Salaries and wages	312,391	nil
Share-based payments	1,532,500	nil
Transfer agent fees and expenses	29,242	92,251
Total	**2,041,096**	**271,282**