THE HASH CORPORATION

FORM 2A

LISTING STATEMENT

MAY 31, 2021

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Cautionary Statement Regarding Forward-Looking Information

This Listing Statement contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this Listing Statement. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases, or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Issuer; statements relating to the business and future activities of the Issuer after the date of this Listing Statement; ability to compete and future financial or operating performance of the Issuer after the date of this Listing Statement; statements based on the audited financial statements of the Issuer included as Schedules to this Listing Statement; anticipated developments in operations; the future demand for the products of the Issuer; the results of development of products and the timing thereof; the timing and amount of estimated capital expenditure in respect of the business of the Issuer; operating expenditures; success of marketing activities; estimated budgets; government regulation; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the management of the Issuer, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. In particular, the management of the Issuer is assuming third party forecasting of trends in the recreational cannabis market in Canada is based on reasonable and accurate information. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in Section 17 of this Listing Statement.

The list of risk factors set out in this Listing Statement is not exhaustive of the factors that may affect any forward-looking statements of the Issuer. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Listing Statement generally and certain economic and business factors, some of which may be beyond the control of the Issuer. In addition, recent unprecedented events in the world economy and global financial and credit markets, including the widespread global outbreak of the novel coronavirus, have resulted in high market and commodity volatility and a contraction in debt and equity markets, which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the security holders of the Issuer should not place undue reliance on forward-looking statements.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Issuer believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Except as otherwise indicated, the information provided herein is as of May 31, 2021.

GLOSSARY OF TERMS

The following glossary of certain of the terms used in this Listing Statement is provided for ease of reference. In this Listing Statement, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

"2018 Financing" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

"2019 Offerings" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

"**2020 Additional Financing**" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

"**2021 Financing**" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

"**Abba**" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "affiliate" of another company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person, or

(b) an affiliate of that Person or an affiliate of any company controlled by that Person.

"Audit Committee" has the meaning ascribed to it in National Instrument 52-110 – *Audit Committees*.

"**Amended and Restated Black Rose Collaboration Agreement**" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

“**Amended and Restated Medz Collaboration Agreement**” has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

“**Black Rose**” has the meaning ascribed to it in Section 3.1 - has the meaning ascribed to it in Section 3.1 – *General Development of the Business.*

“**Black Rose Collaboration Agreement**” has the meaning ascribed to it in Section 3.1 – *General Development of the Business.*

“**Black Rose Facility**” has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer's Business.*

“Board of Directors” means the Issuer's board of directors.

“Canada House” has the meaning ascribed to it in Section 3.1 - – *General Development of the Business*.

“Cannabis Act” means the *Cannabis Act* (Canada), Statutes of Canada 2018, c.16, Assented to 2018-06-21, Bill C-45, an Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts.

“**Cannabis Regulations**” means the *Cannabis Regulations* (Canada), enacted under the *Cannabis Act*, SOR /2019-206, including the amendments to the Cannabis Regulations which came into force on October 17, 2019 and established rules for the legal production and sale of edible cannabis, cannabis extracts and cannabis topicals.

“Cannabis Licence” has the meaning ascribed to it in Section 3.3 – *Trends, Commitments, Events or Uncertainties.*

“**Compensation Warrant”** has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

“**Commencement Date**” has the meaning ascribed to it in Section 4.1 – *General Description of the Issuer's Business*.

“**Consolidation**” has the meaning ascribed to it in Section 3.1 – *General Description of the Issuer's Business*.

“CRA” means the Canada Revenue Agency.

“**CSE”** means the Canadian Securities Exchange.

“December 19th Financing” has the meaning ascribed to it in Section 3.1 – *General*

Development of the Issuer's Business.

"Escrowed Securities" has the meaning ascribed to in Section 11 – *Escrowed Securities.*

"Excise Act" means the Excise Act, 2001 S.C. 2002, c.22, an Act respecting the taxation of spirits, wine and tobacco and the treatment of ships' stores.

"Exercise Bonus" has the meaning ascribed to it in Section 15 – *Executive Compensation*.

"Exercise Notice" has the meaning ascribed to it in Section 15 – *Executive Compensation*.

"**Finder**" means First Republic Capital Corporation, a non-related party to the Issuer.

"First 2019 Financing" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

"**General Services Agreement**" has the meaning ascribed to it in Section 4.1 – *General Development of the Business*.

"Good Production Practices Report" has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer's Business.*

"**Hash BR Production Space**" has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer's Business.*

"**Hash BR Products**" has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer's Business.*

"**Hash Medz Products**" has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer's Business.*

"Initial Bonus" has the meaning ascribed to it in Section 15 – *Executive Compensation*.

"**Issuer**" means The Hash Corporation, a corporation existing under the laws of the Province of Ontario.

"**Licence Amendment**" has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer's Business.*

"**Listing Date**" means the date on which the Shares are listed and posted for trading on the CSE.

"**Listing Statement**" means this Form 2A Listing Statement.

"**live rosin**" means solventless hash oil made with full melt bubble hash that was made with freshly frozen materials.

“**Long-Term Lease**” has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer’s Business*.

“**Long-Term Lease Amendment**” has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer’s Business*.

“**Long-Term Lease Offer**” has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer’s Business*.

“**Maratek**” has the meaning ascribed to it in Section 3.1 – *General Development of the Issuer’s Business*.

“**MD&A**” means management’s discussion and analysis.

“Medz Cannabis” has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer’s Business*.

“Medz Collaboration Agreement” has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

“Medz Facility” has the meaning ascribed to it in Section 4.1 – *Narrative Description of the Issuer’s Business*.

“MMMR” means the repealed Marihuana for Medical Purposes Regulations, which were enacted under the Controlled Drugs and Substances Act (S.C. 1996, c. 19).

“November 4th Financing” has the meaning ascribed to it in Section 3.1 – *General Development of the Issuer’s Business*.

“**NEO**” or “**named executive officer**” means each of the following individuals:

(a) an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

(b) an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

(c) the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

“NI 52-110” means National Instrument 52-110 – *Audit Committees.*

“**NNCP**” has the meaning ascribed to it in Section 3.3 – *Uncertainties.*

“NP 46-201” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“OBCA” means the *Business Corporations Act* (Ontario).

“**Option”** means stock options of the Issuer entitling holders thereof to purchase Shares.

“**Person**” means any individual, firm, partnership, limited partnership, limited liability company or partnership, association, trust, trustee, executor, administrator, legal or personal representative, government, governmental body, entity or authority, group, body corporate, corporation, unincorporated organization or association, syndicate, joint venture or any other entity, whether or not having legal personality, and any of the foregoing in any derivative, representative or fiduciary capacity and pronouns have a similar extended meaning.

“**Products**” has the meaning ascribed to it in Section 4.1.

“**Product Acquisition Agreement**” has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

“Promoter” has the meaning ascribed to it in the *Securities Act* (Ontario).

“**Related Person”** means each of the following individuals:

(a) a person that is an entity affiliated with the Issuer, of which the Issuer is a control block holder (a “**Related Entity**”)

(b) a partner, director or officer of the Issuer or Related Entity;

(c) a promoter of or person who performs investor relations activities for the Issuer or a Related Entity;

(d) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Issuer or a Related Entity; and

(e) such other person as may be designated from time to time by the CSE.

“**rosin**” means solventless cannabis extract that results from heat and pressure being used to force the compounds within the trichome gland out of the cannabis plant, where all of the THCA, other cannabinoids, and terpenes are located.

"**Second 2019 Financing**" has the meaning ascribed to it in Section 3.1 – *General Development of the Business*.

"**Shares**" means the issued and outstanding common shares in the capital of the Issuer.

"**Short-Term Lease**" has the meaning ascribed to it in Section 4.1 – Narrative Description of the Issuer's Business.

"Special Warrant" means warrants of the Issuer issued on July 8, 2019 entitling the holders thereof to purchase Shares.

"**Standard Cultivation Licence**" means the cannabis cultivation licence required under the *Cannabis Act* to cultivate, propagate, and harvest cannabis.

"Standard Processing Licence" means the cannabis processing licence required under the *Cannabis Act* to possess, produce, and sell cannabis.

"Stock Option Plan" has the meaning ascribed to it in Section 9 – *Options to Purchase Securities*.

"**THC**" means delta-9-tetrahydrocannabinol.

"**Warrant**" means warrants of the Issuer entitling the holders thereof to purchase Shares.

2 CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

The full corporate name of the Issuer is "The Hash Corporation." The Issuer's head and registered office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

2.2 Jurisdiction of Incorporation

The Issuer was incorporated as Northville Explorations Limited on March 28, 1967, under the provisions of the OBCA.

The Issuer filed articles of amendment on:

- June 26, 1971 to change the issued and unissued Shares with a par value of $1.00 to issued and unissued Shares without par value;
- December 4, 1979 to change its name to Century Energy Corp. Ltd, and to consolidate its outstanding three million Shares on the basis of one (1) post-consolidation Share for each three (3) pre-consolidation Shares, and to increase the authorized capital of the Issuer from one million Shares to five million Shares;
- July 21, 1982 to change its name to Century Energy Corporation, and to increase its authorized capital to 10,000,000 Shares by creating an additional five million Shares;
- April 8, 1997 to change its name to Senternet Technologies Inc., and to increase its authorized Shares to an unlimited number;
- January 22, 2014 to change its name to Senternet Phi Gamma Inc; and
- July 8, 2019 to consolidate its outstanding Shares on the basis of one (1) post-consolidation Share for each twenty (20) pre-consolidation Shares.

The Issuer is a reporting issuer in the province of Ontario.

2.3 Inter-corporate Relationships

The Issuer has no material subsidiaries or other inter-corporate relationships.

2.4 Fundamental Change

The Issuer is not requalifying following a fundamental change or proposing an acquisition, amalgamation, merger, reorganization or arrangement.

2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

The Issuer is neither a non-corporate issuer nor an issuer incorporated outside of Canada.

3 GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

From January 2014 to March 2015, the Issuer was involved in the business of developing and designing the "TMItrac Key Fob" which was intended to secure and protect personal and private data on smart devices. In March 2015, the Issuer's management concluded that the Issuer would not be able to develop the key fob technology under the established parameters and prototypes. The Issuer ceased operations and had no business activity from March 2015 until January 8, 2019.

On January 8, 2019, the Issuer entered into a non-binding letter of intent for a merger with Cura Partners Inc, which was intended to result in a reverse takeover of the Issuer by the shareholders of Cura Partners, and was intended to be followed by the listing of the Shares on the CSE. The non-binding letter of intent was terminated on May 6, 2019.

On July 5, 2019, the Issuer announced its intention to change its business to focus on the production and sale of cannabis-based hash and other cannabis concentrates. In connection with the change of business, the Issuer changed its name from "Senternet Phi Gamma Inc." to "The Hash Corporation" and reconstituted its Board of Directors to be comprised of: Chris Savoie, Yaron Conforti, Jesse Kaplan, Binyomin Posen, and Sruli Weinreb. Chris Savoie, Ty Metford, and Jesse Kline were appointed Chief Executive Officer, Chief Operating Officer, and Chief Commercial Officer, respectively.

On July 8, 2019, the Issuer consolidated all of its issued and outstanding Shares on the basis of one post consolidation Share for every 20 pre-consolidation Shares (the "**Consolidation").**

On April 20, 2020, the Issuer entered into a long-term collaboration agreement ("**Medz Collaboration Agreement**") with Medz Cannabis Incorporated[1] ("**Medz Cannabis**"), an Ontario-based, privately-owned company, licensed for the cultivation, processing and sale of medical cannabis under the *Cannabis Act.* The Medz Collaboration Agreement will allow the Issuer to produce and sell cannabis-based hashish and other cannabis concentrates. For a detailed overview of the Medz Collaboration Agreement, please refer to Section 4.1 – *Narrative Description of the Issuer's Business.*

On November 26, 2020, the Issuer entered into the General Services Agreement with Maratek Environmental Inc. ("**Maratek**"), whereby Maratek shall design certain equipment relating to a water hash separation system for the Issuer. For more information on the General Services Agreement, please refer to Section 4.1 – *Narrative Description of the Issuer's Business.*

[1] Medz Cannabis is a non-related party of the Issuer.

On January 3, 2021, the Issuer entered into a collaboration agreement (the "**Black Rose Collaboration Agreement**") with Black Rose Organics Canada Inc[2]., a corporation formed under the laws of Ontario ("**Black Rose**"). For more information on the Black Rose Collaboration Agreement, please refer to Section 4.1. – *Narrative Description of the Issuer's Business*.

On March 11, 2021, the Issuer entered into a product acquisition agreement (the "**Product Acquisition Agreement**") with Canada House Cannabis Ground Inc., d/b/a Canada House Wellness Group ("**Canada House**") and Abba Medix Corp., a licensed cultivator and processor under the Cannabis Act ("**Abba**"). For more information on the Product Acquisition Agreement, please refer to Section 4.1. – *Narrative Description of the Issuer's Business*.

On May 17, 2021, the Issuer entered into an amended and restated collaboration agreement with Medz Cannabis (the "**Amended and Restated Medz Collaboration Agreement**"). For more information on the Amended and Restated Medz Collaboration Agreement, please refer to Section 4.1. – *Narrative Description of the Issuer's Business*.

On May 19, 2021, the Issuer entered into an amended and restated collaboration agreement with Black Rose (the "**Amended and Restated Black Rose Collaboration Agreement**"). For more information on the Amended and Restated Black Rose Collaboration Agreement, please refer to Section 4.1. – *Narrative Description of the Issuer's Business*.

Recent Financings[3]

2018

On May 4, 2018, the Issuer closed a non-brokered private placement of 22,250,000 units[4] of the Issuer at $0.02 per unit for gross proceeds of $445,000 (the "**2018 Financing**"). The net proceeds of the 2018 Financing were used for general working capital. Each unit consisted of one Share and one Warrant. Each Warrant initially entitled the holder thereof to acquire one additional Share at a price of $0.04 until November 4, 2019. The Issuer extended the expiration of the Warrants issued in the 2018 Financing with the new expiration date being the date that is three months following the Listing Date.

2019

On July 8, 2019, the Issuer granted 100,000,000 Special Warrants to a non-related party consultant (the "**Consultant**"), with each Special Warrant entitling the Consultant to acquire one Share at any time until July 8, 2020 at a price of $0.005 per Share. The Issuer granted these Special Warrants at the initial stage of the development of the Issuer's current business, as a mechanism to ensure that the Issuer incentivized founders of the new business but

[2] Black Rose is a non-relate party of the Issuer.
[3] All numbers under this "Recent Financings" section are post-Consolidation.

ensuring that the Issuer would not be diluted prior to these founders and other service providers actually fulfilling their intended mandates. The Issuer and the Consultant had an understanding that the Consultant would transfer some of these Special Warrants to other parties, including Related Parties, at a future date, based on a review of their performance and fulfillment of their mandates. As the Special Warrant were nearing expiry, on July 7, 2020, the Consultant transferred 62,150,000 Special Warrants to various parties, including 22,900,000 to Related Persons as founders who had fulfilled part of intended mandates. All of the transferred 62,150,000 Special Warrants were exercised on the following day, on July 8, 2020. The remaining 37,850,000 Special Warrants were amended on July 7, 2020, such that the exercise price of the Special Warrants was increased from $0.005 to $0.02, and the expiry date of the Special Warrants was extended to three (3) months following the date the Common Shares are listed on a recognized exchange. The consideration for the extension of the exercise period for the Special Warrants was the increase in the exercise price. On July 7, 2020 the Consultant transferred the remaining 37,850,000 Special Warrants to various non-related parties, who exercised the 37,850,000 Special Warrants on May 27, 2021.

On August 30, 2019 and September 19, 2019, the Issuer closed a non-brokered private placement of 113,325,732 Shares at a price of $0.02 per Share for gross proceeds of $2,266,514.64 (the "**First 2019 Financing**").

On November 4, 2019 the Issuer closed a non-brokered private placement financing for gross proceeds of $934,000 through the issuance of 18,680,000 Shares of the Issuer at $0.05 per Share (the "**November 4th Financing**").

On December 23, 2019, the Issuer closed a non-brokered private placement of 2,140,000 Shares at a price of $0.05 per Share for gross proceeds of $107,000 (the "**December 19th Financing**", and together with the November 4th Financing, the "**Second 2019 Financing**"; together with the First 2019 Financing, the "**2019 Offerings**").

In connection with the 2019 Offerings, the Finder received a selling commission representing 6% of the gross proceeds raised, and a corporate finance fee representing 4% of the gross proceeds. Additionally, the Finder received certain compensation warrants (the "**Compensation Warrants**") consisting of: (1) selling Compensation Warrants equaling 6% of the number of Shares sold and corporate finance Compensation Warrants equal to 4% of the number of Shares sold. Compensation Warrants issued during the First 2019 Financing are each exercisable at a price of $0.02 per Share, and Compensation Warrants issued during the Second 2019 Financing are each exercisable at a price of $0.05 per Share. The Compensation Warrants issued in connection with the 2019 Offerings are exercisable for a period of two years.

The 2019 Offerings were conducted to provide the Issuer with capital to execute on its operational strategy and to provide funds for capital expenditures, potential acquisitions, brand and sales investment, working capital, and general corporate purposes.

<u>2020</u>

On July 7, 2020, in connection with the 2019 Offerings, the Issuer closed an additional tranche of financing (the "**2020 Additional Financing**"). The Issuer issued an additional 3,000,000 Shares at a price of $0.05 per Share for gross proceeds of $150,000. In connection with the 2020 Additional Financing, the Issuer paid a $9,000 cash commission to eligible finders, representing 6% of the gross proceeds, and a $6,000 corporate finance fee, representing 4% of the gross proceeds. The Issuer also issued Compensation Warrants equaling 6% of the Shares issued under the 2020 Additional Financing and corporate financing Compensation Warrants equaling 4% of the Shares issued under the 2020 Additional Financings. Each Compensation Warrant under the 2020 Additional Financing is exercisable into one (1) Share at a price of $0.05 per Share for a period of two years.

<u>2021</u>

On March 15, 2021, the Issuer closed the first tranche of a non-brokered private placement (the "**2021 Financing**"). The Issuer issued 15,050,000 Shares at a price of $0.10 per Share for gross proceeds of $1,505,000. In connection with the 2021 Financing, the Issuer paid a $90,300 cash commission to eligible finders, representing 6% of the gross proceeds, and a $60,200 corporate finance fee, representing 4% of the gross proceeds. On May 27, 2021, the Issuer closed a second tranche of the 2021 Financing. The Issuer issued 3,000,000 Shares at a price of $0.10 per Share for gross proceeds of $300,000. In connection with the second tranche of the 2021 Financing, the Issuer paid a $18,000 cash commission to eligible finders, representing 6% of the gross proceeds, and a $12,000 corporate finance fee, representing 4% of the gross proceeds. The Issuer also issued Compensation Warrants equaling 6% of the Shares issued under the 2021 Financing and corporate financing Compensation Warrants equaling 4% of the Shares issued under the 2021 Financing. Each Compensation Warrant under the 2021 Financing is exercisable into one (1) Share at a price of $0.10 per Share for a period of two years.

3.2 Significant Acquisitions and Dispositions

No significant acquisition or disposition has been completed by the Issuer, and no significant probable acquisition or disposition is proposed by the Issuer, for which pro forma financial statements would be required under National Instrument 41-101 – *General Prospectus Requirements* if this Listing Statement were a prospectus.

3.3 Trends, Commitments, Events or Uncertainties

<u>Legalization of Hashish</u>

The *Cannabis Act* came into force on October 17, 2018, legalizing cannabis in Canada. The *Cannabis Act* put in place a new, strict framework for controlling the production, distribution, sale and possession of recreational cannabis in Canada. Initially, the *Cannabis Act* legalized the sale of cannabis oil, fresh cannabis, dried cannabis, cannabis plant seeds, and cannabis plants. On October 17, 2019, amendments to the *Cannabis Regulations* came into force, and legalized cannabis extracts (such as hashish), cannabis edibles and cannabis topical.[5] Under the *Cannabis Act* and the *Cannabis Regulations*, an individual is required to obtain various licences, issued by Health Canada, dependent on the type of activity they wish to engage in. Figure 1 provides a general overview of the various classes and subclasses of licences.[6]

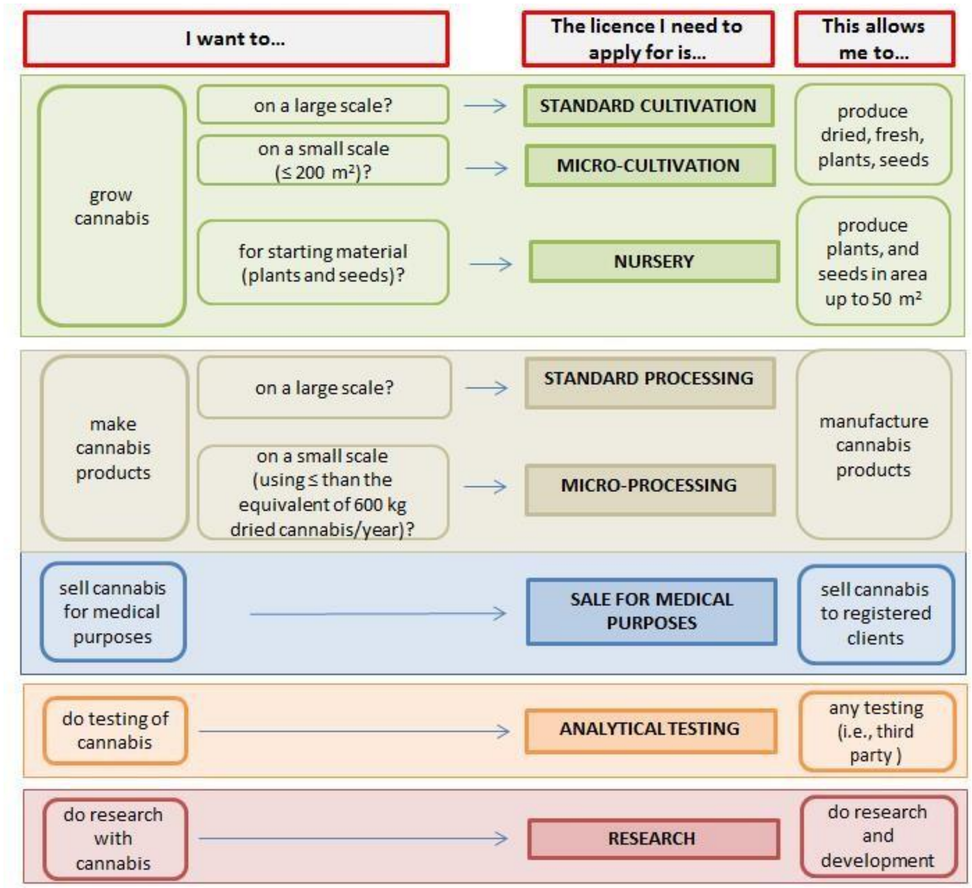

Figure 1: Health Canada – Subclasses of Licences

A holder of a Standard Cultivation Licence is authorized to possess cannabis and obtain dried/fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis. The Standard Cultivation Licence also allows the holder to sell and distribute the aforementioned types of cannabis to various entities enumerated under Section 11(5) of the Cannabis Regulations, including other federal licence holders or provincially/territorially authorized sellers.[7]

A Standard Processing Licence authorizes the holder to possess, produce, and sell cannabis. With respect to sale of recreational cannabis, a Standard Processing Licence would authorize the intra-industry sale of recreational cannabis to other federal licence holders or

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[5] https://www.canada.ca/en/services/health/campaigns/cannabis/canadians.html#a4
[6] https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensing-summary/guide.html#5
[7] Sections 11(1) and 11(5) of the *Cannabis Regulations*

provincially/territorially authorized sellers.[8] A holder of a Medical Sales Licence is authorized to possess cannabis products and sell cannabis products to other federal licence holders and cannabis products, other than cannabis plants and cannabis plant seeds, to a hospital employee within the confines of their employee duties.[9] In addition to the above licences, in order to cultivate, produce, package, and sell cannabis, one needs to obtain a cannabis sales licence under the Excise Act, 2001 (the "*Cannabis Licence*").

Holders of the Standard Cultivation License, Standard Processing Licence and/or Cannabis Licence who wish to produce the cannabis products following the October 17, 2019, amendments to the *Cannabis Regulations* will require amendments to their licenses.[10]

Additionally, under Section 244 of the Cannabis Regulations, licence holders need to provide Health Canada with a 60 day notice, referred to as a "notification of new cannabis products", when they develop a new SKU they wish to sell (the "**NNCP**").

For more information on the types of licences the Issuer has access to, please refer to the subheading "Licencing" under the Section 4.1 – *Narrative Description of Business*.

Canadian Hashish Market

Hashish is a physically concentrated extract of the cannabis plant with a generally higher THC potency than the currently legal forms of cannabis.[11] It is a popular cannabis product in Canada.[12] In the 2019 cycle of the Canadian Cannabis Survey, 37% of the respondents who were surveyed indicated they preferred to consume cannabis products with higher levels of THC.[13] Further, recent data indicates that there has been a significant growth in the legal sales market share of cannabis sales in Canada.[14]

Accordingly, the Issuer believes there is a sizable market opportunity in the hashish market following its recent legalization.[15]

Uncertainties

The Issuer intends to produce and sell cannabis-based hashish. Presently, however, the Issuer does not possess the necessary licences for doing so. Further, the Issuer does not own a processing facility to produce hashish. As of the date of this Listing Statement, the Issuer relies on the Amended and Restated Medz Collaboration Agreement and the Amended and Restated Black Rose Collaboration Agreement in order to carry on its business activity.

[8] Section 17(5) of the *Cannabis Regulations*
[9] Section 27 of the *Cannabis Regulations*
[10] https://www.canada.ca/en/services/health/campaigns/cannabis/industry.html#a1
[11] https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/about.html
[12] https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2018009-eng.htm
[13] https://www.canada.ca/en/health-canada/services/publications/drugs-health-products/canadian-cannabis-survey-2019-summary.html
[14] https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/canadian-cannabis-survey-2020-summary.html#f11
[15] https://www.canada.ca/en/services/health/publications/drugs-health-products/canadian-cannabis-survey-2018-summary.html

Under the terms of the two (2) aforementioned collaboration agreements, the Issuer relies on Medz Cannabis and Black Rose for their licences, the supply of cannabis, and for the use of their respective licensed production facilities. Medz Cannabis and Black Rose are both presently able to produce cannabis products, including cannabis extracts, and sell them to other licensed producers, but not provincial retail boards. In order to sell the Issuer's cannabis extract products to provincial retail boards, Medz Cannabis and Black Rose will both have to amend their Standard Processing Licences to allow for such sales. For more information on the Amended and Restated Medz Collaboration Agreement and the Amended and Restated Black Rose Collaboration Agreement, including a detail overview of the status of their licensing amendments, please refer to Section 4.1 – *Narrative Description of the Issuer's Business.*

4 NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Narrative Description of the Issuer's Business

The principal business intended to be carried on by the Issuer is the production and sale of cannabis-based hashish and other cannabis concentrates. On July 5, 2019, the Issuer announced its intention to change its business to focus on the production and sale of cannabis-based hashish and other cannabis concentrates. This announcement followed the Government of Canada announcing anticipated amendments to the *Cannabis Regulations* to legalize the processing and sale of cannabis extracts (such as hashish), cannabis edibles, and cannabis topicals. These amendments came into force on October 17, 2019.

At present, the Issuer does not possess the licences required to carry on its business in producing and selling cannabis-based hashish. In particular, the Issuer does not have a Standard Processing Licence and a Cannabis Licence. The Issuer does not intend to apply for both these licences and instead relies on the Amended and Restated Medz Collaboration Agreement and Amended and Restated Black Rose Collaboration Agreement. As of the date of this Listing Statement, Medz Cannabis and Black Rose are licensed to produce cannabis extracts and sell them to other licensed producers, excluding provincial retail boards. As of the date of this Listing Statement, the Issuer is selling products to licensed producers pursuant to the Product Acquisition Agreement. Medz Cannabis has applied for a licence amendment in order to be able to sell cannabis products to provincially and territorially authorized retailers, and Black Rose expects to apply for the same amendment before mid-May, 2021. For more information on the status of Medz Cannabis' licence amendments, please refer to the subheading Medz Cannabis Licensing under Section 4.1 – *Narrative Description of the Issuer's Business*.

<u>Medz Collaboration Agreement</u>

As of the date of this Listing Statement, the Issuer intends to carry on its business in producing and selling cannabis-based hashish through the Amended and Restated Medz Collaboration Agreement. Medz Cannabis leases and operates a cannabis licensed production facility (the "**Medz Facility**") located in Toronto, Ontario. Medz Cannabis leases the Medz Facility from

2616702 Ontario Inc. ("**261 Ontario**"). Presently, the Medz Facility consists of a 55,000 square foot building with a 15,000 square ft. production and processing space currently in use. Under the terms of the Medz Collaboration Agreement, the Issuer agreed to enter into a lease agreement with 261 Ontario to lease the necessary processing space and has further agreed to equip such processing space for the purposes of manufacturing, packaging, and selling wholesale and retail cannabis products, including cannabis-based hashish (the "**Products**"). In particular, the Products under the Medz Collaboration Agreement are dry sift, traditional pressed hash for wholesale distribution. In connection with the Medz Collaboration Agreement, the Issuer entered into a six (6) month short-term offer to lease (the "**Short-Term Lease**"), beginning on May 1st, 2020, the 500 square ft. of the Medz Facility to produce the Products. Under the Short-Term Lease, the Issuer paid a daily fee for each day of scheduled usage of the designated 500 square ft., in the amount of $1,550 plus applicable tax. This daily rate is inclusive of costs associated with quality assurance oversight.

In connection with the Medz Collaboration Agreement, the Issuer entered into an offer to lease long term ("**Long-Term Lease Offer**") with 261 Ontario, whereby the Issuer intends to rent 1,900 square ft. of the Medz Facility. The Issuer and 261 Ontario entered into a formal lease agreement on October 13, 2020 (the "**Long-Term Lease")**. Under the terms of the Long-Term Lease, the Issuer shall pay to 261 Ontario a monthly rental fee of $3,000 in order to rent 1,800 square ft. of the Medz Facility. The term of the Long-Term Lease shall be two (2) years and shall begin on the move in date (the "**Commencement Date**") which was initially scheduled as December 1, 2020. The Long-Term Lease is renewable at the end of the initial two (2) year term for nine (9) additional two (2) years). On November 20, 2020, the Issuer and 261 Ontario entered into an amendment agreement pertaining to the Long-Term Lease, whereby the parties agreed to extend the Commencement Date to January 15, 2021 (the "**Long-Term Lease Amendment**"). Due to mechanical equipment backorders, 261 Ontario extended the Commencement Date to March, 2021, on which date the Issuer took occupancy and began installing equipment and fixtures.

The Issuer and Medz Cannabis intend to enter into a quality in due course, to set out certain additional terms on which the Issuer will make use of the processing space, and the terms on which the Issuer and Medz Cannabis will process and sell the products.

The parties entered into the Amended and Restated Collaboration Agreement to address comments raised by Health Canada following Health Canada's review of the Medz Collaboration Agreement in September, 2020. The material terms of the Amended and Restated Collaboration Agreement remain the same as described above.

Under the Amended and Restated Collaboration Agreement, Medz Cannabis will supply the Issuer with cannabis bi-products and biomass required to produce the Products. All revenue received by Medz Cannabis from the sale of Products manufactured by the Issuer in the Medz Facility will be paid to the Issuer as service fee. Specifically, on all of Medz Cannabis' sales of Products manufactured and packaged for Medz Cannabis, Medz Cannabis will pay the

Issuer a service fee, which is defined as the amount of gross sales less a royalty payable by the Issuer to Medz Cannabis equal to 3.5% of gross sales. On all of Medz Cannabis' sales of Products manufactured and packaged for licence holders other than Medz Cannabis will pay to the Issuer a service contract fee, which is defined as the amount of the gross sales less a royalty payable by the Issuer to Medz Cannabis equal to 5% of gross sales.

The Build-Out

Under the terms of the Medz Collaboration Agreement, Medz Cannabis was primarily responsible for building out the Issuer's leased space in the Medz Facility. Medz Cannabis provided and procured such services necessary to develop and design the leased space, and was responsible for the management and supervision of all professional services performed in connection with the leased space, including but not limited to, architectural services, engineering services, plumbing and electrical services, construction services, and security services (the "**Build-Out**").

Medz Cannabis Licencing

As of the date of this Listing Statement, Medz Cannabis currently holds a Standard Cultivation Licence, a Standard Processing Licence, and a Medical Sales Licence for all classes of cannabis.

On October 5, 2020, Medz Cannabis applied for a licence amendment (the "**Licence Amendment**") to its Standard Processing Licence in order to be able to sell cannabis products to provincially and territorially authorized retailers. In particular, the Licence Amendment allows licence holders to sell cannabis products that are (1) cannabis topicals, and (2) cannabis extracts and/or edible cannabis. Medz Cannabis is presently able to produce cannabis extracts and sell them to other licensed producers, excluding provincial retail boards.

Medz Cannabis also holds a Cannabis Licence under the *Excise Act.* All holders not exempt under section 158.01 of the *Excise Act* who wish to produce or package cannabis products must obtain a Cannabis Licence from the Canada Revenue Agency (CRA). In order to qualify for the Cannabis Licence, applicants must hold the relevant federal license issued by Health Canada. The Cannabis Licence allows a holder to purchase cannabis excise stamps that must be present on all cannabis products that have been legally produced and made available for purchase.[16]

Initial Product Submission

Under the terms of the Medz Collaboration Agreement, Medz Cannabis and the Issuer agreed to the terms of an initial product submission to Health Canada (the "**Initial Product**

[16] https://www.canada.ca/en/revenue-agency/campaigns/cannabis-taxation.html?utm_campaign=not-applicable&utm_medium=vanity-url&utm_source=canada-ca_cannabis-excise#dyknw

Submission") which was to consist of three (3) new product submissions for the Issuer's products, for both retail and wholesale licensing and sale (the "**Hash Medz Products**"). Medz Cannabis was required to provide Health Canada with 60-day NNCP of its intent to produce and sell the Hash Medz Products.[17] The Hash Medz Products for retail submission were to have packaging, including branding elements determined by the Issuer, and were to include reference to the Medz Facility on the packaging.

As of the date of this Listing Statement, the Medz Cannabis, with the assistance of the Issuer, has completed the Initial Product Submission by submitting an NNCP for the Hash Medz Products. For greater clarity, Medz Cannabis submitted three (3) NNCPs, or one (1) NNCP for each of the Hash Medz Products in August, 2020. The three (3) NNCPs relating to the Hash Medz Products have been approved by Health Canada. For clarity, the Initial Product Submission consisted of a total of 1,536 of finished and packaged grams of Hash Medz Products. The production of the Hash Medz Products needed in connection with the Initial Product Submission began on June 1st, 2020, and concluded upon the Issuer's submission for the Licence Amendment on October 5, 2020. As of the date of this Listing Statement, the Hash Medz Product is in inventory, and has not been allocated for sale.

In connection with the Initial Product Submission, the Issuer at its cost, set up and operated at the Medz Facility all of the equipment required to complete the Initial Product Submission. The Issuer provided Medz Cannabis with all required standard operating procedures necessary under the Cannabis Act and Cannabis Regulations (the "**SOPs**") to manufacture the Hash Medz Products. Medz Cannabis provided the necessary facility SOPs required to complete the critical control plan. Medz Cannabis supplied the cannabis material to be processed and utilized for the Initial Product Submission, and Medz Cannabis also provided the quality assurance personnel oversight necessary for the production and submission of the Initial Product Submission. The Issuer and Medz Cannabis will each be entitled to 50% of the revenues related to the sale of the products submitted at the time of the Initial Product Submission. For greater clarity, the 50% revenue sharing applies only to those products submitted in connection with the Initial Product Submission.

General Services Agreement

The Issuer entered into a general services agreement (the "**General Services Agreement**") with Maratek on November 26, 2020, whereby Maratek shall design, fabricate, and supply turnkey, and maintenance a certain ice water hash separation system for the Issuer. The term of the General Services Agreement is indefinite, and will last until terminated as provided in the General Services Agreement. Once the water hash separation system is developed, Maratek has rights to sell the developed system to other companies, and in return shall pay the Issuer a royalty on the next five (5) years of sales. The royalty shall be 1.5% of revenues and will be increased to 5% for deals the client brings to Maratek. All intellectual property

[17] https://www.canada.ca/en/services/health/campaigns/cannabis/industry.html

and related materials developed or produced under the General Services Agreement will be owned by Maratek.

Black Rose Collaboration Agreement

Under the Black Rose Collaboration Agreement, Black Rose will provide the Issuer with up to 1,000 square feet of licensed processing space (the "**Hash BR Production Space**") at Black Rose's licensed facility in Markham, Ontario (the "**Black Rose Facility**"). Hash BR Production Space will be licensed to process cannabis-based hashish and other cannabis concentrates. In particular, the Hash BR Products currently consist of high quality hand crafted live rosin products. The Issuer shall manufacture certain cannabis-based hash products and other cannabis concentrates in the Hash BR Production Space.

Black Rose Organics owns and operates two cannabis licensed production facility located in Scarborough and Markham, Ontario. Presently, the Markham facility consists of a 20,000 square ft. of production and processing space currently in use. Under the terms of the Black Rose Collaboration Agreement, Black Rose agreed to provide the Issuer with a 1000 square feet licensed processing space (the "**Hash BR Production Space**") in the Markham facility (the "**Black Rose Facility**"), and the Issuer has agreed to equip such processing space for the purposes of manufacturing, and selling of wholesale and retail rosin, live rosin and preloaded vape products (the "**Hash BR Products**"). There are no fixed costs under the Black Rose Collaboration Agreement. With respect to the production and sale of Hash BR Products, the Issuer is providing the know-how, equipment, and labour, and Black Rose is supplying the Hash BR Production Space, licensing, and quality assurance oversight. Input materials shall be supplied by either the Issuer or Black Rose.

Black Rose shall apply for an amendment to its Standard Processing Licence in order to allow the issuer to produce the Hash BR Products for sale by Black Rose. As of the date of this Listing Statement, Black Rose expects to apply for the amendment by mid-May, 2021.

The material terms of the Amended and Restated Black Rose Collaboration Agreement remain the same as described above. Under the Amended and Restated Black Rose Collaboration Agreement, all revenue received by Black Rose from the sales of Hash BR Products in the Black Rose Facility will be paid to the Issuer as a service fee, which is defined as the amount of net sales less a royalty payable by the Issuer to Black Rose equal to 50% of net sales.

Licencing

As of the date of this Listing Statement, Black Rose holds a Standard Cultivation Licence, a Standard Processing Licence, and a Medical Sales Licence. Black Rose is presently able to produce cannabis extracts and sell them to other licensed producers, excluding provincial retail boards

Black Rose also holds a Cannabis Licence under the *Excise Act.* All holders not exempt under section 158.01 of the *Excise Act* who wish to produce or package cannabis products must obtain a Cannabis Licence from the Canada Revenue Agency (CRA). In order to qualify for the Cannabis Licence, applicants must hold the relevant federal license issued by Health Canada. The Cannabis Licence allows a holder to purchase cannabis excise stamps that must be present on all cannabis products that have been legally produced and made available for purchase.

Hash BR Products

Black Rose together with the Issuer will be producing products under a collaborative brand yet to be determined. Hash BR Products produced at the Black Rose Facility will be sold to Black Rose's registered medical patients and wholesale to other cannabis license holders, and accordingly do not require Black Rose to obtain a Licence Amendment.

Product Acquisition Agreement

Under the terms of the Product Acquisition Agreement, the Issuer will sell certain cannabis materials comprised of pressed dry sift hash to Abba and Canada House, through the Medz Collaboration Agreement. The purchasers will purchase between 60 and 167 kilograms of the Product at $5.00 per gram. Pursuant to the Product Acquisition Agreement, Abba and Canada House shall pay a refundable $50,000 deposit upon the purchasers successfully listing the SKUs of the Product with the Société québécoise du cannabis. The Product Acquisition Agreement shall commence upon the purchasers' receipt of a purchase order from the Société québécoise du cannabis related to the Product, and shall remain in effect for a period of twelve (12) months. As per the terms of the Medz Collaboration Agreement, Medz will earn a 3.5% royalty on Product sold under the Product Acquisition Agreement.

Total Funds Available

The funds expected to be available to the Issuer are as follows:

Sources	**Funds Available**
Net Proceeds from 2021 Financing(1)	$1,241,520
Existing working capital (deficiency)(2)	$1,175,977
Total Funds Available	**$2,417,497**

Note:

1. Net proceeds raised from the 2021 Financing.
2. Unaudited estimate as at April 30, 2021.

The Issuer's 12 month proposed use of funds is as follows:

12 Month Commitments	**Funds Available**
Funds required to achieve business milestones	**$450,000**

Legal and financing fees	**$150,000**
Inventory purchases	**$100,000**
General corporate working capital(1)	**$600,000**
Total 12 Month Commitments	**$1,300,000**
Excess Funds Available to Issuer	**$1,117,497**

(1) Salaries and wages ($550,000) along with lease payments ($28,500) and general office expenses ($21,500).

Business Objectives and Milestones

The business objectives and milestones of the Issuer over the next 12 months is to further develop the Issuer's business within Canada. In particular, the Issuer intends to develop clean hashish products in order to provide Canadian cannabis consumers with an authentic hashish experience. In doing so, the Issuer intends to develop a strategic brand position, and to build recognition with new consumers following the legalization of hashish.

The Issuer has set the following high-level milestones over the next 12 months to reach the above objectives:

Milestone	Target Date	Estimated Cost	Total
Develop and Expand Marketing and Branding Strategy (a) Launch Educational General Branding Campaigns (b) Develop and distribute retailer "swag packs" (hats, lighters, etc for staff at select retail partners)	(a) Beginning March 2021 continuing through May 2021 (b) Begin distribution July, 2021	(a) 60,000 (b) Included in the above (c) $100,000	**$160,000**
(2) Conduct Research and Development	Ongoing efforts	$20,000 for Q1 2021– to be scaled up to 5% of revenue for subsequent quarters	**$120,000**
(3) Install custom equipment from Maratek at Medz Facility	Custom equipment ordered with expected delivery by May 30th, 2021.	$50,000	**$50,000**
(4) Obtain Licence Amendment	Submissions were	Approx. $30,000 in expenses and	**$90,000**

	completed in October, 2020 – awaiting Health Canada approval. Expected official announcement imminently	$60,000 in equipment purchases	
(5) Produce First Commercial Batch of Rosin at Black Rose Facility	June 30, 2021	$30,000	**$30,000**
		Total	**$450,000**

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary, including due to demands for shifting focus or investment in marketing and business development activities, requirements for accelerating, increasing, reducing, or eliminating initiatives in response to changes in market, regulations and/or developments in research and design, unexpected setbacks, and strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities. The Issuer has no other sources of funds and may require additional funds in order to fulfill all of the Issuer's expenditure requirements and to meet its objectives, in which case the Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Issuer will be available if required.

(1) Develop and Expand Marketing and Branding Strategy

The Issuer will work to provide hashish products based on old world techniques applied according to modern Health Canada approved standards. The Issuer's primary market will be male consumers aged 35 to 65; the Issuer's secondary market will be female consumers aged 35 to 65. The Issuer will reach consumers through educational initiatives at the retail level, online resources, and targeted marketing campaigns at age-gated venues.

The Issuer has engaged the marketing firm Pixel Dreams Inc., for a six-month period to further develop its brand positioning. Pixel Dreams Inc., will create one in depth educational article or blog post monthly in addition to managing the Issuer's social media content and engagement.

The educational initiatives will focus on educating consumers on the differences between extract products, highlighting the Issuer's all-natural solvent and chemical-free processes. The Issuer will focus on both consumers and those working in the cannabis retail sector, The Issuer is finalizing its general branding campaign and expects to launch the campaign in March, 2021. The final component of the marketing and branding strategy will involve target marketing campaigns – the Issuer is continuously assessing new target marketing opportunities.

(2) Conduct Research and Development

The Issuer intends to conduct ongoing research and development in order to refine production and extraction processes, and to develop new and novel products. In particular, the Issuer aims to test how different extraction methods affect the terpene profiles of the cannabinoid content in the cannabis extracts. Terpenes are organic compounds that provide aroma and flavor in plants, including the cannabis plant. Terpenes also influence the effects of cannabis by interacting with other cannabinoids in the plant. In doing so, the Issuer will also compare the efficiencies of the different extraction methods.

(3) Install Custom Equipment from Maratek at Medz Facility

The Issuer intends to install the ice water hash separation system being designed and fabricated by Maratek under the terms of the General Services Agreement.

(4) Obtain Licence Amendment

Please refer to Section 4.1 – *Narrative Description of the Issuer's Business.*

(5) Produce First Commercial Batch of Rosin at Black Rose Facility

The Issuer is working with Black Rose to optimize their cannabis harvest, techniques and process to maximize their products suitability for hash making.

Principal Products or Services

a) Distribution and Principal Markets

Section 15(5) of the Cannabis Regulations allows licensed producers to sell to other federal licence holders and provincially/territorially-authorized sellers. Accordingly, the Issuer will rely on Medz Cannabis' and Black Rose's Standard Processing Licence and Cannabis Licence to produce and sell cannabis-based hashish and other cannabis concentrates to other federal licence holders or provincially/territorially-authorized sellers.[18]

b) Revenues for each category of Principal Products and Services

This section is not applicable due to the early stage of this Issuer's development.

c) Stage of Development of Principal Products and Services

As of the date of this Listing Statement, the Medz Cannabis, with the assistance of the Issuer, has submitted an NNCP for the Hash Medz Products. For greater clarity, Medz Cannabis submitted three (3) NNCPs, or one (1) NNCP for each of the Hash Medz Products in the month of August, 2020. The three (3) NNCPs relating to the Hash Medz Products have been approved by Health Canada. The Hash Medz Products consist of three (3) hashish products

[18] Section 17(5) of the Cannabis Regulations allows licensed producers to sell to other federal licence holders and provincially/territorially-authorized sellers.

which can be used for smoking, vaporizing, or dabbing, or consumption by way of being added to food.

As of the date of this Listing Statement, the Issuer has not submitted any NNCPs for the Hash BR Products.

As of the date of this Listing Statement, the Issuer: (i) has a significant interest in its primary business which is the production and sale of hashish products; (ii) is operational and generating revenues; and (iii) has $3,301,462 in cash assets to carry out its business objectives as outlined in the subheading entitled "Business Objectives and Milestones" under Section 4.1 – *Narrative Description of the Issuer's Business*. In order to produce and sell cannabis extract products, the Issuer has committed to a lease with Medz Cannabis, and has entered into the Amended and Restated Medz Collaboration Agreement and the Amended and Restated Black Rose Collaboration Agreement.

The Issuer has made the following expenditures to advances its business:

Expense Category	**Amount of Expenditure ($)**
Supplies and materials	$40,374
Office and general	$54,119
Travel, meals, and entertainment	$5,554
Total	**$100,047**

As of the date of this Listing Statement, the Issuer has not begun the commercialization of the Hash Products. For more information of the business objectives of the Issuer, please refer to the subheading "Business Development and Milestones" under Section 4.1 – *Narrative Description of the Issuer*'s *Business*.

Production and Sales

a) Method of Production

To create cannabis in concentrated form, the cannabinoids of the plant must be extracted and condensed into as pure a form as possible. With respect to the production of hashish, this process occurs by separating the trichomes from the cannabis plant. Trichomes are glandular and non-glandular "hairs" found on the surface of plants; in cannabis plants the trichomes produce the cannabinoids.[19]

There are a number of different methods which can be used to isolate the cannabinoids found in the cannabis plant. The Issuer will be utilizing three extraction processes[20] to produce its cannabis concentrate products:

[19] https://medium.com/@Z_Lucie/cannabis-extractions-the-complete-guide-151edb382d65

[20] The three extraction processes referenced in this Listing Statement are not widely used techniques and not proprietary to the Issuer.

(1) Water separation

This method uses water, ice, and agitation achieved through stirring. The water and cannabis plant material is placed in a large container lined with filtration bags. The cold and stirring causes the trichomes to fall off the plant and pass through the filtration bag. While most of the cannabis plant material collects at the top levels of the filtration bag, the trichome glands fall off and sink to the bottom of the bag.[21]

(2) Dry mechanical separation

This method involves taking dried cannabis plants and beating or shaking them against a mesh screen causing the trichomes to break off and collect. This process produces kief, a powder with strong THC content, which can then either be combined with dried cannabis, or pressed into hashish.

(3) Heat expression

This method relies on heat and pressure to extract the trichomes from the cannabis plant, hashish, or kief. The result is rosin, a cannabis concentrate that has a buttery or shatter-like consistency with a very high THC content.[22]

b) Lease

For a detailed overview of the terms of lease, please refer to Section 4.1 – *Narrative Description of the Issuer's Business.*

c) Specialized Skills and Knowledge

Many of the directors and officers of the Issuer have in-depth knowledge of hashish production and hashish extraction techniques. Further, many of the directors and officers of the Issuer have strong relationships with licensed producers which they will harness in order to secure access to facilities and input materials.

d) Availability of Materials

As of the date of this Listing Statement, the Issuer has entered into the Collaboration Agreement to source cannabis which will be used to produce hashish. Please refer to Section 3.1 – *General Development of the Business* for the terms of the Collaboration Agreement. The Issuer is in the process of arranging other similar agreements with licensed producers. As of the date of this Listing Statement, the Issuer has not formalized any arrangements with other licensed producers. The Issuer may never formalize any other arrangements, and in that case, will rely solely on Medz Cannabis for the supply of cannabis.

e) Intangible Properties

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[21] https://www.edrosenthal.com/the-guru-of-ganja-blog/water-hash-101-plus-6-methods-for-diy-water-hash
[22] https://medium.com/@Z_Lucie/cannabis-extractions-the-complete-guide-151edb382d65

As of the date of this Listing Statement, the Issuer has no intangible properties.

f) Cyclicalness or Seasonality

All of the Issuer's initial operations will be indoors, and it expects most, if not all, of its suppliers and customers to operate indoors as well. Accordingly, seasonal fluctuations are expected to be minimal.

g) Renegotiation or Termination

As of the date of this Listing Statement, the Issuer does not expect to renegotiate or terminate any agreements, including the Collaboration Agreement.

h) Environmental Protection Requirements

As of the date of this Listing Statement, the Issuer did not expect environmental protection requirements to cause material financial or operational effects.

i) Employees

As of the date of this Listing Statement, the Issuer employs three full time employees:

- Tyler Metford as Chief Operating Officer;
- Christopher Savoie as Chief Executive Officer; and
- Michael C. Syme.

Mr. Savoie has developed several cannabis brands, including "Trinity Terpenes" and "Gen-X Technologies", both of which continue to operate in California, United States. For clarity, Mr. Savoie is no longer associated with these brands, nor any other U.S entities.

Mr. Metford and Mr. Syme have know-how with respect to cannabis extraction which will be useful for the Issuer's production activities under the Amended and Restated Medz Collaboration Agreement and the Amended and Restated Black Rose Collaboration Agreement.

All three (3) of the abovementioned employees have a number of industry contacts in the cannabis industry in Canada, which the Issuer hopes to harness in its future business development.

j) Risks Associated with Foreign Operations

As of the date of this Listing Statement, the Issuer does not have operations in foreign jurisdictions outside of Canada.

k) Material Agreements

The Issuer's business is substantially dependent on the Amended and Restated Medz Collaboration Agreement and the Amended and Restated Black Rose Collaboration Agreement. Please refer to Section 3.1 – *General Development of the Business* and Section

4.1 – *Narrative Description of the Issuer's Business* for more details on the Amended and Restated Medz Collaboration Agreement and the Amended and Restated Black Rose Collaboration Agreement.

Competitive Conditions

The below chart provides details of the Issuer's five (5) main competitors:

	The Valens Company (Valens Agritech)	Embark Health	MediPharm Labs	Adastra Labs Holdings Inc.	Good Buds Company Inc.
LOCATION	TSXV :VGW 230 Carion Road Kelowna, BC V4V 2K5	Vancouver, BC Woodstock, ON	TSX:LABS 151 John St, Barrie, ON L4N 2L1	CSE:XTRX 5451 275 Street Langley, BC, Canada, V4W 3X8	Family-owned artisanal small batch cannabis and extracts on Salt Spring Island
LENGTH OF OPERATION	Founded 1981. Licensed 10/12/2018		Licensed 03/29/2018, Sales 11/2018	Application phase	Licensed 06/08/2018
TARGET MARKETS	3rd party extraction only	Full-service 3rd party extraction. Solvent and non solvent techniques	LPs for white label and contract partner services, extraction and isolation of cannabinoids	Cannabis 2.0 product manufacturers requiring specified inputs	Select (BC) market for local, quality, health-conscious consumers
UNIQUE SELLING POINTS	Solvent and solventless extraction including WhistlerTechnologies Ice Water hash, product formulation focus, affiliated laboratory company	Embark's facility will be able to provide exceptional quality and superior purity with following extraction methods: Ultrasonic Cryo Ethanol, CO2, Whistler Technologies Ice Water, Steam Vac Distillation, Hydrocarbon and Rosin Press	Pharma-grade cannabis oil and concentrates. "Largest licensed extraction capacity in Canada." Expected capacity of 250,000 kg of dry cannabis/yr by Q2 2019	Solvent-based concentrates and isolates	Organic small batch craft flowers, hash and rosin. Regenerative farming practices

4.1(5) **Lending and Investment Policies and Restrictions**

There are no extraordinary lending or investment policies or restrictions affecting the Issuer.

4.1(6) **Bankruptcy and Receivership**

The Issuer has never been the subject of any bankruptcy or any receivership or similar proceedings, nor has the Issuer been the subject of any voluntary bankruptcy or similar proceeding since its incorporation on March 28, 1967.

4.2 Asset Backed Securities

The Issuer does not have any asset backed securities.

4.3 Companies with Mineral Properties

The Issuer does not have any mineral projects.

4.4 Companies with Oil and Gas Operations

The Issuer does not have oil and gas operations.

5 SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following table summarizes financial information of the Issuer for the last three completed financial years ended December 31, 2020, 2019, and 2018. This summary financial information should only be read in conjunction with the Issuer's financial statements for the fiscal years ended December 31, 2020, 2019 and 2018 and the notes thereto. Please refer to Section 25 – *Financial Statements* for more information. The financial statements are also available under the Issuer's SEDAR profile at www.sedar.com.

	Year Ended December 31, 2020 (audited)	**Year Ended December 31, 2019 (audited)**	**Year Ended December 31, 2018 (audited)**
Total Revenues	**0**	**0**	**0**
Income or Loss before Discontinued Operations & Extraordinary Items	**(2,021,138)**	**(2,041,096)**	**(271,282)**
Net Loss in total	**(2,021,138)**	**(2,041,096)**	**(271,282)**
Basic and Diluted Loss per Share	**0.01**	**0.03**	**0.02**
Total Assets	**2,260,542**	**2,695,207**	**105,725**
Total Liabilities	**224,825**	**252,391**	**99,076**
Cash dividends declared per share	**0**	**0**	**0**

5.2 Quarterly Information

The following table summarizes the financial results for each of the Issuer's eight most recently completed quarters ending at the end of the most recently completed financial year, being December 31, 2020. This summary financial information should only be read in conjunction with the Issuer's financial statements and the notes thereto. Please refer to Section 25 – *Financial Statements* for more information. The financial statements are also available under the Issuer's SEDAR profile at www.sedar.com.

	December 31, 2020 **Q4**	**September 30, 2020** **Q3**	**June 30, 2020** **Q2**	**March 31, 2020** **Q1**
Financial results:				
Net (loss) profit for the period	**(295,617)**	**(1,373,719)**	**(191,804)**	**(159,998)**
Basic and diluted loss per share	**0.001**	**0.01**	**0.001**	**0.00**
Balance sheet data:				
Cash	**2,051,028**	**2,350,748**	**2,330,856**	**2,428,029**
Total assets	**2,260,542**	**2,506,155**	**2,408,964**	**2,485,315**
Shareholders' Equity (deficit)	**2,035,717**	**2,506,155**	**2,500,862**	**2,282,818**
	December 31, 2019 **Q4**	**September 30, 2019** **Q3**	**June 30, 2019** **Q2**	**March 31, 2019** **Q1**
Financial results:				
Net (loss) profit for the period	**(230,488)**	**(1,749,062)**	**(33,220)**	**(28,326)**
Basic and diluted loss per share	**0.002**	**0.03**	**0.00**	**0.00**

Balance sheet data:				
Cash	**2,672,404**	**2,592,757**	**82,737**	**89,544**
Total assets	**2,695,207**	**2,592,758**	**82,738**	**89,545**
Shareholders' Equity (deficit)	**2,442,816**	**2,241,505**	**(54,897)**	**(21,677)**

5.3 Dividends

To date, the Issuer has not paid any dividends on the Shares. The Issuer anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board of Directors, after taking into account various factors, including the Issuer's operating results, financial condition, and current and anticipated cash needs.

5.4 Foreign GAPP

This is not applicable, as the Issuer's financial statements are not prepared using foreign GAAP.

6 MANAGEMENT'S DISCUSSION AND ANALYSIS

(a) Annual MD&A

The Issuer's annual MD&A for its fiscal years ended December 31, 2019 and December 31, 2020 are attached to this Listing Statement as Schedule "A".

7 MARKET FOR SECURITIES

The Issuer's securities were not previously listed on a stock exchange. The Issuer has applied to the CSE to list the Shares on the CSE under the trading symbol "REZN". The listing of the Shares on the CSE remains subject to the Issuer having obtained the approval of the CSE for the listing, and having satisfied all customary listing conditions of the CSE.

8 CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer: (i) as at December 31, 2020, and (ii) as at May 27, 2021:

	As at December 31, 2020	**As at May [•], 2021**
Shares	224,220,290 Shares	280,120,290 Shares(1)

Options	15,500,000 Options	13,000,000 Options
Compensation Warrants	15,509,573 Compensation Warrants	15,509,573 Compensation Warrants
Warrants	22,250,000 Warrants	22,250,000 Warrants

(1) Reflective of the exercise of Special Warrants and 2021 Financing.

9 OPTIONS TO PURCHASE SECURITIES

The Board of Directors implemented the Issuer's current stock option plan (the "**Stock Option Plan**") on September 23, 2019. The Stock Option Plan presently provides that the aggregate number of Shares which will be available for purchase pursuant to the Options granted pursuant to this Plan will not exceed 10% of the number of Shares which are issued and outstanding on the particular day the Option is granted. The purpose of the Stock Option Plan is to provide the Issuer with a share-related mechanism to attract, retain and motivate qualified executives, employees, and consultants to incent such individuals to contribute toward the long term goals of the Issuer, and to encourage such individuals to acquire Shares of the Issuer as long term investments.

The Stock Option Plan is administered by a committee of the Board of Directors appointed in accordance with this Stock Option Plan, or if no such committee is appointed, the Board of Directors itself. Options may be granted under the Stock Option Plan to certain qualified parties, such as executives, employees and consultants of the Issuer. The exercise prices will be determined by the committee or the Board of Directors, provided that it is not less than the price determined in accordance with CSE policies while the Issuer's Shares are listed on the CSE. The Options granted under the Stock Option Plan will expire on an expiry date fixed by the committee or the Board of Directors at the time the Option is granted as set out in the Option Certificate. Options granted under the Stock Option Plan are not transferable or assignable.

The following tables sets out all of the Options:

	Category of Option Holder	Number of Options to Acquire Shares held as a Group
(a)	All proposed officers and directors	**5,000,000**

(b)	All consultants as a group	**NIL**
(c)	All other persons or companies (e.g. former officers and directors of the Issuer and the Issuer, all employees)	**8,000,000**
Total Number of Outstanding Options:		**13,000,000**

The following table provides information as to material provisions of the Options that are outstanding:

Date of Grant	Number of Options	Exercise Price	Expiry Date
August 28, 2019	9,000,000	$0.05	August 28, 2022
February 17, 2021	4,000,000	$0.11	February 17, 2023
TOTAL	**13,000,000**		

10 DESCRIPTION OF THE SECURITIES

10.1 Description of the Securities

The Issuer is authorized to issue an unlimited number of Shares without nominal or par value. As of the date hereof, there are 280,120,290 Shares issued and outstanding.

Except as otherwise prescribed by the OBCA, at a meeting of shareholders of the Issuer, each Share entitles the holder thereof to one vote in respect of each Share held at such meetings. The holders of Shares are entitled to receive dividends if, as and when declared by the Board of Directors. In the event of liquidation, dissolution or winding-up of the Issuer, the holders of the Shares are entitled to share rateably in any distribution of the property or assets of the Issuer.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions, which are capable of requiring a security holder to contribute additional capital.

10.2 Debt Securities

This section is not applicable.

10.3 Other Securities

This section is not applicable.

10.4 Modification of Terms

This section is not applicable.

10.5 Other Attributes

This section is not applicable.

10.6 Prior Sales of Securities

The following table sets forth the issuances of securities within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Type of Security	Number of Securities	Issue Price per Security ($)
July 7, 2020	Shares	3,000,000	$0.05
July 8, 2020	Shares	62,150,000(1)	$0.005
March 15, 2021	Shares	15,050,000(2)	$0.10
May 27, 2021	Shares	3,000,000(2)	$0.10
May 27, 2021	Shares	37,850,000(3)	$0.02

(1) This issuance pertains to the issuance of shares upon exercise of the Special Warrants.
(2) This issuance pertains to the issuance of shares in the 2021 Financing.
(3) This issuance pertains to the issuance of shares upon exercise of the Special Warrants, as amended on July 8, 2020.

11 ESCROWED SECURITIES

To the knowledge of the Issuer, as of the date of this Listing Statement, no securities of the Issuer are held in escrow or are subject to a pooling agreement.

Upon listing of the Shares on the CSE, securities held by the Related Persons of the Issuer will be held in escrow, as required under NP 46-201 (the "**Escrowed Securities**"). The form of the escrow agreement must be as provided in NP 46-201 (the "**Escrow Agreement**"). The Escrowed Securities will be released on scheduled periods specified in NP 46-201 for emerging issuers, that is, 10% will be released on the Listing Date, followed by six subsequent releases of 15% each every six months thereafter.

The following table sets forth details of the securities of the Issuer to be held in escrow following the listing of the Shares on the CSE:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common Shares	16,537,500	5.90%

Options	4,000,000	0.014%[(1)]

(1) On a partially diluted basis

The securities of the Issuer to be held in escrow are scheduled to be released according to the following schedule:

Date	Number of Escrowed Securities Released
Upon Listing on the CSE	10%
6 months from date of Listing on the CSE	15%
12 months from date of Listing on the CSE	15%
18 months from date of Listing on the CSE	15%
24 months from date of Listing on the CSE	15%
30 months from date of Listing on the CSE	15%
36 months from date of Listing on the CSE	15%

12 PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Issuer, no person or company will beneficially own, directly or indirectly, or exercise control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares.

13 DIRECTORS AND OFFICERS

13.1 Current Officers and Directors

The Issuer's current management team is experienced in matters relating to the Issuer's business, and possess the necessary skillsets to implement its business plan.

The following table sets out the names, municipalities of residence of the directors and officers of the Issuer, the number of voting securities of the Issuer beneficially owned, directly or indirectly, or over which they exercise control or direction, the offices they hold with the Issuer, and the principal occupation of the proposed directors and senior officers during the past five years.

Name & Municipality of Residence and Position	Principal Occupation for Past Five Years	Director or Officer of the Issuer Since	Number and Percentage of Shares Owned

Christopher Savoie, *Chief Executive Officer and Director* (Toronto, ON)	Former Director of Operations, LPDG Solutions Inc (September, 2018 – September, 2019)	July 8, 2019	5,000,000 (1.78%)
Donal Carroll, *Director, Chief Financial Officer and Corporate Secretary* (Toronto, ON)	Chief Financial Officer, FSD Pharma Inc.; Director, Bird River Resources Inc.; Director, EnerSpar Corp.	July 8, 2019	2,900,000 (1.04%)
Tom Keevil, *Director* (Toronto, ON)	Experience working for public and private companies in cannabis, mining and technology sectors	May 27, 2021	3,637,500 (1.30%)
Tabitha Fritz *Director* (Toronto, ON)	Former teacher; and cannabis entrepreneur	May 27, 2021	NIL.
Tyler Metford, *Chief Operating Officer* (Toronto, ON)	Former Chief Information Officer, LPDG Solutions Inc. (September, 2018 – September, 2019)	July 8, 2019	5,000,000 (1.78%)
Binyomin Posen *Director* (Toronto, ON)	Senior Analyst, Plaza Capital; Chief Executive Officer and Chief Financial Officer, Jiminex Inc.	May 2018	250,000 (0.09%)

For a brief description of the biographies for all of the officers and directors of the Issuer, please refer to Section 13.10 - *Management*.

13.2 Period of Service of Directors

For information on the period of service of directors, please refer to Section 13.1 – *Directors and Executive Officers*.

13.3 Directors and Executive Officers Common Share Ownership

The directors and senior officers of the Issuer as a group, directly or indirectly, will beneficially own or exercise control or director over 16,787,500 Shares, representing approximately 5.99% of the issued and outstanding Shares.

13.4 Committees

The Board of Directors has one committee – the Audit Committee.

Pursuant to NI 52-110, the Issuer is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Issuer or an affiliate of the Issuer.

The Audit Committee's role is to assist the Board of Directors in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider, in consultation with the auditors, the financial reporting process, the system of internal control, and the audit process. In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors.

The Issuer is a "venture issuer" within the meaning of NI 52-110, and as such, is relying on the exemptions provided for in Section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of certain of its reporting obligations under NI 52-110. In particular, the Issuer is relying on the exemption in section 6.1 of NI 52-110 relating to Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

The Audit Committee is comprised of three directors Tabitha Fritz, Thomas Keevil, and Binyomin Posen, each of whom is a director and financially literate in accordance with Section 1.5 of NI 52-110. Mr. Posen is the chair of the Audit Committee.

For a brief description of the biographies for each member of the Audit Committee is set out below, please refer to Section 13.10 - *Management*.

13.5 Principal Occupation of Directors and Officers

For information on directors and executive officers' principal occupation, please refer to Section 13.1- *Directors and Executive Officers*.

13.6 Corporate Cease Trade Orders or Bankruptcies

None of the proposed directors or officers of the Issuer or any of their personal holding companies:

a) is, as at the date of this Listing Statement, or has been, within ten years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, that:

- was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer of the company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

b) is as at the date of this Listing Statement or has been within the 10 years before the date of this Listing Statement, a director or executive officer of any company, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

c) has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

To the knowledge of the directors and senior officers of the Issuer, none of the proposed directors or officers or any of their personal holding companies has been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

13.7 Penalties or Sanctions

No proposed director or officer of the Issuer, or any shareholder anticipated to hold a sufficient amount of securities of the Issuer to materially affect control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Settlement Agreements

Please refer to Section 13.7 – *Penalties or Sanctions.*

13.9 Personal Bankruptcies

No proposed director or officer of the Issuer, or a shareholder anticipated to hold a sufficient amount of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.10 Conflicts of Interest

The Board of Directors is required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer. If a conflict arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of Directors.

To the best of the Board of Directors' knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Issuer, its directors, officers or other members of management of the Issuer.

Certain of the directors, officers, and other members of management serve as directors, officers, and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, or member of management of such other companies and their duties as a director, officer, or member of management of the Issuer.

The directors and officers of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers.

13.11 Management

A brief description of the biographies for all of the proposed officers and directors of the Issuer are set out below. The Issuer's current management team is experienced in matters relating to cannabis, entrepreneurism, and corporate finance, and possess the necessary skillsets to implement the Issuer's business plan. Key personnel of the Issuer's management team are highlighted below.

The Issuer may add to its management team people with significant experience and skills in marketing and regulatory matters to help the Issuer become a leader in producing cannabis extracts.

Chris Savoie, Age 40, Chief Executive Officer and Director – Mr. Savoie began his work with medical cannabis in 2004 under the now repealed *Medical Marihuana for Medical Purposes Regulations* (Canada)("**MMMR**"), enacted under *Controlled Drugs and Substances Act* (S.C. 1996, c. 19). Chris is skilled in extraction methodologies and has experience selecting phenotypes with ideal characteristics, which has been integral to the development of several legacy medical cannabis brands. In particular, during his role as managing director for Trinity Terpenes Canada, Mr. Savoie consulted and worked with several cannabis companies and brands to develop their products for the medical cannabis community prior to cannabis legalization.

In his capacity as a director and Chief Executive Officer, Mr. Savoie will devote 100% of his time to the business and affairs of the Issuer.

Donal Carroll, Age 43, Chief Financial Officer, Director, and Corporate Secretary – Mr. Carroll joined the Issuer as Chief Financial Officer in 2019. An experienced business executive, Mr. Carroll has 20 years of corporate finance leadership and public company experience, as well as deep expertise in syndicate investing both in equity and debt securities. With a balance of prudent financing practices and business insights, Mr. Carroll has successfully guided companies through expansion and growth.

Mr. Carroll was previously with Danaher (NYSE DHR), and Alberto Culver (now Unilever (NYSE:UL), where he was instrumental in major restructuring activities, mergers and acquisitions and the implementations of new internal controls and ERP systems resulting in significant efficiencies through periods of substantial change and strong company growth. Carroll is a Director of Bird River Resources Inc., and Climb Financial.

He holds a CPA-CMA designation as well as a Bachelor of Commerce degree from University College Dublin.

In his capacity as a director and Chief Financial Officer, Mr. Carroll will devote 10% of his time to the business and affairs of the Issuer.

Tabitha Fritz, Age 40, Director – Ms. Fritz is a seasoned cannabis entrepreneur and educator, sharing her knowledge and love of the plant through the development of exciting cannabis products and science-based, factual information. She has worked in many different roles in the Canadian cannabis industry, including as co-founder and CEO of Fritz's Cannabis Company, an edibles company in the Canadian marketplace, as co-founder and COO of Green Tent, a company which conducted marketing and education activities in the cannabis industry for the purpose of supporting women in the Canadian cannabis industry, and as creator of Level UP Budtender Education Program, an e-Learning program to support and train Canadian budtenders. Through these varied roles, Tabitha has developed a deep understanding of cannabis products, the business of cannabis, and the Canadian consumer.

Prior to working in the cannabis industry, Tabitha was a teacher, curriculum developer, and educational administrator, roles that helped her develop her skills as a cannabis educator and create comprehensive budtender training curriculums, including the Level UP Budtender Education Program. She holds an MBA from the Rotman School of Management at the University of Toronto, where she studied behavioral economics and entrepreneurship. She is passionate about Canadian business leadership, and currently sits on the board of the Canadian Business History Association, where she is the chair of the Development.

In her capacity as director, Ms. Fritz will devote 10% of her time to the business and affairs of the Issuer.

Thomas Keevil, Age 38, Director – Mr. Keevil has over 20 years of experience in both private and public companies. Mr. Keevil has specialised in the Cannabis, Mining and technology sector. With a particular focus in operational excellence Mr. Keevil has introduced performance driven metrics to increase efficiencies throughout the organization. With a Degree in Aviation and Flight Technology and his broad range of experience Mr. Keevil has unique and novel solutions that has allowed the companies to flourish under his leadership.

Tyler Metford, Age 36, Chief Operating Officer – Mr. Metford's background in technology has made him a critical asset to the diverse projects in which he has been involved. His agility in managing operations and developing products, along with branding and digital assets has allowed him a natural progression through innovative professional roles. Mr. Metford's expertise has been instrumental to the development of several well-known cannabis-adjacent brands, businesses, and boutique location buildouts, acquainting him with the tastes of other cannabis connoisseurs. Mr. Metford has for many years been a fierce proponent of cannabis therapy, as he had obtained and maintained for years an MMMR licence under the now-repealed MMMR legislation. Mr. Metford possesses a keen eye for identifying the needs of cannabis consumers which has resulted in his highly focused experience as a leader for numerous successful businesses.

In his capacity as Chief Operating Officer, Mr. Metford will devote 100% of his time to the business and affairs of the Issuer.

Binyomin Posen, Age 28, Director - Mr. Posen is a Senior Analyst at Plaza Capital Limited, where he focuses on corporate finance, capital markets and helping companies to go public. After three and a half years of studies overseas, he returned to complete his baccalaureate degree in Toronto, Ontario. Upon graduating (on the Dean's List) Mr. Posen began his career as an analyst at a Toronto boutique investment bank where his role consisted of raising funds for initial public offerings and reverse takeover transactions, business development for portfolio companies and client relations. He is currently a director and senior officer at Agau

Resources Inc., a director and senior officer at Shane Resources Ltd., a director of Red Light Holland Corp., and a director of High Tide Inc.

Mr. Posen will devote such time as may from time be necessary in order to perform the work required in connection with acting in his capacity as a Director of the Issuer, which currently is estimated to be approximately 10% of his time.

Mr. Savoie and Mr. Metford, in their respective employed capacities as Chief Executive Officer and Chief Operating Officer, will perform the executive, managerial, and administrative duties as are normally associated with and incidental to those positions. They will devote their full time and attention and their best efforts to attend to the business and affairs of the Issuer. As employees of the Issuer, Mr. Savoie and Mr. Metford have agreed not to undertake any other business or occupation or public office which may detract from the performance of their duties to the Issuer. Further, under the terms of their respective employment agreements with the Issuer, Mr. Savoie and Mr. Metford have agreed not to disclose to any person or in any way make use of the confidential information they are privy to as a result of their positions.

Other than as disclosed, none of the individuals mentioned above has entered into non-competition or non-disclosure agreements with the Issuer or proposes to enter into such agreements with the Issuer.

14 CAPITALIZATION

14.1 Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	280,120,290	330,879,863	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	21,787,500	28,787,500	7.78%	8.70%
Total Public Float (A-B)	258,332,790	302,092,363	92.22%	91.30%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	34,587,500[(1)]	20,537,500	12.35%	6.21%
Total Tradeable Float (A-C)	245,532,790	310,342,363	87.65%	93.79%

Note:

(1) The 34,587,500 Shares that will be subject to escrow or resale restrictions are comprised of the following: (i) 16,537,500 which are subject to escrow (see Section 11 – *Escrowed Securities*); (ii) the 15,050,000 Shares that were issued on March 15, 2021 remain subject to resale restrictions until July 16, 2021; and (iii) the 3,000,000 Shares that were issued on May 27, 2021 remain subject to resale restrictions until September 28, 2021.

Public Security holders (Registered)

Class of Security: Shares

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	227	9,996
100 – 499 securities	181	38,446
500 – 999 securities	42	25,862
1,000 – 1,999 securities	23	29,632
2,000 – 2,999 securities	4	10,450
3,000 – 3,999 securities	6	20,457
4,000 – 4,999 securities	2	8,625
5,000 or more securities	163	258,189,322
Total:	648	258,332,790

Public Security holders (Beneficial)

Class of Security: Shares

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	259	11,260
100 – 499 securities	256	55,042
500 – 999 securities	62	38,361
1,000 – 1,999 securities	42	53,510
2,000 – 2,999 securities	7	17,492
3,000 – 3,999 securities	10	34,272
4,000 – 4,999 securities	4	18,037
5,000 or more securities	175	258,104,816[(1)]
Unable to confirm	Unable to confirm[(2)]	Nil.
Total:	815	258,332,790

(1) Excludes 21,787,500 Shares over which the Related Persons of the Issuer as a group, beneficially own or exercise control or director over.
(2) Shares are held by an unknown number of participants (intermediaries) through CDS & Co., the Canadian depository for securities.

Non-Public Security holders (Registered)

Class of Security: Shares

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0

Size of Holding	Number of holders	Total number of securities
4,000 – 4,999 securities	0	0
5,000 or more securities	6	21,787,500
Total:	6	21,787,500

14.2 Convertible / Exchangeable Securities

The following table sets out information with respect to securities outstanding that are convertible or exchangeable into Shares:

Description of Security **(include conversion / exercise terms, including conversion / exercise price)**	**Number of convertible / exchangeable securities outstanding**	**Number of listed securities issuable upon conversion / exercise**
Options[(1)]	13,000,000	13,000,000
Compensation Warrants[(2)]	15,509,573	15,509,573
Warrants[(3)]	22,250,000	22,250,000

(1) 9,000,000 Options are exercisable at $0.05, and 4,000,000 Options are exercisable at $0.11.

(2) All Compensation Warrants, except those issued during the First 2019 Financing and the 2021 Financing exercisable at a price of $0.05 per Share. Compensation Warrants issued in connection with the First 2019 Financing are each exercisable at $0.02 per Share., and Compensation Warrants issued in connection with the 2021 Financing are each exercisable at $0.10 per Share.

(3) Exercisable at $0.04.

14.3 Other Listed Securities

There are no listed securities reserved for issuance that are not included in Section 14.2.

15 EXECUTIVE COMPENSATION

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following named executive officers of the Issuer: (i) the Chief Executive Officer (ii) the Chief Financial Officer (iii) the Chief Operation Officer and (iv) the Chief Commercial Officer.

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following named executive officers of the Issuer: (i) the Chief Executive Officer (ii) the Chief Financial Officer (iii) the Chief Operation Officer and (iv) the former Chief Commercial Officer.

Table of Compensation Excluding Compensation Securities							
Name & position	**Year**	**Salary, Consulting Fee, Retainer or Commission ($)**	**Bonus ($)(1)**	**Committee or meeting fees ($)**	**Value of Perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Christopher Savoie, *Chief Executive Officer & Director*	2020	$120,000	$25,000	Nil	Nil	Nil	$120,000
	2019	$40,000	Nil	Nil	Nil	Nil	$65,000
Donal Carroll, *Chief Financial Officer & Director*	2020	$120,000	Nil	Nil	Nil	Nil	$120,000
	2019	$65,000	Nil	Nil	Nil	Nil	$65,000
Tyler Metford, *Chief Operating Officer*	2020	$95,000	$25,000	Nil	Nil	Nil	$95,000
	2019	$31,666.67	Nil	Nil	Nil	Nil	$56,666.67
Jesse Kline, *Chief (Former Chief Commercial Officer)*	2020	$95,000	$25,000	Nil	Nil	Nil	$95,000
	2019	$31,666.67	Nil	Nil	Nil	Nil	$56,666.67

Notes:

(1) Chris Savoie, Ty Metford, and Jesse Kline were paid a one-time bonus of $25,000 under their employment contracts with the Issuer as a result of the Issuer having completed a private placement of securities on August 30, 2019 (the "**Initial Bonus**"). Upon receiving the Initial Bonus, the recipients were obligated to purchase from the Issuer Shares in the capital of the Issuer at $0.005 per Share.

<u>Option Based Awards</u>

Chris Savoie, Ty Metford, and Jesse Kline were issued 5,000,000 Options under their respective employment agreements. Each Option entitles the holder thereof to purchase from the Issuer one Share at an exercise price of $0.05 per Share. The Options expire at 5:00 pm on August 28, 2022. 8,000,000 of the Options issued under the above employment agreements were forfeited as at December 31, 2020. Subsequently, 6,000,000 Options were issued to other directors, officers, and employees.

Compensation Discussion and Analysis

The purpose of this compensation discussion and analysis is to provide information about the Issuer's executive compensation objectives and processes and to discuss the Issuer's decisions relating to executive compensation.

The Issuer's current executive compensation program is comprised of a base salary, the Initial Bonus, the Exercise Bonus, short term incentive discretionary bonuses, and long term incentives under the Stock Option Plan.

The compensation program is intended to reward NEOs on the basis of individual performance and achievement of corporate objectives, both in the short term and the long term. Each element of NEO compensation is carefully considered by the Board of Directors to ensure that there is the right mix of short-term and long-term incentives for the purposes of achieving the Issuer's goals and objectives. In determining NEO compensation, the Board of Directors considers the Issuer's financial circumstances at the time decisions are made regarding NEO compensation, and also the anticipated financial situation of the Issuer in the mid and long-term.

At this time, the Board of Directors has not established any benchmark or performance goals that the executive must achieve in order to maintain their respective positions as NEOs with the Issuer. However, the NEOs are expected to carry out their duties in an effective and efficient manner and to advance the business objectives of the Issuer. If the Board of Directors determines that these duties are not being met, the Board of Directors has the ability to replace such NEOs in its discretion.

The following NEO compensation principles guide the Issuer's Board of Directors in fulfilling its roles and responsibilities in the design and ongoing administration of the Issuer's executive compensation program:

- The compensation program is intended to attract, motivate, reward and retain the management talent needed to achieve the Issuer's business objectives of improving overall corporate performance and creating long-term value for the shareholders. To that end, compensation levels and opportunities must be market competitive while also being fair and reasonable to shareholders.
- Compensation must strike an appropriate balance between short and long-term rewards and incentives without motivating the executive officers to take unnecessary or excessive risk.
- Compensation programs must align executives' long-term financial interests with those of shareholders by providing equity-based incentives.

Base Salary

Base salaries and discretionary bonuses primarily reward recent performance and incentive stock options encourage NEOs to continue to deliver results over a longer period of time and serve as a retention tool.

The base salary of each NEO is determined by the Board of Directors based on an assessment by the Board of Directors of his or her sustained performance, consideration of competitive compensation, the level of responsibility and experience of the individual, the relative importance of the position to the Issuer, and the professional qualifications of the individual. A final determination is made by the Board of Directors in its sole discretion and its knowledge of the industry and geographic location which the Issuer operates.

The NEOs' performances and salaries are to be reviewed periodically to ensure that they properly reflect a balance of market conditions, the levels of responsibilities and accountability of each individual, their unique experience, skills and capability and level of sustained performance. Increases in salary are to be evaluated on an individual basis and are performance based. The amount and award of bonuses to key executives and senior management is discretionary, depending on, among other factors, the financial performance of the Issuer and the position of a participant.

Option Based Awards

The purpose of the option based awards is to assist the Issuer in attracting, retaining and motivating directors, officer, employees, and consultants of the Issuer and its subsidiaries and to closely align the personal interests of such service providers with the interests of the Issuer and its shareholders.

Termination and Change of Control Benefits

As of the date of this Listing Statement, the Issuer does not have any employment agreements nor any compensatory plans or arrangements with respect to the NEOs that results, or will result, in the payment of amounts or benefits due to the resignation, retirement or any other termination of employment of such NEO's employment or engagement with the Issuer, a change of control of the Issuer or a change in the NEO's responsibilities following a change of control.

Incentive & Pension Plan Awards

As of the date of this Listing Statement, the Issuer does not have any equity based incentive plans, or any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with the retirement of its NEOs.

16 INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Issuer, or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of the Issuer was a director of the Issuer or any associate of the Issuer, is indebted to the Issuer, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer.

17 RISK RELATED TO THE OPERATIONS OF THE ISSUER

The Shares should be considered highly speculative due to the nature of the Issuer's proposed business and the present stage of its development. In evaluating the Issuer and its new business, investors should carefully consider the following risk factors, in addition to the other information contained in this Listing Statement. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with the Issuer's operations.

Additional risks and uncertainties that the Issuer is unaware of, or that the Issuer currently deems not to be material, may also become important factors that affect the Issuer. If any such risks actually occur, the Issuer's business, financial condition or results of operations could be materially adversely affected.

The Issuer's actual operating results may be very different from those expected as at the date of this Listing Statement.

Risks Related to the Issuer's Business and Industry

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

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

Dependent on relationship with Medz Cannabis and Black Rose

At present, the Issuer does not have the required licences to carry on its business in producing and selling cannabis-based hashish and other cannabis concentrates. Accordingly, the Issuer intends, through the Amended and Restated Medz Collaboration Agreement and Amended and Restated Black Rose Collaboration Agreement, relies on the Standard Processing Licence and Cannabis Licence owned by Medz Cannabis and Black Rose in order to produce and sell the cannabis-based hashish and other cannabis concentrates.

Medz Cannabis and Black Rose will each have to amend their Standard Processing Licences in order to produce the newly legal products (edible cannabis, cannabis topical, and cannabis extracts).[23] There is no certainty that either Medz Cannabis or Black Rose will be granted the requirement amendments to their licence.

The Issuer's ability to carry on its business is heavily dependent on its business relationship with Medz Cannabis and Black Rose and its ability to utilize their respective Standard Processing Licences and Cannabis Licences.

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[23] https://www.canada.ca/en/services/health/campaigns/cannabis/industry.html

Risks Pertaining to Changing Laws and Regulations

The cannabis extract and cannabis concentrates industry is a new industry and the Issuer cannot predict the impact of the compliance regime Health Canada is implementing for the production and sale of cannabis extracts and concentrates. Government licences are currently, and in the future may be, required in connection with Issuer's operations, in addition to other unknown permits and approvals which may be required. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Issuer.

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Issuer's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Issuer.

No Profits or Significant Revenues

The Issuer has a limited operational history in the cannabis industry which makes it difficult to evaluate its performance and future prospects. The Issuer's current and proposed operations are subject to all the business risks associated with new enterprises. These include likely fluctuations in operating results as the Issuer makes significant investments in research, development and product opportunities, and reacts to developments in its market, including purchasing patterns of customers, and the entry of competitors into the market. The Issuer will only be able to pay dividends on any Shares once its directors determine that it is financially able to do so.

The Issuer incurred net losses for the years ended December 31, 2018, 2017 and 2016 and for the two three-month periods ended March 31, 2019 and June 30, 2019. As a result, the Issuer cannot make any assurance that it will be profitable in the next three years or generate sufficient revenues to pay dividends to the holders of the Shares.

Reliance on Management and Key Personnel

The Issuer's success is largely dependent on the performance of its Board of Directors and management team. Qualified individuals are in high demand, and the Issuer may incur significant costs to attract and retain them. The loss of any of the Issuer's senior management or key employees, or an inability to attract other suitably qualified persons when needed, could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Factors which may prevent realization of growth targets

The Issuer is currently in an early development stage. There is a risk that the resources necessary for its business and operations may not be secured on time, on budget, or at all, and further, that the Issuer may not have sufficient product available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- failure, or delays in, obtaining or satisfying conditions imposed by regulatory approvals
- non-performance by third party contractors
- increases in materials or labour costs
- breakdown, aging or failure of equipment or processes
- operational inefficiencies
- labour disputes, disruptions or declines in productivity
- inability to attract sufficient numbers of qualified workers
- disruption in the supply of energy and utilities
- major incidents and/or catastrophic events such as fires, explosions or storms

The Issuer may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this Listing Statement.

Additional financing

The continued development of the Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Issuer's current business strategy or the Issuer ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Shares. In addition, from time to time, the Issuer may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Issuer would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Issuer's ability to pursue its business objectives.

Competition

The Issuer faces competition from other companies, some of which have longer operating histories and more financial resources and marketing experiences. There can be no assurance that potential competitors of the Issuer, which may have greater financial, R&D, sales and marketing and personnel resources than the Issuer, are not currently developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by the Issuer or which would otherwise render the Issuer's products or strategies obsolete. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Issuer.

Risks Related to Intellectual Property

As of the date of this Listing Statement, the Issuer dose not have its own proprietary formulations and processes with respect to the production of hashish. In the future, the Issuer's success and ability to compete effectively may depend, in part, on its ability to maintain the proprietary nature of formulations and processes it creates, and the ability to secure and protect any patents, trade secrets, trademarks and other intellectual property rights either developed internally or acquired by the Issuer from time to time, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights that it owns or licences. In the event that the Issuer's intellectual property rights were to be infringed by, disclosed to or independently developed by a competitor, enforcing a claim against such third party could be expensive and time-consuming and could divert management's attention from our business. In addition, the outcome of such proceedings is unpredictable. Any adverse outcome of such litigation or settlement of such a dispute could subject the Issuer to significant liabilities, and could put one or more of the Issuer's patents or patent application, as applicable, at risk of being not issued, of being invalidated, or of being interpreted narrowly.

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

Client acquisition and retention

The Issuer’s success depends on its ability to attract and retain customers. There are many factors which could impact the Issuer’s ability to attract and retain customers, including but not limited to the Issuer’s ability to continually produce desirable and effective product, the successful implementation of the Issuer’s branding and marketing strategy, the continued growth in the aggregate number of customers interested in consuming cannabis extracts and concentrates, and other companies producing and supplying similar products. The Issuer’s failure to acquire and retain customers would have a material adverse effect on the business, financial condition and operating results of the Issuer.

Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Issuer’s business. The introduction of new products embodying new technologies and the emergence of new industry standards may render the Issuer’s products less competitive or less marketable. The process of developing the Issuer’s future products may be complex and requires significant continuing costs, development efforts and third party commitments. The Issuer’s failure to develop new products and the obsolescence of existing products could adversely affect the business, financial condition and operating results of the Issuer. The Issuer may be unable to anticipate changes in its potential customer requirements that could make the Issuer’s existing products obsolete. The Issuer’s success will depend, in part, on its ability to continue to enhance its existing products, and develop new products that address the increasing sophistication and varied needs of the market on a timely and cost-effective basis. The development of the Issuer’s proprietary formulations and products entails significant technical and business risks. The Issuer may not be successful in creating new products, or exploiting its niche markets effectively or adapting its businesses to evolving customer requirements or preferences or emerging industry standards.

Unfavourable publicity or consumer perception

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

Product liability

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

Product recalls

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

Contamination and Production Interruptions

The Issuer has adopted various quality, environmental, health and safety standards. However, products may still not meet these standards or could otherwise become contaminated. A failure to meet these standards or contamination could occur in its operations or those of its suppliers. Such a failure or contamination could result in expensive production interruptions, recalls and liability claims. Moreover, negative publicity could be generated even from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect the Company’s business and financial performance.

Promoting the Brand

Promoting the Issuer’s brand will be critical to creating and expanding a customer base. Promoting the brand will depend largely on the Issuer’s ability to provide quality and innovative products. The Issuer may introduce new products or services that its customers do not like, which may negatively affect the brand and reputation. If the Issuer fails to successfully promote its brand or if it incurs excessive expenses in this effort, its business and financial results from operations could be materially adversely affected.

Success of Quality Control Systems

The quality and safety of the Issuer’s products are critical to the success of its business and operations. As such, it is imperative that the Issuer (and its service providers’) quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality of the training program and adherence by employees to quality control guidelines. Any significant failure or deterioration of such quality control systems could have a material adverse effect on the Issuer’s business and operating results.

Reliance on key inputs

The Issuer’s business is dependent on a number of key inputs and their related costs including raw materials and supplies, specifically cannabis. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Issuer. Examples of potential risks include, but are not limited to, the risk that crops may become diseased or victim to insects or other pests and contamination which could result in low crop yields, decreased availability of cannabis, and higher acquisition prices. 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 and operating results of the Issuer.

Risks Related to Third Party Relationships

The Issuer currently has, and may in the future enter into, strategic alliances with third parties that the Issuer believes will complement or augment its existing business or will have a beneficial impact on the Issuer. Strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Issuer's business, and may involve risks that could adversely affect the Issuer, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Issuer's existing strategic alliances will continue to achieve, the expected benefits to the Issuer's business or that the Issuer will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Liability arising from Fraudulent or Illegal Activity

The Issuer is exposed to the risk that its employees, independent contractors, consultants, service providers and licensors may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on the Issuer's behalf or in its service that violate (i) various laws and regulations, including healthcare laws and regulations, (ii) laws that require the true, complete and accurate reporting of financial information or data, (iii) the terms of the Issuer's agreements with third parties. Such misconduct could expose the Issuer to, among other things, class actions and other litigation, increased regulatory inspections and related sanctions, and lost sales and revenue or reputational damage.

The Issuer cannot always identify and prevent misconduct by its employees and other third parties, including third party service providers, and the precautions taken by the Issuer to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or in protecting it from governmental investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against the Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of its operations.

Difficulty to forecast

Detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis extracts industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Operating risk and insurance coverage

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

Costs of Operating as Public Company

As a public company, the Issuer will incur significant legal, accounting and other expenses that it did not incur as a private company. As a public company, the Issuer is subject to various securities rules and regulations, which impose various requirements on the Issuer, including the requirement to establish and maintain effective disclosure and financial controls and corporate governance practices. The Issuer's management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase the Issuer's legal and financial compliance costs and make some activities more time-consuming and costly.

Management of growth

The Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Conflicts of interest

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

In addition, the Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Issuer. In addition, from time to time, these persons may be competing with the Issuer for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer.

Unpredictable and volatile market price for Shares

The market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Issuer's control, including the following:

- actual or anticipated fluctuations in the Issuer's quarterly results of operations
- recommendations by securities research analysts
- changes in the economic performance or market valuations of companies in the industry in which the Issuer operate
- addition or departure of the Issuer's executive officers and other key personnel
- release or expiration of lock-up or other transfer restrictions on outstanding Issuer Shares
- sales or perceived sales of additional Issuer Shares
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Issuer or its competitors
- operating and share price performance of other companies that investors deem comparable to the Issuer
- fluctuations to the costs of vital production materials and services
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility
- operating and share price performance of other companies that investors deem comparable to the Issuer or from a lack of market comparable companies

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Issuer's industry or target markets

Financial markets may experience price and volume fluctuations that may affect the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Issuer's operating results, underlying asset values or prospects do not change. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses.

No dividends

The Issuer's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Issuer. Therefore, the Issuer does not anticipate paying cash dividends on the Issuer Shares in the foreseeable future. The Issuer's dividend policy will be reviewed from time to time by its Board of Directors in the context of its earnings, financial condition and other relevant factors. Until the time that the Issuer does pay dividends, which it might never do, its shareholders will not be able to receive a return on their Shares unless they sell them.

Future sales of Shares by existing shareholders

Sales of a substantial number of Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Shares intend to sell Shares, could reduce the market price of our Shares. Holders of options to purchase Shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Shares). As a result, these holders may need to sell Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Shares being sold in the public market, and fewer long-term holds of Shares by management and our employees.

18 PROMOTERS

Christopher Savoie may be considered to be promoter of the Issuer. Mr. Savoie has ownership and control of 5,000,000 Shares, representing 1.80% of the issued and outstanding shares of the Issuer as of the date of this Listing Statement.

Mr. Savoie is expected to receive compensation for services to be provided to the Issuer in his capacity as director and officer. See "*Executive Compensation*" and "*Directors and Officers*."

Mr. Savoie is a promoter is at the date hereof, has not been within 10 years before the date hereof, a director, chief executive officer, or financial officer of any person or company that:

a) was subject to an Order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an Order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Savoie

a) is not at the date hereof, and has not been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets; or

b) has within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

Mr. Savoie is not at the date hereof, nor has he been subject to

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

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

19 LEGAL PROCEEDINGS

19.1 Legal Proceedings

To the knowledge of the management of the Issuer, there are no actual or contemplated material legal proceedings to which the Issuer is a party.

19.2 Regulatory Actions

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

20 INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

The Issuer transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

In the last three years before the date of this Listing Statement, the Issuer entered into one such transaction; in 2019 during the First 2019 Financing, the Issuer issued 10,000,000 Shares to Donal Carroll, a director and Chief Financial Officer of the Issuer, at a price of $0.02 per Share.

21 AUDITORS, TRANSFER AGENTS, AND REGISTRARS

21.1 Auditors

The auditors of the Issuer are Zeifmans LLP at its office located at 201 Bridgeland Avenue, Toronto, ON, M6A 1Y7.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Issuer is Capital Transfer Agency at its office located at 390 Bay St Suite 920, Toronto, ON M5H 2Y2.

22 MATERIAL CONTRACTS

During the course of the two years prior to the date of the Listing Statement, the Issuer entered into the following material contracts, other than contracts entered into in the ordinary course of business:

1) Escrow Agreement (see Section 11 – *Escrowed Securities*).

2) Amended and Restated Medz Collaboration Agreement (see Section 3.1 – *General Development of the Business*)

3) Amended and Restated Black Rose Collaboration Agreement (see Section 3.1 – *General Development of the Business*)

4) Long-Term Lease (see Section 4.1 – *Narrative Description of the Issuer's Business*)

5) Long-Term Lease Amendment (see Section 4.1 – *Narrative Description of the Issuer's Business*)

6) Product Acquisition Agreement (see Section 3.1 - *General Development of the Business)*

23 INTERESTS OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Issuer or of an associate or affiliate of the Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Issuer or of an associate or affiliate of the Issuer and no such person is a promoter of the Issuer or an associate or affiliate of the Issuer.

Zeifmans LLP is independent of the Issuer in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

24 OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Issuer or its respective securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25 FINANCIAL STATEMENTS

Schedule "A" contains the audited consolidated financial statements of the Issuer for the fiscal years ended December 31, 2020, 2019 and 2018.

Schedule "B" contains the Issuer's MD&A for the fiscal year ended December 31, 2020 and December 31, 2019.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, this 31st day of May, 2021.

signed "Christopher Savoie"	*signed "Donal Carroll"*
Christopher Savoie , CEO and Director	Donal Carroll, CFO, Director, and Secretary
signed "Thomas Keevil"	*signed "Binyomin Posen"*
Thomas Keevil, Director	Binyomin Posen, Director

CERTIFICATE OF THE PROMOTER

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, this 31st day of May, 2021.

signed "Christopher Savoie"

Christopher Savoie, Promoter, CEO, and Director

SCHEDULE "A"

AUDITED FINANCIAL STATEMENTS OF THE ISSUER

(See attached)

The Hash Corporation
Financial Statements

For the years ended December 31, 2020 and 2019
[expressed in Canadian dollars, except share amounts]

Zeifmans

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Hash Corporation

Opinion

We have audited the financial statements of The Hash Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We have conducted our audits in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 [b] to the financial statements which indicates that the Company has incurred a net loss and comprehensive loss of $2,021,138 for the year ended December 31, 2020 and had an accumulated deficit of $7,983,974 at December 31, 2020. These events or conditions along with other matters as set forth in Note 2[b], indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis ("MD&A").

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be misstated.

We obtained the MD&A prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting for error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in or auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audits resulting in this independent auditors' report is Ahmad Aslam, CPA, CA.

Zeifmans LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
February 17, 2021

The Hash Corporation

STATEMENTS OF FINANCIAL POSITION
As at December 31, 2020 and 2019
[expressed in Canadian dollars]
[see going concern uncertainty – note 2]

	Notes	**2020** $	**2019** $
ASSETS			
Current assets			
Cash and cash equivalents		**2,051,028**	2,672,404
Sales tax receivable		**44,966**	22,802
Prepaid expenses and other assets		**20,559**	1
		2,116,553	2,695,207
Non-current assets			
Deposits		**40,344**	—
Equipment, net	4	**103,645**	—
		2,260,542	2,695,207
LIABILITIES			
Current liabilities			
Trade and other payables		**224,825**	252,391
		224,825	252,391
SHAREHOLDERS' EQUITY			
Share capital	5	**8,020,096**	6,629,052
Warrants	5	**1,999,595**	1,776,600
Accumulated deficit		**(7,983,974)**	(5,962,836)
		2,035,717	2,442,816
		2,260,542	2,695,207

Commitments and contingencies	9
Subsequent events	13

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

On behalf of the Board:

The Hash Corporation

STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2020 and 2019
[expressed in Canadian dollars, except number of shares]

	Notes	**2020** $	2019 $
Expenses			
Share-based payments	5	**1,168,289**	1,532,500
Salaries and wages		**546,202**	312,391
Rent, general office and travel		**180,045**	92,206
Professional fees		**107,920**	103,999
Depreciation	4	**18,682**	—
Total operating expenses		**2,021,138**	2,041,096
Net loss and comprehensive loss		**(2,021,138)**	(2,041,096)
Net loss per share			
Basic and diluted	7	**(0.01)**	(0.03)
Weighted average number of shares outstanding – basic and diluted	7	**190,399,252**	65,887,914

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2020 and 2019
[expressed in Canadian dollars, except number of shares]

	Share capital		Warrants		Accumulated deficit	Total
	#	$	#	$	$	$
Balance, December 31, 2018	**25,024,167**	**3,845,851**	**22,250,000**	**82,538**	**(3,921,740)**	**6,649**
Shares issued *[note 5]*	134,046,123	2,788,763	13,404,573	156,000	—	2,944,763
Share-based payments *[note 5]*	—	—	100,000,000	1,532,500	—	1,532,500
Warrants extended	—	(5,562)	—	5,562	—	—
Net loss and comprehensive loss	—	—	—	—	(2,041,096)	(2,041,096)
Balance, December 31, 2019	**159,070,290**	**6,629,052**	**135,654,573**	**1,776,600**	**(5,962,836)**	**2,442,816**
Shares issued *[note 5]*	3,000,000	127,845	300,000	7,155	—	135,000
Warrants exercised *[note 5]*	62,150,000	1,263,199	(62,150,000)	(952,449)	—	310,750
Warrants extended *[note 5]*	—	—	—	1,168,289	—	1,168,289
Net loss and comprehensive loss	—	—	—	—	(2,021,138)	(2,021,138)
Balance, December 31, 2020	**224,220,290**	**8,020,096**	**73,804,573**	**1,999,595**	**(7,983,974)**	**2,035,717**

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

The Hash Corporation

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019
[expressed in Canadian dollars]

	2020 $	2019 $
Operating activities		
Net loss	**(2,021,138)**	(2,041,096)
Add items not affecting cash		
Depreciation	**18,682**	—
Share-based payments	**1,168,289**	1,532,500
Changes in non-cash working capital balances		
Sales tax receivable	**(22,164)**	(62,597)
Prepaid expenses and other assets	**(20,558)**	—
Trade and other payables	**(27,566)**	193,110
Cash used in operating activities	**(904,455)**	(378,083)
Investing activities		
Deposits	**(40,344)**	—
Purchase of equipment	**(122,327)**	—
Cash used in investing activities	**(162,671)**	—
Financing activities		
Proceeds from issuance of shares	**135,000**	2,944,763
Proceeds from exercise of warrants	**310,750**	—
Cash provided by financing activities	**445,750**	2,944,763
Net change	**(621,376)**	2,566,680
Cash and cash equivalents, beginning of year	**2,672,404**	105,724
Cash and cash equivalents, end of year	**2,051,028**	2,672,404

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

Notes to the financial statements

[expressed in Canadian dollars]

December 31, 2020 and 2019

1. Nature of business

The Hash Corporation (the "Company") 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.

The Company is positioning itself to focus on the production and sale of cannabis-based hashish and other cannabis products. The Company intends to apply its separation and curing techniques to produce a suite of high-quality cannabis resin products, which are all-natural and free of additive and carcinogenic solvents. At present, the Company does not possess the licences required to carry on its business in producing and selling cannabis-based hashish and other cannabis concentrates. In particular, the Company does not have a Standard Processing Licence and a Cannabis Licence under the Cannabis Act. The Company does not intend to apply for both these licences and instead relies on the Collaboration Agreement with Medz Cannabis Incorporated, an Ontario-based, privately-owned company, licensed for the cultivation, processing and sale of medical cannabis under the Cannabis Act (see Note 9).

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

Impact of COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. 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.

2. Basis of presentation

[a] Statement of compliance

These financial statements ("financial statements") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The polices set out below have been consistently applied to all periods presented, unless otherwise noted. Certain comparative figures have been reclassified to conform to the current year's presentation.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 17, 2021.

[b] Going concern uncertainty

The financial statements of the Company for the years ended December 31, 2020 and 2019 have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at December 31, 2020, the Company has an accumulated deficit of $7,983,974 (2019 – $5,962,836), a net loss of $2,021,138 (2019 – $2,041,096) and a working capital surplus of $1,891,728 (2019 – $2,442,816). Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions, COVID-19, approval by regulatory bodies, and adverse results from operations. The above events and conditions indicate there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

[c] Basis of measurement

These financial statements have been prepared on a historical cost basis. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, expect for share-based payment transactions that are within the scope of *IFRS 2 Share-based payment*.

[d] Functional currency and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

[e] Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

[i] Going concern

At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

[ii] Estimated useful lives, residual values and depreciation of equipment

Depreciation of equipment is dependent upon estimates of useful lives and residual values, which are determined through the exercise of judgment. The assessment of any impairment of these assets' is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

[iii] Impairment of equipment

Impairment testing requires management to make estimates related to future cash flow projections and market trends. Impairment of equipment is influenced by judgment in defining a cash generating unit and determining the indicators of impairment and estimates used to measure impairment losses.

[iv] Valuation of share-based payments and warrants

Management measures the costs for share-based payments and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected term, expected risk-free interest rate and the rate of forfeiture. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

3. Significant accounting policies

[a] Cash and cash equivalents

Cash and cash equivalents include deposits held with major financial institutions. There are no restrictions on cash held in trust or cash held in savings account.

[b] Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the statements of loss and comprehensive loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of loss and comprehensive loss.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in the statements of loss and comprehensive loss.

Depreciation is based on the estimated useful lives of the assets on a straight-line basis from the date the asset is available for use. The estimated useful lives are as follows:

Production equipment	3 years
Computer equipment	3 years

An item of equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation and the depreciation charge are adjusted prospectively, if appropriate.

[c] Income taxes

Income tax expense includes both current and deferred taxes. Current tax and deferred tax are recognized in net profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes receivable on taxable loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities arise from temporary differences between the carrying amounts of the assets and liabilities and their tax bases and are recorded in the statements of financial position. The Company calculates deferred tax assets and liabilities using enacted or substantively enacted tax rates that will apply in the years the temporary differences are expected to reverse.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

[d] Share-based compensation

Share options and warrants awarded to non-employees are accounted for using the fair value of the instrument awarded or service provided, whichever is considered more reliable. Share options and warrants awarded to employees are accounted for using the fair value of the equity instruments granted. The fair value of such share options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

[e] Net loss per share

Net loss per share is calculated based on the profit for the financial year and the weighted average number of common shares outstanding during the year. Diluted net loss per share is calculated using the profit for the financial year adjusted for the effect of any dilutive instruments and the weighted average diluted number of shares (ignoring any potential issue of common shares that would be anti-dilutive) during the year.

[f] Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from the change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, unless it has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and for leases of low value assets. The lease payments associated with those leases is recognized as an expense on a straight-line basis over the lease term.

[g] Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets are tested for impairment when there are indicators of impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Intangible assets with an indefinite useful life are tested for impairment at least annually in the fourth quarter and whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in net loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

[h] Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (‘‘FVOCI’’); or fair value through profit and loss (‘‘FVTPL’’). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial asset as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	Subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	Subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss, even upon derecognition.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities and equity instruments

- Classification as debt or equity

  Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

- Equity instruments

  An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

- Classification of financial instruments

  The Company classifies its financial assets and liabilities as outlined below:

Cash and cash equivalents	Amortized cost
Trade and other payables	Amortized cost

Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade and other receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing a loss allowance based on lifetime expected losses at each reporting date taking into considerations historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company does not have any trade and other receivables outstanding and therefore has not assessed the ECL.

New standards, amendment and interpretation adopted by the Company

IFRS 3 - *Business combinations* ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The amendment adoption did not have a significant impact on the Company's financial statements.

IAS 1 - *Presentation of financial statements* ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across International Financial Reporting Standards and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The amendment adoption did not have a significant impact on the Company's financial statements.

[expressed in Canadian dollars]

December 31, 2020 and 2019

4. Equipment

Equipment as at December 31, 2020 is as follows:

	Construction in progress	Computer equipment	Production equipment	Total
	$	$	$	$
Cost				
Balance, December 31, 2019	—	—	—	—
Additions	4,000	9,670	108,657	122,327
Balance, December 31, 2020	**4,000**	**9,670**	**108,657**	**122,327**
Accumulated depreciation				
Balance, December 31, 2019	—	—	—	—
Depreciation	—	302	18,380	18,682
Balance, December 31, 2020	**—**	**302**	**18,380**	**18,682**
Balance, December 31, 2019	—	—	—	—
Balance, December 31, 2020	**4,000**	**9,368**	**90,277**	**103,645**

5. Share capital

[a] Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

[b] Issued and outstanding

The Company's share capital is as follows:

	Common Shares		Warrants	
	#	$	#	$
December 31, 2018	25,024,167	3,845,851	22,250,000	82,538
Shares issued [i]	134,046,123	2,788,763	13,404,573	156,000
Share-based payments [ii]	—	—	100,000,000	1,532,500
Warrants extended	—	(5,562)	—	5,562
December 31, 2019	**159,070,290**	**6,629,052**	**135,654,573**	**1,776,600**
Shares issued [iv]	3,000,000	127,845	300,000	7,155
Warrants exercised [iii]	62,150,000	1,263,199	(62,150,000)	(952,449)
Warrants extended [v]	—	—	—	1,168,289
December 31, 2020	**224,220,290**	**8,020,096**	**73,804,573**	**1,999,595**

i. On August 30, 2019, the Company completed tranche 1 of a private placement through the issuance of 108,325,732 shares at a price of $0.02 per share for total gross proceeds of $2,166,514 ("Financing I"). The Company issued 10,832,573 compensation warrants. The Company estimated the fair value of the 10,832,573 warrants at $102,085 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.

   On September 19, 2019, the Company completed tranche 2 of Financing I through the issuance of 5,000,000 common shares at a price of $0.02 per share for total gross proceeds of $100,000. The Company issued 500,000 compensation warrants. 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.

On November 4, 2019, the Company completed tranche 1 of a private placement through issuance of 18,580,391 common shares at a price of $0.05 per share for gross proceeds of $929,020 ("Financing II"). The Company issued 1,850,000 warrants. The Company estimated the fair value of the 1,858,000 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.

On December 23, 2019, the Company completed tranche 2 of Financing II through issuance of 2,140,000 common shares at a price of $0.05 per share for gross proceeds of $107,000. The Company issued 214,000 warrants. 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.

Total transaction costs for Financing I and Financing II were $513,771.

ii. On July 8, 2019, the Company granted 100,000,000 special warrants to an arm's length consultant, each special warrant entitling the holder thereof to acquire one common share at a price of $0.005.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%, Expected dividends – Nil, Share price $0.02, Exercise price - $0.005. The warrants were recorded as share-based payments in the statement of loss and comprehensive loss.

iii. On July 8, 2020, the Company issued 62,150,000 common shares as a result of 62,150,000 warrants being exercised to acquire one common share each at a price of $0.005 per share for gross proceeds of $310,750. Of the 62,150,000 warrants exercised, 17,900,000 warrants were exercised by related parties for gross proceeds of $89,500.

iv. On July 8, 2020, the Company completed a private placement through the issuance of 3,000,000 common shares at a price of $0.05 per share for total gross proceeds of $150,000. Total transaction costs related to the private placement were $15,000. The Company also issued 300,000 compensation warrants. The fair value of the warrants was determined to be $7,155. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 0.29%, Expected life – 2 years, Expected annual volatility – 90%, Expected dividends – Nil, Share price $0.05, Exercise price - $0.05.

v. On July 8, 2020, the Company extended 37,850,000 warrants that were to expire on July 8, 2020 to three months following the date the common shares are listed on a recognized exchange. The exercise price of the warrants was increased from $0.005 to $0.02 as a result of the extension. The fair value of the warrants was determined to be $1,168,289. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 0.29%, Expected life – 0.57 years, Expected annual volatility – 90%, Expected dividends – Nil, Share price $0.05, Exercise price - $0.02.

[expressed in Canadian dollars]

The change in the number of warrants issued during the years ended December 31, 2020 and 2019 were as follows:

	Number of warrants	Weighted average exercise price
	#	$
Outstanding as at December 31, 2018	22,250,000	0.040
Granted	113,404,573	0.007
Outstanding as at December 31, 2019	135,654,573	0.013
Granted	300,000	0.050
Exercised	(62,150,000)	0.005
Outstanding as at December 31, 2020	**73,804,573**	**0.027**

Measurement of fair values

The fair value of warrants outstanding during the years ended December 31, 2020 and 2019 were estimated at the date of grant using the Black-Scholes option pricing model with the following inputs:

	2020	2019
Grant date share price	**$0.05**	$0.02 - $0.05
Exercise price	**$0.02 - $0.05**	$0.005 - $0.05
Expected dividend yield	—	—
Risk free interest rate	**0.29%**	1.35% - 1.68%
Expected life	**0.57 - 2 Years**	1 to 2 Years
Expected volatility	**90%**	87% - 93%

The following table is a summary of the Company’s warrants outstanding as at December 31, 2020:

Expiry Date	Exercise price $	Number outstanding #
3 months after listing on public exchange	0.04	22,250,000
3 months after listing on public exchange	0.02	37,850,000
August 30, 2021	0.02	10,832,573
September 19, 2021	0.02	500,000
November 5, 2021	0.05	1,858,000
December 23, 2021	0.05	214,000
July 8, 2022	0.05	300,000
	0.03	**73,804,573**

6. Share-based compensation

The Company has established a share option plan (the “Option Plan”) for directors, officers, employees and consultants of the Company. The Company’s Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan, the term and vesting periods, and the exercise price of options granted to individuals under the Option Plan.

[expressed in Canadian dollars]

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board has increased such limit by a Board resolution. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired or cancelled shall again be available under the option Plan.

Share-based payment arrangements

	Number of options #	Weighted average exercise price $
Outstanding as at December 31, 2018	75,000	1.00
Granted (i)	20,000,000	0.05
Expired	(75,000)	(1.00)
Outstanding as at December 31, 2019	20,000,000	0.05
Forfeited	(4,500,000)	0.05
Outstanding as at December 31, 2020	**15,500,000**	**0.05**

(i) Options were granted to key management personnel of the Company on August 28, 2019. The options vest upon achievement of certain non-market performance conditions related to the Company's operations and activities. Upon issuance, as at December 31, 2019 and as at December 31, 2020, the Company does not expect that these non-market performance conditions will be met prior to the expiry of the options and therefore no share-based compensation has been recognized for these options.

Options outstanding			Options exercisable	
Exercise price $	Number outstanding #	Weighted average remaining contractual life [years] #	Exercise price $	Number exercisable #
0.05	15,500,000	1.66	—	—

7. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of warrants and share options. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the years ended December 31, 2020 and 2019 presented are as follows:

	December 31, 2020 #	December 31, 2019 #
Warrants	**73,804,573**	135,654,573
Share Options	**15,500,000**	20,000,000
	89,304,573	155,654,573

Notes to the financial statements

[expressed in Canadian dollars]

December 31, 2020 and 2019

8. Income taxes

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the years in which those temporary differences become deductible. The income tax benefit in the statements of loss and comprehensive loss differs from the amount that would be computed by applying the federal and provincial statutory income tax rate of 26.5% for the years ended December 31, 2020 (2019 – 26.5%) to loss for the year.

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2019 – 26.5%) to the effective tax rate is as follows:

	2020	2019
	$	$
Net loss before tax	**(2,021,138)**	(2,041,096)
Expected tax rate	**26.5%**	26.5%
Expected tax benefit resulting from loss	**(535,602)**	(540,890)
Non-deductible expenses	**311,343**	311,308
Other	**(3,974)**	385
Change in unrecognized deferred tax assets	**228,233**	229,197
Income tax recovery	**—**	—

As at December 31, 2020, the deferred tax asset of $859,268 (2019 – $631,035) has not been recognized because at this stage of the Company's operations, management is unable to establish that it is probable that taxable income will be generated against which the Company will utilize such loss carry forwards.

The Company's unrecognized deferred tax assets are as follows:

	2020	2019
	$	$
Non-capital loss carry-forwards	**480,545**	230,356
Share issuance costs	**60,008**	75,844
Equipment	**(6,120)**	—
Other	**324,835**	324,835
	859,268	631,035
Valuation allowance	**(859,268)**	(631,035)
	—	—

As at December 31, 2020 there were unused non-capital losses of $1,813,376 (2019 – $869,267) which expire as follows:

	$	$
2037	**19,294**	19,294
2038	**271,282**	271,282
2039	**578,691**	578,691
2040	**944,109**	—
	1,813,376	869,267

[expressed in Canadian dollars]

9. Commitments and contingencies

Commitments

Medz Cannabis Collaboration Agreement

On April 20, 2020, the Company entered into a five-year collaboration agreement with Medz Cannabis Inc. (“Medz”) to produce and sell cannabis-based hashish and other cannabis concentrates. Per the agreement, Medz is to provide the Company with licensed processing space at the Medz licensed facility for the purposes of manufacturing, packing and selling products. The Company is responsible for all costs incurred related to the production and is to grant Medz certain profit sharing rights in connection with the sale of products produced within the Medz facility. The Company is to pay Medz a 3.5% royalty on all revenues generated from sale of the products produced in the Medz facility, and a 5% royalty on any tolling or service revenue earned by the Company on certain service contracts.

The Company has entered into a short-term lease for approximately 500 square feet of licensed production space in the Medz facility commencing May 1, 2020 and a long-term lease for approximately 1,880 square feet of production and office space as well as access to common space for a term of two years commencing on February 28, 2021. The Company has the option to renew the lease for additional terms.

Contingencies

Legal matters

From time to time, the Company may be named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to profit or loss in that period.

10. Related party transactions and balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly.

Key management personnel compensation during the year ended December 31, 2020 and 2019 comprised of:

	2020	2019
	$	$
Salaries, benefits, bonuses and management fees	**430,000**	243,333

The Company owes related parties $41,753, recognized part of trade and other payables as at December 31, 2020. During the year ended December 31, 2020 there was 17,900,000 warrants exercised by related parties for gross proceeds of $89,500. Refer to Note 5[b][iii].

11. Capital management

The Company's capital management objectives are to maintain financial flexibility in order to focus on the production and sale of cannabis-based hashish and other cannabis products. The Company defines capital as the aggregate of its share capital and borrowings.

As at December 31, 2020, the Company's share capital is $8,020,096 (2019 – $6,629,052). The Company does not have any long-term debt.

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

12. Financial instruments and risk management

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 contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company does not currently have any outstanding trade receivables with customers.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables are all due within twelve months from the date of these financial statements.

If unanticipated events occur that impact the Company's ability to complete products for sale, the Company may need to take additional measures to increase its liquidity and capital resources, including issuing debt or additional equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is not exposed to foreign currency risk as at December 31, 2020 as it does not hold any material financial instruments in foreign currency.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at December 31, 2020 as there are no borrowings outstanding.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at December 31, 2020.

Fair values

The carrying values of cash, sales tax receivables and trade and other payables approximate fair values due to the short-term nature of these items or they are being carried at fair value. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels. The Company did not have any financial instruments stated at fair value as at December 31, 2020 and 2019.

13. Subsequent events

On February 3, 2021, the Company entered into a five-year collaboration agreement with Black Rose Organics Inc. (“BRO”). Under the terms of the agreement the Company is to have access to a production space licensed for Cannabis Production within BRO’s facility. BRO is to also assist the Company with obtaining the necessary license amendments from Health Canada to permit the Company and BRO to produce and sell cannabis products. The Company and BRO are to share profits from the sale of products produced by the Company in the BRO facility.

On February 17, 2021, the Company granted a total of 4,000,000 share options to certain members of the Board of Directors. The share options vest immediately, have an exercise price of $0.11 per share option, and expire 3 years from the date of issuance.

SCHEDULE "B"

ANNUAL MD&A OF THE ISSUER

(See attached)

The Hash Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis of financial condition and results of operations ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "we", "us" or "our" refer to The Hash Corporation, as constituted on December 31, 2020.

This MD&A for the three months and fiscal years ended December 31, 2020 and 2019 should be read in conjunction with the Company's audited financial statements, the accompanying notes for the fiscal years ended December 31, 2020, and 2019. The financial information presented in this MD&A is derived from the Company's audited financial statements for fiscal years ended December 31, 2020 and 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in Canadian dollars except where otherwise indicated.

This MD&A is dated as of February 18, 2021.

FORWARD-LOOKING INFORMATION

The information provided in this MD&A, including information incorporated by reference, may contain certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking statements") within the meaning of applicable Canadian legislation about our current expectations, estimates and projections about the future, based on certain assumptions made by us in light of the Company's experience and perception of historical trends. Although we believe that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

This forward-looking information is identified by words such as "anticipate", "believe", "expect", "plan", "forecast", "future", "target", "project", "capacity", "could", "should", "focus", "proposed", "scheduled", "outlook", "potential", "may" or similar expressions and includes suggestions of future outcomes, including statements about the Company's intention to produce and the expected costs and timing thereof; the Company's proposed collaboration agreements with other entities; the Company's expected production capacity; the estimated costs of the Company's proposed capital projects and future investments; potential proceeds from the exercise of the Company's outstanding share purchase warrants; actions taken by the Company, or that the Company may take in the future, to adjust its capital structure; potential effects of regulations under the Cannabis Act (Canada) (together with the regulations thereunder (the "Cannabis Regulations"), the "Cannabis Act") and related legislation introduced by provincial governments. Readers are cautioned not to place undue reliance on forward-looking information as the Company's actual results may differ materially from those expressed or implied.

The Company has made certain assumptions with respect to the forward-looking statements regarding, among other things: the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; general economic, financial market, regulatory and political conditions in which the Company operates; the expected yield from the Company's operations; interest in the Company's products or services; anticipated and unanticipated costs; government regulation of the Company's activities; the timely receipt of any required regulatory approvals; the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the Company's ability to conduct operations in a safe, efficient and effective manner; and the Company's expansion plans and timeframe for completion of such plans.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the limited operating history of the Company and history of losses; the Company's ability to continue as a going concern; the Company's ability to generate sufficient revenue to be profitable; the Company's ability to raise the capital necessary for it to execute its strategy; increased competition in the cannabis markets in Canada and internationally; rising energy costs; the Company's reliance on key persons; the Company's compliance with environmental, health and safety laws and regulations; insurance risks; interruptions in the supply chain for key inputs; demand for skilled labour, specialized knowledge, equipment, parts and components; reliance on the operations of the Company's partners; results of litigation; conflicts of interest between the Company and its directors and officers; payment of dividends; the partial dependence of the Company's operations on the maintenance and protection of its information technology systems; unforeseen tax and accounting requirements; regulatory risks relating to compliance with the Cannabis Act and Cannabis Regulations; changes in laws; changes to the market price of cannabis; the ability of the Company to produce and sell cannabis supply with collaboration agreements; failure to execute definitive agreements with entities in which the Company has entered *into letters of intent or memoranda of understanding; changes in government; changes in government policy; failure of counterparties to perform contractual obligations; the Company's ability to successfully develop new products or find a market for their sale; lack of certainty regarding the expansion of the cannabis market; ability of key employees of the Company to obtain or renew security clearances in the future; reputational risks to third parties with whom the Company does business; failure to comply with laws and regulations; the Company's reliance on its own market research and forecasts; competition from synthetic production and new technologies; the existence and growth of the cannabis industry; misconduct or other improper activities by employees, independent contractors, consults, commercial partners and vendors; failure to comply with health and data protection laws; inability to obtain or maintain sufficient intellectual property protection for the Company's products; third-party claims of intellectual property infringement; patent terms being insufficient to protect competitive position on product candidates; inability to obtain patent term extensions or non-patent exclusivity; inability to protect the confidentiality of trade secrets; inability to protect trademarks and trade names; and other factors beyond the Company's control.*

The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements contained or incorporated by reference in this MD&A are made as of the date of this MD&A or as otherwise specified. Except as required by applicable securities laws, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors affecting those statements, whether as a result of new information, future events or otherwise or the foregoing lists of factors affecting this information.

All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

OVERVIEW

The Hash Corporation (the "Company") 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. The head office of the Company's is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

The Company is positioning itself to focus on the production and sale of cannabis-based hashish and other cannabis products. The Company intends to apply its separation and curing techniques to produce a suite of high-quality cannabis resin products, which are all-natural and free of additive and carcinogenic solvents. At present, the Company does not possess the licenses required to carry on its business in producing and selling cannabis-based hashish and other cannabis concentrates. In particular, the Company does not have a Standard Processing License and a Cannabis License under the Cannabis Act. The Company does not intend to apply for both these licenses and instead relies on the Collaboration Agreement with Medz Cannabis Incorporated, an Ontario-based, privately-owned company, licensed for the cultivation, processing and sale of medical cannabis under the Cannabis Act.

On April 20, 2020, the Company has entered into five-year collaboration agreement with Medz Cannabis. ("Medz") to produce and sell cannabis-based hashish and other cannabis concentrates. Per the agreement Medz will provide the Company with licensed processing space at Medz licensed facility for the purposes of manufacturing, packing and selling products. The Company is responsible for all costs incurred related to the production and will grant Medz certain profit-sharing rights in connection with the sale of products produced within the Medz facility. The Company will pay Medz a 3.5% royalty on all revenues generated from sale of the products produced in the Medz facility, and a 5% royalty on any tolling or service revenue earned by the Company on certain service contracts.

The Company has entered into a short-term lease for approximately 500 square feet of licensed production space in the Medz facility starting May 1, 2020 and a long term lease for approximately 1,880 square feet of production and office space as well as access of common space and material storage for the term of two year to beginning on February 28, 2021. The Company has the option to renew the lease for additional terms.

IMPACT OF COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. 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.

SELECTED FINANCIAL HIGHLIGHTS

	As at December 31, 2020	As at December 31, 2019	Change	
	$	$	$	%
Cash	2,051,028	2,672,404	(621,376)	-23%
Total assets	2,260,542	2,695,207	(434,665)	-16%
Total liabilities	224,825	252,391	(27,566)	-11%

Cash as at December 31, 2020 was $2,051,028 compared to cash of $2,672,404 as at December 31, 2019. The decrease of $621,376 or 23% is primarily due to cash used in operating activities and purchases of equipment.

Total assets as at December 31, 2020 were $2,260,542 resulting in a decrease of $434,665 or 16% compared to December 31, 2019. The decrease is primarily attributable to the reduction in cash, offset by an increase in equipment and sales tax receivable as a result of purchases and expenses incurred, respectively.

Total liabilities as at December 31, 2020 were $224,825 resulting in a decrease of $27,566 or 11% compared to December 31, 2019. The decrease is due to the decline in trade and other payables.

RESULTS OF OPERATIONS

The following table outlines our statements of loss and comprehensive loss for the three months ended and year ended December 31, 2020 and 2019:

	Three months ended December 31,				For the year ended December 31,			
	2020	2019	Change		**2020**	2019	Change	
	$	$	$	%	**$**	$	$	%
Expenses								
Share-based payments	**—**	12,900	(12,900)	-100%	**1,168,289**	1,532,500	(364,211)	-24%
Salaries and wages	**143,626**	134,741	8,885	7%	**546,202**	312,391	233,811	75%
Rent, general office and travel	**86,567**	69,207	17,360	25%	**180,045**	92,206	87,839	95%
Professional fees	**57,245**	13,640	43,605	320%	**107,920**	103,999	3,921	4%
Depreciation	**8,179**	—	8,179	100%	**18,682**	—	18,682	100%
Total operating expenses	**295,617**	230,488	65,129	28%	**2,021,138**	2,041,096	(19,958)	-1%
Net loss and comprehensive loss	**(295,617)**	(230,488)	(65,129)	28%	**(2,021,138)**	(2,041,096)	19,958	-1%

REVIEW OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Share-based payments

Share-based payments for the year ended December 31, 2020 were $1,168,289 compared to $1,532,500 for the year ended December 31, 2019. The full expense for the year ended December 31, 2020 is related to 37,850,000 warrants that were due to expire on July 8, 2020 and were extended on July 8, 2020 with an exercise price set at $0.02 to a later date. The incremental fair value of the warrants was calculated using the Black Scholes model and recognized as share-based payment.

Salaries and wages

Salaries and wages increased from $312,391 to $546,202 for the year ended December 31, 2020, compared to the year ended December 31, 2019. The increase of $233,811 or 75% is primarily related to employees having been employed for the full year in 2020.

Rent, general office and travel

Rent, general office and travel expenses are primarily comprised of rent for the facilities, general office related expenses and travel expenses. Rent, general office and travel expenses increased from $92,206 to $180,045 or 95% for the year ended December 31, 2020, compared to the year ended December 31, 2019. The increase is primarily due to the commencement of operations in the second half of fiscal 2019 compared to the full year of operations in 2020. As the Company's operations grow, rent, general office and travel expenses are expected to increase.

Professional fees

Professional fees increased from $103,999 to $107,920 or 4% for the year ended December 31, 2020, compared to the year ended December 31, 2019. Professional fees include legal, accounting and consulting expenses that fluctuate from period to period based on the nature of the transactions the Company undertakes.

Depreciation

Depreciation expense increased from $nil to $18,682 or 100% for the year ended December 31, 2020, compared to the year ended December 31, 2019. The increase is related to depreciation on equipment acquired and made available for use during the year ended December 31, 2020.

REVIEW OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

Salaries and wages

Salaries and wages increased from $134,741 to $143,626 for the three months ended December 31, 2020, compared to the three months ended December 31, 2019. The increase of $8,885 or 7% is primarily related to an increase in employees during the three months ended December 31, 2020.

Rent, general office and travel

Rent, general office and travel expenses are primarily comprised of rent for the facilities and other general office related expenses. Rent, general office and travel expenses increased from $69,207 to $86,567 or 25% for the three months ended December 31, 2020, compared to the three months ended December 31, 2019. The increase of $17,360 is primarily due to the growth of operations. As the Company's operations grow, rent, general office and travel expenses are expected to increase.

Professional fees

Professional fees increased from $13,640 to $57,245 or 320% for the three months ended December 31, 2020, compared to the three months ended December 31, 2019. Professional fees include legal, accounting and consulting expenses that fluctuate from period to period based on the nature of the transactions the Company undertakes.

Depreciation

Depreciation expense increased from $nil to $8,179 or 100% for the three months ended December 31, 2020, compared to the three months ended December 31, 2019. The increase is related to depreciation on equipment acquired and made available for use during the year ended December 31, 2020.

SELECTED QUARTERLY INFORMATION

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters commencing January 1, 2019 and ending December 31, 2020. The information for each of these quarters has been prepared on the same basis as the audited financial statements for the year ended December 31, 2020. This data should be read in conjunction with our audited annual financial statements for the years ended December 31, 2020 and 2019. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	$	$	$	$	$	$	$	$
Total operating expenses	295,617	1,373,719	191,804	159,998	230,488	1,749,062	33,220	28,326
Net loss	(295,617)	(1,373,719)	(191,804)	(159,998)	(230,488)	(1,749,062)	(33,220)	(28,326)
Net loss per share - basic and diluted	(0.001)	(0.006)	(0.001)	(0.001)	(0.002)	(0.028)	(0.001)	(0.001)

FINANCIAL POSITION

	As at December 31, 2020	As at December 31, 2019	Change $	%
ASSETS				
Current				
Cash and cash equivalents	**2,051,028**	2,672,404	(621,376)	-23%
Sales tax receivable	**44,966**	22,802	22,164	97%
Prepaid expenses and other assets	**20,559**	1	20,558	2055800%
Total current assets	**2,116,553**	2,695,207	(578,654)	-21%
Non-current				
Deposits	**40,344**	—	40,344	100%
Equipment, net	**103,645**	—	103,645	100%
Total non-current assets	**143,989**	—	143,989	100%
Total assets	**2,260,542**	2,695,207	(434,665)	-16%
LIABILITIES				
Current				
Trade and other payables	**224,825**	252,391	(27,566)	-11%
Total current liabilities	**224,825**	252,391	(27,566)	-11%
Total liabilities	**224,825**	252,391	(27,566)	-11%
SHAREHOLDERS' EQUITY				
Share capital	**8,020,096**	6,629,052	1,391,044	21%
Warrants	**1,999,595**	1,776,600	222,995	13%
Accumulated deficit	**(7,983,974)**	(5,962,836)	(2,021,138)	34%
Total shareholders' equity	**2,035,717**	2,442,816	(407,099)	-17%
Total liabilities and shareholders' equity	**2,260,542**	2,695,207	(434,665)	-16%

Assets

Current assets

Current assets decreased by $578,654 or 21%, primarily due to a decrease in cash used in operating activities and cash used to purchase equipment during the year ended December 31, 2020, which was offset by cash provided by financing activities during the year ended December 31, 2020.

Non-current assets

Non-current assets increased by $143,989 or 100% due to the purchase of equipment and deposit on equipment during the year ended December 31, 2020 offset by related depreciation on the equipment recorded during the year ended December 31, 2020.

Liabilities

Current liabilities

Trade and other payables decreased by $27,566 or 11%, due to normal business activities.

Shareholders' equity

Shareholders' equity decreased by $407,099 or 17% compared to December 31, 2019 due to net loss of $2,021,138 for the year ended December 31, 2020 offset by increases in share capital and warrants due to share issuances, exercise of warrants and extension of warrants.

LIQUIDITY, CAPITAL RESOURCES AND FINANCING

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders and provide an adequate return on investment to our shareholders by continuing to invest in our future that is commensurate with the level of operating risk we assume. We determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

The financial statements and this MD&A has been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The financial statements and this MD&A do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at December 31, 2020, the Company has an accumulated deficit of $7,983,974, a net loss of $2,021,138 for the year ended December 31, 2020 and a working capital surplus of $1,891,728 as at December 31, 2020. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions, COVID-19, approval by regulatory bodies, and adverse results from operations. The outcome of these matters cannot be predicted at this time.

As at December 31, 2020 the Company had cash of $2,051,028 representing a decrease of $621,376 from December 31, 2019. This decrease is primarily due to $904,455 cash used in operating activities, $162,671 cash used in investing activities, offset by $445,750 cash provided by financing activities.

Net cash in cash and cash equivalents provided by (used in)

	For the year ended December 31,	
	2020	2019
	$	$
Cash and cash equivalents	**2,051,028**	2,672,404
Net cash provided by (used in):		
Cash used in operating activities	**(904,455)**	(378,083)
Cash used in investing activities	**(162,671)**	—
Cash provided by financing activities	**445,750**	2,944,763
Net change in cash during the period	**(621,376)**	2,566,680

Cash Used in Operating Activities

Cash flows used in operating activities for the year ended December 31, 2020 were $904,455 compared to cash used in operating activities of $378,083 for the year ended December 31, 2019. The increase in cash used in operating activities is primarily due a full year of operations for the year ended December 31, 2020 compared to only six months in 2019.

Cash Flows Used in Investing Activities

Cash flows used in investing activities for the year ended December 31, 2020 were $162,671 compared to $nil for the comparable period in 2019. The increase is due to the purchase of equipment and deposit on equipment during the year ended December 31, 2020.

Cash Flows Provided by Financing Activities

Cash flows provided by financing activities for the year ended December 31, 2020 were $445,750 compared $2,944,763 for the comparable period in 2019. The decrease of $2,499,013 is primarily due to decreases in proceeds from share issuances for the year ended December 31, 2020 compared to the year ended December 31, 2019.

CONTRACTUAL OBLIGATIONS

We have no significant contractual arrangements other than those noted in our financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements other than those noted in our financial statements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly.

Key management personnel compensation during the year ended December 31, 2020 and 2019 is comprised of:

	2020	2019
	$	$
Salaries, benefits, bonuses and management fees	**430,000**	243,333

During the year ended December 31, 2020 17,900,000 warrants were exercised by related parties for gross proceeds of $89,500, resulting in the issuance of 17,900,000 common shares to related parties.

Related Party	**Number of Shares Issued**	**Exercise Price**	**Proceeds**
Christopher Savoie	5,000,000	$ 0.005	$ 25,000
Tyler Metford	5,000,000	$ 0.005	$ 25,000
Jesse Kline	5,000,000	$ 0.005	$ 25,000
Donal Carroll	2,900,000	$ 0.005	$ 14,500
	17,900,000		**$ 89,500**

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, warrants and accumulated deficit, which at December 31, 2020 was $2,035,717 (December 31, 2019 – $2,442,816). The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2020.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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 contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company does not currently have any outstanding trade receivables with customers.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables are all due within twelve months from the date of these financial statements.

If unanticipated events occur that impact the Company's ability to complete products for sale, the Company may need to take additional measures to increase its liquidity and capital resources, including issuing debt or additional equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is not exposed to foreign currency risk as at December 31, 2020 as it does not hold any material financial instruments in foreign currency.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at December 31, 2020 as there are no borrowings outstanding.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its Company, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at December 31, 2020.

Fair values

The carrying values of cash, sales tax receivables and trade and other payables approximate fair values due to the short-term nature of these items or they are being carried at fair value. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels. The Company did not have any financial instruments stated at fair value as at December 31, 2020 and 2019.

NEW STANDARDS, AMENDEMENT AND IMTERPRETATION ADOPTED

IFRS 3 - Business combinations (“IFRS 3”)

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The amendment adoption did not have a significant impact on the Company’s financial statements.

IAS 1 - Presentation of financial statements (“IAS 1”)

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across International Financial Reporting Standards and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The amendment adoption did not have a significant impact on the Company’s financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to note 2 and 3 of the audited financial statements for a full discussion of our critical accounting policies and estimates.

RISK RELATED TO THE OPERATIONS OF THE COMPANY

An investment in the securities of the Company should be considered highly speculative due to the nature of the Company’s proposed business and the present stage of its development. In evaluating the Company and its new business, prospective investors should carefully consider the following risk factors, in addition to the other information contained in this MD&A. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company’s operations.

Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company’s business, financial condition or results of operations could be materially adversely affected.

The Company’s actual operating results may be very different from those expected as at the date of this MD&A.

Risks Related to the Company’s Business and Industry

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

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

Dependent on relationship with Medz Cannabis

At present, the Company does not have the required licences to carry on its business in producing and selling cannabis-based hashish and other cannabis concentrates. Accordingly, the Company intends, through the Collaboration Agreement, to rely on Medz Cannabis' Standard Processing Licence and Cannabis Licence in order to produce and sell the cannabis-based hashish and other cannabis concentrates.

To facilitate the Collaboration Agreement, Medz Cannabis will have to amend its Standard Processing Licence in order to produce the newly legal products (edible cannabis, cannabis topical, and cannabis extracts). There is no certainty that Medz Cannabis will be granted the requirement amendments to its licence.

The Company's ability to carry on its business is heavily dependent on its business relationship with Medz Cannabis and its ability to utilize Medz Cannabis' Standard Processing Licence and Cannabis Licence.

Risks Pertaining to Changing Laws and Regulations

The cannabis extract and cannabis concentrates industry is a new industry and the Company cannot predict the impact of the compliance regime Health Canada is implementing for the production and sale of cannabis extracts and concentrates. Government licences are currently, and in the future may be, required in connection with Company's operations, in addition to other unknown permits and approvals which may be required. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company.

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, 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, financial condition and operating results of the Company.

No Profits or Significant Revenues

The Company has a limited operational history in the cannabis industry which makes it difficult to evaluate its performance and future prospects. The Company's current and proposed operations are subject to all the business risks associated with new enterprises. These include likely fluctuations in operating results as the Company makes significant investments in research, development and product opportunities, and reacts to developments in its market, including purchasing patterns of customers, and the entry of competitors into the market. The Company will only be able to pay dividends on any shares once its directors determine that it is financially able to do so.

The Company incurred net losses for the years ended December 31, 2020, 2019, 2018, and 2017. As a result, the Company cannot make any assurance that it will be profitable in the next three years or generate sufficient revenues to pay dividends to the holders of the shares.

Reliance on Management and Key Personnel

The Company's success is largely dependent on the performance of its Board of Directors and management team. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of any of the Company's senior management or key employees, or an inability to attract other suitably qualified persons when needed, could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Factors which may prevent realization of growth targets

The Company is currently in an early development stage. There is a risk that the resources necessary for its business and operations may not be secured on time, on budget, or at all, and further, that the Company may not have sufficient product available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- failure, or delays in, obtaining or satisfying conditions imposed by regulatory approvals
- non-performance by third party contractors
- increases in materials or labour costs
- breakdown, aging or failure of equipment or processes
- operational inefficiencies
- labour disputes, disruptions or declines in productivity
- inability to attract sufficient numbers of qualified workers
- disruption in the supply of energy and utilities
- major incidents and/or catastrophic events such as fires, explosions or storms

The Company may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this MD&A.

Additional financing

The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Company's current business strategy or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the shares. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

Competition

The Company faces competition from other companies, some of which have longer operating histories and more financial resources and marketing experiences. There can be no assurance that potential competitors of the Company, which may have greater financial, R&D, sales and marketing and personnel resources than the Company, are not currently developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by the Company or which would otherwise render the Company's products or strategies obsolete. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company is subject to insurance risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, cybersecurity and other information technology, systems risks, accidents, labour disputes, product liability and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Risks Related to Intellectual Property

As of the date of this MD&A, the Company does not have its own proprietary formulations and processes with respect to the production of hashish. In the future, the Company's success and ability to compete effectively may depend, in part, on its ability to maintain the proprietary nature of formulations and processes it creates, and the ability to secure and protect any patents, trade secrets, trademarks and other intellectual property rights either developed internally or acquired by the Company from time to time, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights that it owns or licences. In the event that the Company's intellectual property rights were to be infringed by, disclosed to or independently developed by a competitor, enforcing a claim against such third party could be expensive and time-consuming and could divert management's attention from our business. In addition, the outcome of such proceedings is unpredictable. Any adverse outcome of such litigation or settlement of such a dispute could subject the Company to significant liabilities, and could put one or more of the Company's patents or patent application, as applicable, at risk of being not issued, of being invalidated, or of being interpreted narrowly.

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

Client acquisition and retention

The Company's success depends on its ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to the Company's ability to continually produce desirable and effective product, the successful implementation of the Company's branding and marketing strategy, the continued growth in the aggregate number of customers interested in consuming cannabis extracts and concentrates, and other companies producing and supplying similar products. The Company's failure to acquire and retain customers would have a material adverse effect on the business, financial condition and operating results of the Company.

Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Company's business. The introduction of new products embodying new technologies and the emergence of new industry standards may render the Company's products less competitive or less marketable. The process of developing the Company's future products may be complex and requires significant continuing costs, development efforts and third party commitments. The Company's failure to develop new products and the obsolescence of existing products could adversely affect the business, financial condition and operating results of the Company. The Company may be unable to anticipate changes in its potential customer requirements that could make the Company's existing products obsolete. The Company's success will depend, in part, on its ability to continue to enhance its existing products, and develop new products that address the increasing sophistication and varied needs of the market on a timely and cost-effective basis. The development of the Company's proprietary formulations and products entails significant technical and business risks. The Company may not be successful in creating new products, or exploiting its niche markets effectively or adapting its businesses to evolving customer requirements or preferences or emerging industry standards.

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.

Unfavourable publicity or consumer perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis as well as products produced or manufactured using cannabis. Consumer perception of the Company's products and technologies can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical 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 medical and/or recreational 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 favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. 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 products, and 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 the Company's products and services specifically, or associating the consumption of medical and/or recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Product liability

As a manufacturer and distributor of products directly or indirectly designed to be ingested by humans, the Company faces 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 manufacture and sale of cannabis extract and cannabis concentrate products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products produced by the Company 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 clients and consumers generally, and could have a material adverse effect on the business, financial condition and operating results 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 products.

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 of the 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.

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.

Certain key employees are subject to security clearance from Health Canada, and there can be no assurance that such personnel will be able to obtain or renew security clearances in the future.

Certain key employees are subject to a security clearance by Health Canada. Under the Cannabis Act a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by a key employee to maintain or renew his or her security clearance, would result in a material adverse effect on our business, financial condition and results of operations. In addition, if a key employee leaves us, and we are unable to find a suitable replacement that has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on our business, financial condition and results of operations.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company 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 has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Company were subject to recall, the image of that product and the Company could be harmed. Any recall, including for any of the foregoing reasons, could lead to decreased demand for products produced by the Company 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 operations of the Company by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Unfavorable publicity regarding the cannabis industry could have a material adverse effect on the Company, the demand for the Company's proposed products, and the results of operations, financial condition and cashflows of the Company.

Management of the Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis related produce. 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 and cannabis extract 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 and cannabis extract product market or any particular product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. 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 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 and cannabis extracts in general, or the Company's proposed products specifically, or associating the consumption of cannabis extracts 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.

Contamination and Production Interruptions

The Company has adopted various quality, environmental, health and safety standards. However, products may still not meet these standards or could otherwise become contaminated. A failure to meet these standards or contamination could occur in its operations or those of its suppliers. Such a failure or contamination could result in expensive production interruptions, recalls and liability claims. Moreover, negative publicity could be generated even from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect the Company's business and financial performance.

Promoting the Brand

Promoting the Company's brand will be critical to creating and expanding a customer base. Promoting the brand will depend largely on the Company's ability to provide quality and innovative products. The Company may introduce new products or services that its customers do not like, which may negatively affect the brand and reputation. If the Company fails to successfully promote its brand or if it incurs excessive expenses in this effort, its business and financial results from operations could be materially adversely affected.

Marketing constraints under the regulatory framework, including plain packaging regulations, limit the Company's ability to compete for market share in a manner similar to other industries.

The development of our business and operating results may be hindered by applicable restrictions on sales and compete for market share in a manner similar to other industries. If we are unable to effectively market our 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 our products, our sales and operating results could be adversely affected.

Moreover, the Cannabis Act imposes further packaging, labelling and advertising restrictions on producers. If we fail to comply with the packaging, labelling and advertising restrictions, we will be subject to monetary penalties, required to suspend sale of noncompliant products and/or be disqualified as a vendor by government-run provincial distributors.

Success of Quality Control Systems

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality of the training program and adherence by employees to quality control guidelines. Any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

Reliance on key inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies, specifically cannabis. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Examples of potential risks include, but are not limited to, the risk that crops may become diseased or victim to insects or other pests and contamination which could result in low crop yields, decreased availability of cannabis, and higher acquisition prices. 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 and operating results of the Company.

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.

Risks Related to Third Party Relationships

The Company currently has, and may in the future enter into, strategic alliances with third parties that the Company believes will complement or augment its existing business or will have a beneficial impact on the Company. Strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Company's business, and may involve risks that could adversely affect the Company, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Company's existing strategic alliances will continue to achieve, the expected benefits to the Company's business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

Liability arising from Fraudulent or Illegal Activity

The Company is exposed to the risk that its employees, independent contractors, consultants, service providers and licensors may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on the Company's behalf or in its service that violate (i) various laws and regulations, including healthcare laws and regulations, (ii) laws that require the true, complete and accurate reporting of financial information or data, (iii) the terms of the Company's agreements with third parties. Such misconduct could expose the Company to, among other things, class actions and other litigation, increased regulatory inspections and related sanctions, and lost sales and revenue or reputational damage.

The Company cannot always identify and prevent misconduct by its employees and other third parties, including third party service providers, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or in protecting it from governmental investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of its operations.

Difficulty to forecast

Detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis extracts industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Operating risk and insurance coverage

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

Management of growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Management may not be able to successfully implement and maintain adequate internal controls over financial reporting or disclosure controls and procedures.

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken a number of procedures and has implemented a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the

Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of such controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected, which could cause investors to lose confidence in us and our reported financial information, which in turn could result in a reduction in the value of Common Shares.

Conflicts of interest

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

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.
Unpredictable and volatile market price for shares

The market price for the shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- Actual or anticipated fluctuations in the Company's quarterly results of operations
- Recommendations by securities research analysts
- Changes in the economic performance or market valuations of companies in the industry in which the Company operate
- Addition or departure of the Company's executive officers and other key personnel
- Release or expiration of lock-up or other transfer restrictions on outstanding Company shares
- Sales or perceived sales of additional Company shares
- Significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors
- Operating and share price performance of other companies that investors deem comparable to the Company
- Fluctuations to the costs of vital production materials and services
- Changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility
- Operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets

Financial markets may experience price and volume fluctuations that may affect the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares may decline even if the Company's operating results, underlying asset values or prospects do not change. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses.

Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement or comply with any such changes.

The Company is subjected to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products.

No dividends

The Company's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company. Therefore, the Company does not anticipate paying cash dividends on the Company shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by its Board of Directors in the context of its earnings, financial condition and other relevant factors. Until the time that the Company does pay dividends, which it might never do, its shareholders will not be able to receive a return on their shares unless they sell them.

Future sales of Company shares by existing shareholders

Sales of a substantial number of shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of shares intend to sell shares, could reduce the market price of our shares. Holders of options to purchase shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying shares). As a result, these holders may need to sell shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of shares being sold in the public market, and fewer long-term holds of shares by management and our employees.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares.

The Company's outstanding capital was as follows as at the date of this MD&A:

Common Shares	224,220,290
Share Options	19,500,000
Warrants	73,804,573

SUBSEQUENT EVENTS

On February 3, 2021, the Company entered into a five-year collaboration agreement with Black Rose Organics Inc. ("BRO"). Under the terms of the agreement the Company will have access to a production space licensed for Cannabis Production within BRO's facility. BRO will also assist the Company with obtaining the necessary license amendments from Health Canada to permit the Company and BRO to produce and sell cannabis products. The Company and BRO will share profits from the sale of products produced by the Company in the BRO facility.

On February 17, 2021, the Company granted a total of 4,000,000 share options to certain members of the Board of Directors. The share options vest immediately, have an exercise price of $0.11 per share option, and expire 3 years from the date of issuance.

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 Company 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 Company’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 Company 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.