

**AREV NANOTEC BRANDS INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
STATED IN CANADIAN DOLLARS**

**AREV NANOTEC BRANDS INC.**  
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## **TO OUR SHAREHOLDERS**

This Management Discussion and Analysis (“MD&A”) supplements, but does not form part of the condensed consolidated interim financial statements for the nine months ended September 30, 2020. Consequently, the following discussion and analysis of the financial condition and results of operations for AREV NanoTec Brands Inc. (“AREV” or, the “Company”), should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2020 and the audited consolidated financial statements for the year ended December 31, 2019 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), consistently applied. This MD&A is dated November 19, 2020.

Discussion of the Company, its operations and associated risks are further described in the Company’s filings, available for viewing at [www.sedar.com](http://www.sedar.com) and [www.arevbrands.com](http://www.arevbrands.com).

## **BUSINESS OVERVIEW**

AREV was incorporated under the Business Corporations Act (Alberta) on November 22, 2005. The Company was a research company engaged in the business of developing and commercializing technology related to the growth and extraction of active ingredients from American ginseng. During 2014, the Company ceased its ginseng operations. The Company moved its focus to R&D of formulations and is currently developing and plans on distributing its line of branded natural health and hemp infused products. AREV produces and sells functional ingredients produced via its proprietary extraction systems. These premium ingredients and products are targeted for the natural health, medical, functional food, nutraceutical, sport nutrition markets. AREV’s model is to toll process extraction of targeted essential and functional oils and license its formulations to Licensed Producers in Canada. The company utilizes toll processors in foreign countries to encapsulate and package its formulations that can be sold in traditional distribution channels and online. AREV has developed proprietary methods to extract and produce nano particulates from raw materials like astaxanthin, sea cucumber, hops, frankinsence, myrrh, ginseng, kampo pepper, turmeric and functional mushrooms. Subsequent to year end Mr. Withrow sourced a fabrication company in Vietnam who is manufacturing custom centrifuges, screw presses and grinders for AREV. These pieces are all part of the methodology and systems AREV can now produce from the IP. For example, frankinsence contains a little known compound called viridiflorol, which has shown moderate antibacterial activity against Mycobacterium tuberculosis, the causative agent of tuberculosis, in an in vitro assay. It is also an effective anti-inflammatory. This is just one example of the many high value compounds the company can now produce. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “AREV” and on October 9, 2019, the common shares began trading on the OTCQB Market (“OTCQB”) under the symbol “AREVF”. The registered address of the Company is Suite 440, 890 West Pender Street, Vancouver, BC, V6C 1J9. The principal place of business of the Company is 18 - 91 Golden Drive, Coquitlam, BC, V3K 6R2.

On March 19, 2020, the Company consolidated its share capital on a 6 for 1 basis. These MD&A reflects this share consolidation retroactively.

## **SIGNIFICANT EVENTS AND TRANSACTIONS**

On January 29, 2020, the Company commenced litigation in the Supreme Court of British Columbia against the Defendant, Matthew Harvey, the vendor of the BC Bud Depot Assets. The Company is seeking damages, punitive damages, interest, injunctive relief, and costs relating to breach of contract between Matthew Harvey and the Company. The outcome of the litigation cannot be reasonably determined at this time.

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In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. Efforts to contain the virus has severely limited the mobility of people and businesses. However, it is not possible for the Company at this time to predict the duration or magnitude of the impact towards the Company's business or results from its operations.

On April 3, 2020, the Company closed the \$225,000 first tranche (3,750,001 units) of a non brokered Private Placement Unit Offering to raise a total of \$450,000. Each Unit is priced at \$0.06 per unit and comprised of one common share (the "Shares") of the Company and one common share purchase warrant (each whole one, the "Warrants") and with each Warrant being exercisable at \$0.08 per Warrant Share.

On April 9, 2020, the Company completed an asset purchase and sale agreement (the "Acquisition Agreement") dated April 4, 2020 with Chiron Capital Inc, a wholly owned BC Corporation of Mike Withrow. The Company has acquired certain intellectual property, engineering know-how, business models and trade secrets related to extraction technology of the equipment AREV had previously purchased from Alternative Extracts Inc. The rights title and interest to the Intellectual property were purchased for \$200,000 free and clear of any encumbrances. The Company believes owning this key technology and methods to the equipment it already owns advance the Company forward in the current market. Now AREV has ownership of advanced IP and technology and does not have to rely on a vendor to make custom changes to the equipment when innovating and developing its new nano particulate extraction products. Having this IP enables the company to develop proprietary process high value pharmaceutical grade compounds such as Fondoside-A, piperine, and curcumin. AREV has developed proprietary methods to extract and produce nano particulates from raw materials like astaxanthin, sea cucumber, hops, frankinsence, myrrh, ginseng, kampot pepper, turmeric and functional mushrooms. On a recent trip to Vietnam Mr. Withrow sourced a fabrication company who is manufacturing custom centrifuges, screw presses and grinders for AREV. These pieces are all part of the methodology and systems AREV can now produce from the IP. For example frankinsence contains a little known compound called viridiflorol, which has shown moderate antibacterial activity against Mycobacterium tuberculosis, the causative agent of tuberculosis, in an in vitro assay. It is also an effective anti-inflammatory. This is just one example of the many high value compounds the company can now produce. The company changed its name to better reflect the innovation with nanotechnology it is working on with a focus on extracting and fractioning compounds used in the fight against inflammation and viral infections.

On April 17, 2020, the Company closed the \$225,000 second tranche on (3,750,000 units) of a non brokered Private Placement Unit Offering to raise a total of \$450,000. Each Unit is priced at \$0.06 per unit and comprised of one common share (the "Shares") of the Company and one common share purchase warrant (each whole one, the "Warrants") and with each Warrant being exercisable at \$0.08 per Warrant Share.

On July 8, 2020, the Company announced that it has entered into a Joint Venture with Hemp Agro of Saskatchewan. The Joint Venture is called "The AREV Permaculture Project" and is located on the Trans Canada Highway between Kamloops and Salmon Arm BC. Under the terms of the agreement AREV is responsible for funding the project. Each entity in this venture will retain ownership of their own land. The net sales proceeds of the hemp raw material are to be split 80% to AREV and 20% to Hemp Agro. The Company has planned this Permaculture Project over the last two years and has committed the time and resources required for site preparation. Two years ago the property was logged and all stumps removed to prepare the land and soil for sustainable agriculture. At the end of the first year we planted fall rye to naturally nourish the soil. The second year crop of fall rye was allowed to reseed itself. It grew successfully and supplied us with the natural conditioning required for a highly fertile soil. This year we have planted our first hemp crop of 15 acres. We have also planted Hops and Black Elderberry. Our next step of growth will include the cultivation of Echinacea and other medicinal

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plants for use in our proprietary formulations. We have selected True Form Packaging of Edmonton, Alberta to process our Natural Health Products under its site license with Health Canada.

On July 9, 2020, the Company announced that it has entered into a Joint Venture Agreement with Absolem Mushroom Extraction Inc. ("Absolem") dated June 18, 2020. The Transaction involves two stages. During the first stage ("Stage 1"), Absolem will make the cash and share payments to Arev described below, and Arev will undertake the development work described below. In the second stage ("Stage 2"), informed in part by the results of the development work undertaken by Arev in Stage 1, Absolem and Arev will produce and sell mushroom extracts and mushroom-based products. Each of Stage 1 and Stage 2 of the Transaction is subject to receipt of applicable regulatory and stock exchange approvals. This JV Agreement replaces the Letter Agreement, as announced November 2019. Absolem will pay \$100,000 to Arev, of which \$20,000 will be paid in cash (the "Cash Payment"), and \$80,000 will be paid by the issuance to Arev of common shares of Absolem at a price of \$0.075 per share (the "Payment Shares"). Subject to AREV's satisfaction of due diligence under subsection 1(a), Arev agrees forthwith to apply the Cash Payment to the purchase of specific additional extraction equipment, particulars of which have been provided to Absolem prior to the date of this Letter Agreement (the "New Equipment"). The estimated purchase price of the New Equipment is US \$40,000. Arev will pay the difference between the Cash Payment and the purchase price of the New Equipment. The New Equipment will be owned by Arev. In consultation with Absolem, Arev will conduct research and will develop methods for deriving extracts from mushrooms utilizing the New Equipment and other extraction equipment which it owns (the "Extraction Methods Research"), which research shall not involve any prohibited activities unless official authorization in writing has been granted to Arev for such prohibited activities under Part J of the Canada Food and Drug Regulations. Arev shall not perform nor allow on its premises any illegal activities. Other than the supply of mushrooms, which will be provided by Absolem at Absolem's expense, the cost of the Extraction Methods Research shall be borne by Arev, but shall not exceed a total investment in the Joint Venture Partnership of \$100,000. All intellectual property generated through the Extraction Methods Research which relates to mushroom extraction methods will vest in Absolem, and all other intellectual property shall vest in Arev, which intellectual property shall include any scientific information related to organic chemistry extraction technologies. The Parties will make their reasonable best efforts to do all things required from each of them to complete the Extraction Methods Research by the end of the year 2020.

On July 13, 2020, the Company settled \$100,000 in debt with Michael Withrow by the issuance of 1,000,000 Shares at \$0.10.

On July 20, 2020, the Company announced that it has arranged a private placement of up to 1,600,000 units at a price of \$0.10 per unit, for gross proceeds of up to \$160,000. Each unit is comprised of one common share of the Company. The funds will be used to secure product development and distribution. Finders' fees shall be paid in cash, shares or warrants, or a combination of the forgoing, subject to the Board approval and in accordance with the policies of the CSE.

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**RESULTS OF OPERATIONS**

***FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020***

The Company incurred a net loss of \$546,905 during the nine months ended September 30, 2020, compared with a net loss of \$3,005,466 in the comparative period. The main fluctuations in cost are as follows:

	9 months 2020	9 months 2019
Amortization and depreciation (rounded to the nearest '000)	\$ 111,000	\$ 18,000
Variance	\$ 93,000	

During the period ended September 30, 2020, the Company recorded amortization and depreciation on its equipment and on its right of use asset.

	9 months 2020	9 months 2019
Consulting and management fees (rounded to the nearest '000)	\$ 94,000	\$ 409,000
Variance	\$ (315,000)	

Consulting and Management Fees. By the end of the 3<sup>rd</sup> quarter, the Company had completed its organization structure, complete with its consulting plans and management fees related to those specific growth plans.

	9 months 2020	9 months 2019
Research and Development (rounded to the nearest '000)	\$ 194,000	\$ 1,105,000
Variance	\$ (911,000)	

During the period ended September 30, 2019, the Company recorded the fair value of \$1,080,000 from the issuance of 666,667 common shares to acquire branding and intellectual property under the name Canna Gold, to research and development.

	9 months 2020	9 months 2019
Share-based payments (rounded to the nearest '000)	\$ -	\$ 1,010,000
Variance	\$ (1,010,000)	

The recognition of share-based payment expense results from the timing of granting of equity-based awards. During the nine months ended September 30, 2019, the Company granted 683,333 stock options to directors, officers and consultants of the Company. The Company did not grant any equity-based awards for the period ended September 30, 2020.

During the nine months ended September 30, 2020, the Company recorded revenue of \$136,721 (2019 - \$145,203) from the extraction and gel cap machines.

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***FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020***

The Company incurred a net loss of \$158,588 during the three months ended September 30, 2020, compared with a net loss of \$253,633 in the comparative period. The main fluctuations in cost are as follows:

Amortization and depreciation (rounded to the nearest '000)	3 months 2020	3 months 2019
	\$ 40,000	\$ 18,000
Variance	\$ 22,000	

During the period ended September 30, 2020, the Company recorded amortization and depreciation on its equipment and on its right of use asset.

Property expenses (rounded to the nearest '000)	3 months 2020	3 months 2019
	\$ 36,000	\$ -
Variance increase	\$ 36,000	

During the period ended September 30, 2020, the Company incurred property expenses on its Sorrento property.

During the three months ended September 30, 2020, the Company recorded revenue of \$48,898 (2019 - \$79,702) from the extraction and gel cap machines.

**SUMMARY OF QUARTERLY RESULTS**

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the financial statements prepared by management. The Company's financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three months ended	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	48,898	53,818	34,005	49,483	79,702	-	65,501	-
Comprehensive loss	(158,588)	(275,054)	(113,263)	(187,301)	(253,633)	(1,509,715)	(1,242,118)	(6,953,911)
Loss per share	(0.01)	(0.02)	(0.01)	(0.02)	(0.03)	(0.17)	(0.15)	(0.86)
Total assets	1,128,939	1,203,173	1,286,933	879,424	1,749,511	1,715,216	1,678,537	530,218
Working capital (deficit)	(1,435,344)	(1,404,191)	(1,316,483)	(1,319,647)	(2,022,743)	(1,772,862)	(1,615,195)	(226,450)

- The increased loss during the three month period ended June 30, 2019 resulted from share based payments of \$972,474.
- The increase in total assets during the three months ended March 31, 2019 resulted from the acquisition of the interest in real estate located in Sorrento, BC. The Company also recorded the fair value of \$1,080,000 from the issuance of 666,667 common shares to acquire branding and intellectual property under the name Canna Gold, to research and development.

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- The increased loss during the three month period ended December 31, 2018 resulted from a write down of intangible assets of \$6,014,998 and equipment of \$609,669. The increased loss during the three month period ended December 31, 2018 resulted from share based payments of \$528,077. The increased total assets as at December 31, 2018 resulted from intangible assets of \$5,250,000.

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The Company's general and administrative expenses are disclosed in the condensed consolidated interim financial statements for the period ended September 30, 2020 to which this MD&A relates.

### **OUTSTANDING SHARE DATA**

As at the date of this report, the Company had 17,957,808 common shares issued and outstanding. As at the date of this report, the fully diluted amount of 25,653,642 includes vested options of 195,833 and 7,500,001 warrants.

### **FINANCIAL POSITION AND LIQUIDITY**

The Company does not have sufficient working capital to continue operations in the normal course for the foreseeable future and will require additional financing to remain financially solvent.

The Company's condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2020, the Company has not generated any revenues from operations, has a working capital deficiency of \$1,435,344. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern.

Cash used in operating activities during the period ended September 30, 2020 totalled \$281,341 (comparative year: \$244,770). This is consistent with the expectations of management.

Cash used in investing activities during the period ended September 30, 2020 totalled \$145,340 (comparative year: \$322,718).

Cash raised in financing activities during the period ended September 30, 2020 totalled \$414,787 (comparative year: \$578,002).

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Management is currently investigating a range of strategic options available with a view to generating income sufficient to pay its liabilities and ongoing operating expenses, and maximizing shareholder value. The Company may be required to obtain additional debt or equity financing or curtail spending in the future to fund operations and settle obligations.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements for the period ended September 30, 2020.

### **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

### **RELATED PARTY TRANSACTIONS**

As at September 30, 2020, the Company owed \$81,900 (December 31, 2019 - \$64,616) to a director of the Company. The amount owing is non-interest bearing, unsecured, and due on demand. During the period ended September 30, 2020, the Company incurred \$54,000 (2019 - \$nil) of consulting fees to the director.

As at September 30, 2020, the Company owed \$373,984 (December 31, 2019 - \$396,605) to the Chief Executive Officer of the Company. The amount owing is non-interest bearing, unsecured, and due on demand. During the period ended September 30, 2020, the Company settled \$100,000 in debt with the CEO by the issuance of 1,000,000 common shares at \$0.10. During the year ended December 31, 2019, the Company received a convertible debenture of \$23,182 from a Company controlled by the Chief Executive Officer of the Company (note 5).

During the period ended September 30, 2020, the Company incurred \$nil (2019 - \$40,000) of accounting fees to a company where the former Chief Financial Officer of the Company is a partner.

During the period ended September 30, 2020, the Company incurred \$nil (2019 - \$6,000) of management fees to the former Chief Executive Officer of the Company.

During the period ended September 30, 2019, the Company granted stock options with a fair value of \$882,274 to key management personnel.

### **COMMITMENTS**

Please refer to the September 30, 2020 condensed consolidated interim financial statements on [www.sedar.com](http://www.sedar.com).

### **RISKS AND UNCERTAINTIES**

The Company is in the biotechnology business focusing on nutraceutical products and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company has no ongoing revenue or income from operations. The Company has limited capital resources and has to rely upon the sale its assets or sale of its common shares for cash required to make new investments and to fund the administration of the Company.

These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business,



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results of operations, and financial performance. The most significant risks and uncertainties faced by the Company are (in no specific order) are:

There is expressed doubt about our ability to continue as a going concern, which may hinder our ability to achieve our objectives

The Company's ability to realize the inherent value of its assets is dependent on successfully advancing its technologies to market through product development and ultimately achieving future profitable operations, the outcome of which cannot be predicted at this time, or in the alternative being able to sell the assets for proceeds equal to their carrying value or greater.

We have no committed sources of additional capital. In the future we may need to raise additional capital through equity financings. Additional equity financings could result in significant dilution to shareholders. Funds may not be available to us in the future on favourable terms, if at all, and we may be required to delay, reduce the scope of, or eliminate research and development efforts and the patent protection for our product candidates.

We have completed the development of two commercial products, we have not begun to market or generate revenues from sales of the products we are developing. We do not anticipate that we will generate revenue from the sale of products in the foreseeable future.

There can be no assurance that any of our product candidates will meet applicable health regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, be successfully marketed or that the investment made in such product candidates will be recouped through sales or related royalties. There can be no assurance that we will ever achieve profitability. As a result, an investment in our common shares involves a high degree of risk and should be considered only by those persons who can afford a total loss of their investment.

Our products may not gain meaningful market acceptance, and we may not become profitable.

We may not be able to contend successfully with competitors. The biotechnology industries are highly competitive and subject to significant and rapid technological change as researchers learn more about diseases and develop new technologies and treatments. Our current and potential competitors generally include major multinational pharmaceutical companies, biopharmaceutical firms, specialty pharmaceutical companies, universities and other research institutions.

Many of our competitors, either alone or together with their collaborators, have substantially greater financial resources and larger research, development and regulatory staffs than ours. There can be no assurance that competitors will not develop more effective or more affordable products or product commercialization than us and our corporate collaborators.

If our product candidates fail to gain market acceptance, we may be unable to earn sufficient revenue to continue our business. If our product does not become widely accepted, it is unlikely that we will ever become profitable.

Our product candidates subject us to the risk of product liability claims for which we may not be able to maintain or obtain adequate insurance coverage.

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Inherent in the use of our product, is the risk of financial exposure to product liability claims and adverse publicity in the event that the use of such products results in personal injury or death. There can be no assurance that we will not experience losses due to product liability claims in the future.

We may encounter difficulties in manufacturing our products delaying or preventing the development or commercialization of our product candidates.

There can be no assurance that our product candidate can be manufactured at a cost or in quantities necessary to make them commercially competitive or even viable. We do not have any manufacturing facilities and we are dependent on third party contract manufacturers and/or collaborators to produce our product. There can be no assurance that such third party manufacturers or collaborators will be able to meet our needs with respect to timing, quantity, quality or pricing. If we are unable to contract for a sufficient supply of product on acceptable terms, or if we should encounter delays or difficulties in our relationships with manufacturers or collaborators, and/or product sales would be delayed, thereby delaying the submission of products for market introduction and subsequent sales of such products.

Our success depends on the management of growth.

Our future growth, if any, may cause a significant strain on management, operational, financial and other resources. The failure of our management team to effectively manage growth could have a material adverse effect on our business, financial condition and results of operations.

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others.

Our success will depend in part on our ability to obtain and enforce patents and maintain trade secrets.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our products do not or will not infringe on the proprietary rights of others.

Litigation may also be necessary to enforce technology licensed to us or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in such suits.

Certain of the Company's directors and officers may, from time to time, serve in similar positions with other public companies, which may put them in a conflict position from time to time.

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's results of operations and financial condition.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

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## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Please refer to the September 30, 2020 condensed consolidated interim financial statements on [www.sedar.com](http://www.sedar.com).

## **CAPITAL MANAGEMENT**

The Company manages its capital to maintain its ability to continue as a going concern and to sustain future development of the business. The capital structure of the Company consists of cash and equity comprised of issued share capital, share subscriptions receivable, equity portion of convertible debentures, and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it according to economic market conditions. Management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses expected capital requirements for the fiscal year. In order to maintain or adjust the capital structure, the Company may adjust spending, issue new shares, sell assets, or incur debt.

The Company is not subject to externally imposed capital requirements and there have been no changes to the Company's capital management policy during the period ended September 30, 2020.

## **INVESTOR RELATIONS ACTIVITIES**

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

## **DISCLOSURE CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2019 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD-LOOKING INFORMATION OR STATEMENTS AND CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS**

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on

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forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in currency exchange rates; uncertainty of estimates of capital and operating costs; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions, which are, based on information available at the time these assumptions are made. The forward looking statements contained herein are as of the date of this report and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to raise additional funds and find additional value in the biotechnology assets held.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

## **OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) and [www.arevbrands.com](http://www.arevbrands.com).

## **CONTINGENCIES**

There are no contingent liabilities.

## **RECENT ACCOUNTING POLICIES**

Please refer to the December 31, 2020 audited consolidated financial statements on [www.sedar.com](http://www.sedar.com).