

BLACKHAWK GROWTH CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM NI51-102F1**

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

November 30, 2020

BLACKHAWK GROWTH CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Management’s Discussion and Analysis should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2020 and the condensed consolidated interim financial statements for the three months ended September 30, 2020. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Except as otherwise indicated below, all financial data in this MD&A has been prepared in accordance with International Accounting Standards 34 (“IAS 34”), Interim Financial Reporting under the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in the condensed consolidated interim financial statements are the same as those applied in the Company’s annual consolidated financial statements as at and for the year ended June 30, 2020.

All dollar amounts in this MD&A are reported in Canadian dollars.

BUSINESS DESCRIPTION

Blackhawk Growth Corp. (“Blackhawk” or the “Company”) continues to review both equity and debt investment opportunities. The Company has focused its investments in the health, cannabis and CBD industries, in both Canada and the US.

HIGHLIGHTS

Sac Pharma Partners Inc.

In July 2020, the Company acquired all of the outstanding share capital of SAC Pharma Partners Inc. (“Sac Pharma”) SAC Pharma is a privately-owned British Columbia company which, through its wholly-owned subsidiary, SAC Pharma Partners USA, Inc. (“SAC Pharma USA”), operates a facility for the licensed production of cannabis in California. SAC Pharma now forms part of the Company’s existing portfolio of investments in the cannabis sector. SAC Pharma’s existing management will continue to retain responsibility for overseeing day-to-day operations.

During the quarter ended September 30, 2020 Sac Pharma reported revenue of approximately C\$157,000, with gross margin of approximately C\$112,000. During the period Sac Pharma had a net loss of approximately C\$22,000. Subsequent to the quarter end Sac Pharma has completed a number of operational adjustments which has increased the efficiency of the operations. It is expected that these adjustments will increase both the revenue and the create positive net income in the future quarters.

Medigen Covid-19 Test Kits

In August 2020, the Company entered into a distribution agreement with Medigen Biotechnology Corporation and its affiliate company TBG Biotechnology Corp. to distribute certain diagnostic products, including an ExProbe SARS-CoV-2 Testing Kit and a SARS-CoV-2 IgG/IgM Rapid Test Kit (collectively, the “Test Kits”) used in the detection of antibodies associated with COVID-19.

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Since the signing of the agreement with Medigen, the Company has continued to pursue Health Canada approval for the distribution of the kits in Canada. Under the terms of the agreement the Company is able to sell the kits in both the US and Canada, and to date 3,500 kits have been sold under the agreement for gross revenue of C\$59,775. The company will continue to distribute the kits and expects revenues to increase.

Nu Wave Food Inc.

During the quarter ended September 30, 2020, Nu Wave, the fully licensed commercial kitchen and baked goods manufacturer, continued to develop its inventory of shelf-stable baked goods with no preservatives. Nu Wave, along with its partner EnWave, continue to work with EnWave's patented radiant energy vacuum dehydration technology and are developing several shelf-stable baked products it intends to commercialize under the license between the two companies.

Gaia Grow Corp.

The Company owns approximately 14.8% of Gaia Grow Corp. Gaia is a publicly traded Canadian corporation focused on farming Industrial Hemp for Medical Purposes whose shares are traded on the TSX-V under the symbol GAIA. During the quarter ended September 30 2020, Gaia opened its retail store in Nelson BC, this location was part of the transaction completed with Gaia previously, and is the first of the stores expected to be opened by Gaia in the very near future. As well Gaia continues with its harvest and milling of the current year hemp crop.

Talk To Doc

The Company has launched a telemedicine platform, Talk to Doc, an on-line clinic that connects doctors to their existing patients and allows new patients near-instant access to a doctor from the comfort of their home. The launch of the platform is part of the Company's ongoing efforts to expand its investment portfolio into the health care sector.

Currently the Talk To Doc site is suspended, but is expected to be re-launched in combination with the Trip Pharma build out. Talk To Doc will become the telemedicine arm exclusively built for Trip Pharma operations.

Spaced Foods

The Company continues to work with Spaced Foods on the development of cannabis related shelf stable food. Spaced Food has a unique and products range from cheesecake to ice cream and even cannabis-infused fruits and berries. proprietary technology that solves the problems with current cannabis edibles.. Branding, formulation and packaging have completed. Samples have been produced and the company expects to see further progress before the end of 2020. The Corporation entered into a definitive share purchase agreement dated Jan. 23, 2020, to acquire all of the outstanding shares capital of Spaced Food Inc. The purchase price for the outstanding share capital of Spaced Food will be equivalent to the revenue generated by Spaced Food in the 12-month period ended March 31, 2021.

BLACKHAWK GROWTH CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Noble Line Inc.

In November 2020, the Company acquired all of the remaining outstanding shares of Noble Line Inc. (“Noble”). The Company previously held 71,500 common shares of Noble, representing 10.6% ownership. Noble operates an online store, <https://noblehemp.com/>, with an array of CBD/Hemp consumable and topical products. Manufacturing and fulfillment operations are based out of Colorado and California. Noble currently sells products in all 50 US states. All current products are made certified organic, are gluten-free and contain no GMOs.

Noble’s trailing unaudited revenue for the twelve-months prior to the completion of the transaction was approximately C\$375,000, with gross margin of approximately C\$250,000. Recent months have seen a significant increase in revenue due to new marketing campaigns in the US.

Trip Pharma Inc.

In October 2020, the Company acquired all of the outstanding shares of Trip Pharma Inc. (“Trip Pharma”). Trip Pharma is a privately-held arms-length psychedelic development and wellness company based in Edmonton, Alberta. Trip Pharma is currently pursuing the buildout of a purpose-built facility that will provide a supply of high-quality products for use in research and prescription for clinical patients. Trip Pharma intends to conduct research in psilocybin producing mushrooms, is in the process of submitting an application for a Controlled Drugs and Substances Dealers License in Canada and is working to source a library of Psilocybin Cubensis genetics.

Trip Pharma also plans to develop a psychiatric research clinic where patients are able to access care, as well as complementary treatments, in a welcoming and stigma-free environment. If and when Trip Pharma receives its dealers license, the clinic intends to conduct research into the use of psilocybin for the treatment of depression, anxiety, post-traumatic stress, chronic pain and fatigue, sleep disorders, sexual dysfunction, and attention deficit symptomatology, and then meet with patients to gauge their interest in the use of psilocybin as a potential therapy.

Equity investments consist of the following as at September 30, 2020:

| <u>Company</u> | <u>Cost</u> | <u>Fair Value</u> |
|---------------------------------|---------------------|---------------------|
| Noble Line Inc. | \$ 50,050 | \$ 50,050 |
| NuWave Foods Inc. | 420,000 | 420,000 |
| Gaia Grow Corp. | 1,050,000 | 900,000 |
| SAC Pharma Partners Inc. | 1,890,000 | 1,890,000 |
| Total Equity Investments | \$ 3,410,050 | \$ 3,260,050 |

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Short-term loans consist of the following as at September 30, 2020:

| Loan Agreement | Principal | Fair Value |
|-------------------------------|-------------------|-------------------|
| February 6, 2019 | \$ 195,000 | \$ - |
| May 29, 2019 | 90,000 | 90,000 |
| May 31, 2019 | 259,609 | 259,609 |
| Total loan investments | \$ 544,609 | \$ 349,609 |

SELECTED QUARTERLY INFORMATION

| | <u>Three-month period ended</u> | | | |
|--|---------------------------------|-----------------|-----------------|-----------------|
| | Sep 30, 2020 | Jun 30, 2020 | Mar 31, 2020 | Dec 31, 2019 |
| Investment revenue (loss) | \$ 220,757 | \$ (117,406) | \$ - | \$ - |
| Net comprehensive loss | (85,058) | (1,169,599) | (313,464) | (126,130) |
| Basic and diluted – comprehensive loss per share | (0.00) | (0.01) | (0.00) | (0.00) |

| | <u>Three-month period ended</u> | | | |
|---|---------------------------------|-----------------|-----------------|-----------------|
| | Sep 30, 2019 | Jun 30, 2019 | Mar 31, 2019 | Dec 31, 2018 |
| Investment revenue (loss) | \$(36,187) | \$(2,166,554) | \$ - | \$ - |
| Net comprehensive income (loss) | (256,028) | (2,404,098) | 49,633 | (128,152) |
| Basic and diluted – comprehensive income (loss) per share | (0.00) | (0.06) | 0.00 | (0.00) |

**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2020**

Net investment income (loss)

For the three months ended September 30, 2020, the Company recorded unrealized investment income of \$200,050 (2019 – loss of \$40,162) and interest of \$20,707 (2019 - \$3,975). The investment income includes increases in value of the Noble investment to \$50,050, increase quotes share price of GAIA of \$150,000, as well as interest income of \$20,707.

Expenses

Total expenses for the three months ended September 30, 2020 were \$246,019 compared with \$219,841 for the three months ended September 30, 2019. General and administrative expense of \$28,661 (2019 - \$37,507) is composed of office expense, insurance expense, travel and

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

vehicle expense. The remaining expense is composed consulting and director fees of \$35,500 (2019 - \$103,000), professional fees of \$84,317 (2019 - \$24,260), share-based compensation of \$97,239 (2019 - \$47,434) and bank service charges of \$302 (2019 - \$140).

Net comprehensive loss

The net and comprehensive loss of \$85,058 (\$0.00 per share) for the three months ended September 30, 2020 (2019 – \$256,028) has decreased due to:

- Higher investment income of \$200,050 for the three months ended September 30, 2020, compared to investment losses of \$40,162 during the three months ended September 30, 2019.
- Additional interest revenue of \$20,707 for the three months ended September 30, 2020, compared to \$3,975 for the three months ended September 30, 2019.

The higher investment income was partially set-off by higher expenses for the three months ended September 30, 2020 compared to the three months ended September 30, 2019.

- Increase in share based compensation from \$47,434 in 2019, to \$97,239 in 2020. The increase is due to new stock options being granted in 2020, while stock options granted in 2019 were still vesting.
- Increase in Professional fees from \$24,260 in 2019, to \$84,317 in 2020. The increase in professional fees is mainly due to legal fees incurred in relation with the current year investment acquisitions.

During the quarter ended September 30, 2020, the Company incurred other expenses as follows:

- Loss on settlement of debts of \$48,000 (2019 - \$Nil). The loss was incurred on the issuance of common shares in satisfaction of outstanding amount payable to two vendors, whereby the trading value of those shares on closing on the settlement date were higher than the deemed value.
- Write-off of investments of \$11,796 (2019 - \$Nil). The write-off is related to accrued interest an outstanding loan receivable that was written down in a prior period.

Cash flow from operations

During the three months ended September 30, 2020, the Company used \$63,904 in operations compared to \$117,877 during the three months ended September 30, 2019. The decrease in cash used for operations is mainly due to the lower net loss of \$85,058 during the three months ended September 30, 2020 compared to \$256,028 during the quarter ended September 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2020, the company had a working capital of \$446,734 (June 30, 2020 - \$334,604). The Company will require additional funds to continue its investment strategy for the next twelve months. The Company will source funds through either debt or equity financing and such funds may not be available when needed.

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

TRANSACTIONS WITH KEY MANAGEMENT AND RELATED PARTIES

a) Key management compensation

Key management personnel are composed of the Company's Directors and Officers.

For the three months ended September 30, 2020, the Company incurred consulting fees of \$9,500 (2019 – 19,000), and directors fees of \$Nil (2019 - \$7,500), paid to companies which are controlled by key management of the Company. At September 30, 2020, \$560 (2019 - \$Nil) remained outstanding in relation to expense reimbursements or fees.

b) Related party transactions

During the three months ended September 30, 2020, the Company incurred legal costs of \$Nil (2019 - \$5,871) with a law firm in which the Corporate Secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the fair value of the service provided.

OFF-BALANCE SHEET TRANSACTIONS

As at the date of this report the Company does not have any off-balance sheet arrangements.

ACCOUNTING POLICIES

The condensed consolidated interim financial statements and related MD&A have been prepared on a historical cost basis except as disclosed in note 4 of the Company's consolidated financial statements for the year ended June 30, 2020.

A summary of the company's significant accounting policies under IFRS is presented in note 4 – "Significant accounting policies" in the Company's consolidated financial statements for the years ended June 30, 2020 and 2019. These policies have been applied consistently for all periods presented in the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

FINANCIAL INSTRUMENTS AND RISKS

The use of financial instruments can expose the Company to several risks including credit, liquidity, and market risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

a) Credit risk:

The Company is subject to credit risk on its cash and cash equivalents, trade and other receivables, short term loans at fair value and equity investments at fair value.

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Company manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.

BLACKHAWK GROWTH CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

At September 30, 2020, the Company’s trade and other receivables of \$68,286 (June 30, 2020 - \$45,269) consisted of \$9,363 (June 30, 2020 - \$13,448) due from the government in relation to GST returns, net trade receivables of \$18,191 (June 30, 2020 - \$Nil), and \$40,732 (June 30, 2020 - \$31,821) of interest receivable.

The Company’s receivables are normally collected within a 60-90 day period. Management believes that the credit risk with respect to trade and other receivables is minimal.

After initial recognition, trade and other receivables are allocated to one of three stages of the expected credit loss model to determine the expected credit loss (“ECL”) as follows:

- Stage 1: Credit risk has not increased significantly since initial recognition
- Stage 2: Credit risk has increased significantly since initial recognition
- Stage 3: There is objective evidence of impairment as at the reporting date

As at September 30 and June 30, 2020, the Company assessed its trade and other receivables for impairment. During the year ended June 30, 2020, the Company recorded an allowance for doubtful amounts of \$51,945 related to its trade receivables.

The Company manages its credit risk on equity investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management review the financial conditions of its investee companies regularly.

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Company’s reputation.

The following are the contractual maturities of financial liabilities as at September 30, 2020:

| Financial Liabilities | < One Year | > One Year |
|------------------------------|----------------------|----------------------|
| Trade and other payables | \$247,865 | \$ – |
| Total | \$247,865 | \$ – |

The following are the contractual maturities of financial liabilities as at June 30, 2020:

| Financial Liabilities | < One Year | > One Year |
|------------------------------|----------------------|----------------------|
| Trade and other payables | \$429,145 | \$ – |
| Total | \$429,145 | \$ – |

c) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

BLACKHAWK GROWTH CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Additionally, the Company is required to fair value its equity investments at the end of each reporting period. This process could result in significant write-downs of the Company’s investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on the Company’s financial position.

- Equity price risk is defined as the potential adverse impact on the Company’s loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Company has a concentration of equity price risk due to one of its investments being worth a significant amount of its portfolio. The Company sets thresholds on purchases of investments over which approval of the Board of Directors is required. During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Company’s investment portfolio can be quite vulnerable to market fluctuations. At September 30, 2020, a 5% change in the closing trade price of the Company’s equity investments would result in a \$45,000 (June 30, 2020 - \$37,500) change in unrealized gain (loss) on investments.

d) Classification of financial instruments:

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

| Financial assets | Level 1 | Level 2 | Level 3 |
|-------------------------------|---------------------|------------------|---------------------|
| Cash and cash equivalents | \$ 555,469 | \$ – | \$ – |
| Trade and other receivables | – | 68,286 | – |
| Short-term loans | – | – | 349,609 |
| Equity investments | 900,000 | – | 2,360,050 |
| Total financial assets | \$ 1,455,469 | \$ 68,286 | \$ 2,709,659 |

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized and Issued Share Capital as of the Financial Statement Date

| Class | Par Value | Authorized | Issued at September 30, 2020 | Issued at November 25, 2020 |
|--------------|------------------|-------------------|---|--|
| Common | Nil | Unlimited | 312,068,518 | 390,517,108 |
| Preferred | Nil | Unlimited | Nil | Nil |

BLACKHAWK GROWTH CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Description of Issued Warrants as of the Financial Statement Date and the Date of this MD&A

| Security type | Number | Exercise Price | Expiry date |
|---------------|------------|----------------|-------------------|
| Warrants | 46,000,000 | \$0.05 | December 17, 2024 |
| Warrants | 5,000,000 | \$0.06 | April 24, 2022 |

Description of Stock Options Outstanding as of the Financial Statement Date and the Date of this MD&A

| Security Type | Number | Exercise Price | Expiry Date | Recorded Value |
|---------------|------------|----------------|-----------------|----------------|
| Options | 10,000,000 | \$0.05 | August 11, 2022 | N/A |
| Options | 1,600,000 | \$0.10 | July 29, 2024 | N/A |

Subsequent to the period end, the Company has applied to the Canadian Securities Exchange for the completion of a share consolidation, on a one-new-for-twenty-five-old basis. Upon completion of the consolidation, the Company will have approximately 15,876,822 common shares outstanding.

CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities, our ability to repay amounts which may become due and payable, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance, our ability to realize sufficient proceeds from the disposition of our investments in order to fund our obligations as they become due (which will be based upon market conditions beyond our control), market fluctuations, fluctuations in prices of commodities underlying our interests and equity investments, the strength of the Canadian,

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

U.S. and other economies, and other risks included elsewhere in this MD&A under the headings "Risk Factors" and "Financial Instruments" and in the Company's current public disclosure documents filed with certain Canadian securities regulatory authorities and available under Blackhawk's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

RISK FACTORS

An investment in our securities is subject to certain risks, including those set out below and should be carefully considered by an investor before making any investment decision. Additional risks not currently known to us, or that we currently believe to be immaterial, may also affect our business and negatively impact upon an investment in our securities.

Portfolio Exposure

Given the nature of our activities, our results of operations and financial condition are dependent upon the market value of the securities that comprise our portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which we invest. Macro factors such as fluctuations in commodity prices and global political and economical conditions could have an adverse effect on one or more sectors to which we are exposed, thereby negatively impacting one or more of our portfolio companies concurrently. Company-specific risks could have an adverse affect on one or more of our portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect our portfolio investments may have a materially adverse impact on our operating results.

Cash Flow/Revenue

We generate revenue and cash flow primarily from our financing activities and proceeds from the disposition of our investments, in addition to interest and dividend income earned on our investments and fees generated from securities lending and other activities. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of our direct control. Our liquidity and operating results may be adversely affected if our access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to us, or if the value of our investments decline, resulting in capital losses for us upon disposition.

Illiquid Securities

We also invest in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time we are able to do so, and the value of such securities could decline during such period. Illiquid investments are

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

subject to various risks, particularly the risk that we will be unable to realize our investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, we may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

We may also make direct investments in publicly-traded securities that have low trading volumes. Accordingly, it may be difficult for us to make trades in these securities without adversely affecting the price of such securities.

Possible Volatility of Stock Price

The market price of our common shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in our consolidated results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of our common shares. The purchase of our common shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Our common shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in our common shares should not constitute a major portion of an investor's portfolio.

Trading Price of Common Shares Relative to Net Asset Value

We are neither a mutual fund nor an investment fund, and due to the nature of our business and investment strategy and the composition of our investment portfolio, the market price of our common shares, at any time, may vary significantly from our net asset value per share. This risk is separate and distinct from the risk that the market price of our common shares may decrease.

Available Opportunities and Competition for Investments

The success of our operations will depend upon: (i) the availability of appropriate investment opportunities; (ii) our ability to identify, select, acquire, grow and exit those investments; and (iii) our ability to generate funds for future investments. We can expect to encounter competition from other entities having investment objectives similar to ours, including institutional investors and strategic investors. These groups may compete for the same investments as us, may be better capitalized, have more personnel, have a longer operating history and have different return targets than us. As a result, we may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing which may further limit our ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to us to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that we will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

degree of uncertainty. Potential returns from investments will be diminished to the extent that we are unable to find and make a sufficient number of investments.

Share Prices of Investments

Our investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond our control, including, quarterly variations in the subject companies' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of our investments.

Concentration of Investments

We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavourable performance of a single investment, or sector. Completion of one or more investments may result in a highly concentrated investment by us in a particular company, business, industry or sector.

Dependence on Management

We are dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, our continued success will depend upon the continued service of these individuals who are not obligated to remain employed with us. The loss of the services of any of these individuals could have a material adverse effect on our revenues, net income and cash flows and could harm our ability to maintain or grow our existing assets and raise additional funds in the future.

Additional Financing Requirements

We anticipate ongoing requirements for funds to support our growth and may seek to obtain additional funds for these purposes through public or private equity or debt financing. There are no assurances that additional funding will be available to us at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on our operations or ability to incur additional debt. Any limitations on our ability to access the capital markets for additional funds could have a material adverse effect on our ability to grow our investment portfolio.

No Guaranteed Return

There is no guarantee that an investment in our securities will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return

BLACKHAWK GROWTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

on such investments successfully. Our past performance provides no assurance of our future success.

Management of our Growth

Significant growth in our business, as a result of acquisitions or otherwise, could place a strain on our managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve our technical, administrative and financial controls and reporting systems. No assurance can be given that we will succeed in these efforts. The failure to effectively manage and improve these systems could increase our costs, which could have a material adverse effect on us.

Due Diligence

The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Changes to Tax Laws

Potential changes to, or interpretations of, tax laws, may negatively impact our business.

Non-controlling Interests

Our investments include debt instruments and equity securities of companies that we do not control. These instruments and securities may be acquired by us in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of our investments could decrease and our financial condition, results of operations and cash flow could suffer as a result.

ADDITIONAL INFORMATION

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