NOTE TO READER: This Listing Statement has been refiled to correct the escrow release schedule contained in Section 11 "*Escrowed Securities*" from the previously filed version on July 14, 2021. No other changes have been made.

HEMPSANA

HEMPSANA HOLDINGS LTD.

(formerly known as Stralak Resources Inc.)

LISTING STATEMENT

FORM 2A

July 12, 2021

Neither the Canadian Securities Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Business Combination described in this Listing Statement.

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<u>Cautionary Note Regarding Forward-Looking Statements</u>

This Listing Statement contains forward-looking information (collectively, "**forward-looking information**"), which includes disclosure regarding possible events, conditions, or financial performance that is based on assumptions about future economic conditions and courses of action. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "estimates", "intends", "anticipates", "projects", "budgets", "forecasts", or "does not anticipate", or "believes", or variations of such words and phrases, or statements that certain actions, events, or results "may", "could", "would", "might", or "will" be taken, occur, or be achieved. Examples of such forward-looking information in this Listing Statement includes disclosure relating to the following:

- expectations for the effects of the Business Combination;
- the potential benefits of the Business Combination;
- the Resulting Issuer's business and operations, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Resulting Issuer's business, operations and plans, including new revenue streams;
- the Resulting Issuer's ability to obtain licences;
- changes in laws, regulations and guidelines;
- the Resulting Issuer's anticipated revenues and cash flows from operations and consequent funding requirements;
- the Resulting Issuer's anticipated operating expenses;
- the funds available to the Resulting Issuer and the principal purposes of those funds;
- the Resulting Issuer's business objectives and discussion of trends affecting the business of the Resulting Issuer;
- the Resulting Issuer's future expansion into new markets;
- expectations of market size and growth in Canada and in other jurisdictions; and
- expectations for other economic, business, regulatory and/or competitive factors related to the Resulting Issuer and other events or conditions that may occur in the future.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this Listing Statement. The forward-looking information in this Listing Statement is based on a number of assumptions that may prove to be incorrect, including, but not limited to the following:

- general economic conditions;
- state of the regulatory environment;
- the ability of the Resulting Issuer to accurately assess and anticipate trends in its industry;
- the ability of the Resulting Issuer to realize its business objectives and manage its cash flow;
- the Resulting Issuer's ability to maintain a competitive position;

- the ability of the Resulting Issuer to obtain any necessary financing; and
- the ability of the Resulting Issuer to maintain current operating expenses.

Forward-looking information involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Resulting Issuer to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking information. Some of these risks include, but are not limited to the following: regulatory risks, regulatory approvals, permits, and licences, changes in laws, regulations, and guidelines, the Canadian cannabis market, legislative or regulatory reform, unfavourable publicity or consumer perception, development of brands, products, and services, product liability, product recalls, competition, client acquisition and retention, changing customer preferences, restrictions on sales activities, transportation risks, market unpredictability, fraudulent or illegal activity, success of quality control systems, effectiveness and efficiency of advertising and promotional expenditures, risks related to the Resulting Issuer's facilities, environmental risk and regulation, limited operating history, volatile stock price, energy costs, shelf life inventory, reliance on management, conflicts of interest, negative cash flow; insurance and uninsured risks, dependence on suppliers and skilled labour, difficulty to forecast, additional financing, management of growth, internal controls, liquidity, dilution, litigation, the effects of health epidemics, including the global COVID-19 pandemic, inability to protect intellectual property rights, and reliance on information technology systems, and cyberattacks.

The factors identified above are not intended to represent a complete list of the factors that could affect the Resulting Issuer. Additional risk factors are noted under Section 17 "*Risk Factors*" to this Listing Statement.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance, or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Listing Statement. These risk factors should be carefully considered, and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Listing Statement. The Resulting Issuer does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Listing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. Stralak and Hempsana believe that the industry data is accurate and that the 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, Stralak and Hempsana have 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.

1. GLOSSARY OF TERMS

Unless otherwise indicated, the following terms used in this Listing Statement and the Schedules hereto shall have the meanings ascribed to them as set forth below. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**AB Cease Trade Order**" has the meaning ascribed to it under Section 3.1.1 "*Stralak*".

"**ACMPR**" means the Access to Cannabis for Medical Purposes Regulations (Canada) pursuant to the *Controlled Drugs and Substances Act* (Canada).

"**Active Pharmaceutical Ingredient**" or "**API**" is an active ingredient in a pharmaceutical drug that is responsible for the beneficial health effects experienced by consumers.

"**Affiliate**" means a corporation that is affiliated with another corporation as described below. A corporation is an "**Affiliate**" of another corporation if:

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

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

A corporation is "**controlled**" by a Person if:

(a) voting securities of the corporation 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 corporation.

A Person beneficially owns securities that are beneficially owned by:

(c) a corporation controlled by that Person; or

(d) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

"**Amalco**" means the entity formed upon completion of the Amalgamation, which was named Hempsana Inc., which is a direct wholly-owned subsidiary of the Resulting Issuer.

"**Amalgamation**" means the amalgamation of Subco and Hempsana pursuant to the terms of the Amalgamation Agreement.

"**Amalgamation Agreement**" means the agreement dated July 12, 2021, between the Stralak, Subco, and Hempsana in respect of the Amalgamation.

"**ASC**" means the Alberta Securities Commission.

"**Associate**" when used to indicate a relationship with a Person, means:

(e) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(f) any partner of the Person;

(g) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or

(h) in the case of a Person who is an individual:

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Audit Committee**" means the audit committee of the Resulting Issuer.

"**B2B**" means business-to-business.

"**BC Cease Trade Order**" has the meaning ascribed to it under Section 3.1.1 "*Stralak*".

"**BCBCA**" means the *British Columbia Business Corporations Act*.

"**BCSC**" means the British Columbia Securities Commission.

"**Business Combination**" means the business combination among Stralak, Subco, and Hempsana pursuant to which Hempsana Shareholders will receive Resulting Issuer Shares on the basis of one Resulting Issuer Share for each one Hempsana Share and Stralak will become the parent company of Amalco.

"**Business Combination Agreement**" means the Business Combination between Stralak, Subco, and Hempsana dated April 23, 2021 and as amended on June 9, 2021.

"**Cannabis Act**" means Bill C-45, *An Act respecting cannabis and to amend the Controlled Drug and Substances Act, the Criminal Code and other Acts* (Canada).

"**CBCA**" means the *Canada Business Corporations Act*.

"**CBD**" means cannabidiol.

"**Cease Trader Orders**" has the meaning ascribed to it under Section 3.1.1 "*Stralak*".

"**Consolidation**" means the consolidation of the Stralak Shares on the basis of one post-consolidation Stralak Share for each 253.7067059 pre-consolidation Stralak Shares into an aggregate number of 1,500,000 Stralak Shares, including the issuance of 437,499 Stralak Shares to certain arm's-length finders.

"**Creditor**" has the meaning ascribed to it in Section 3.1.2 "*Hempsana*".

"**CSE**" means the Canadian Securities Exchange.

"**Debt Settlement Agreement**" has the meaning ascribed to it under Section 3.1.2 "*Hempsana*".

"**Delta-8 THC**" means Delta-8-tetrahydrocannabinol.

"**Delta-9 THC**" means Delta-9-tetrahydrocannabinol, commonly known as THC.

"**Director**" means the Director appointed under section 260 of the CBCA.

"**EaaS**" or "**Extraction-As-A-Service**" has the meaning ascribed to it under Section 4.1.3 "*Business Objectives*".

"**Effective Date**" means the effective date of the Business Combination, being July 12, 2021.

“**Escrow Agreement**” means the escrow agreement entered into by the Resulting Issuer and certain securityholders of the Resulting Issuer in compliance with the requirements of the CSE.

“**Escrow Agent**” means the escrow agent under the Escrow Agreement.

“**Ethanol Extraction**” means the extraction process whereby solvents are mixed with cannabis materials to remove the cannabinoids and terpenes.

“**EU-GMP**” means European Union Good Manufacturing Practices standards.

“**Exercise Period**” has the meaning ascribed to it under Section 9.2.1 “*Summary of Resulting Issuer Option Plan*”.

“**Formulation-As-A-Service**” has the meaning ascribed to it under Section 4.1.5 “*Products and Services*”.

“**GMP**” means good manufacturing practices, a system for ensuring that products are consistently produced and controlled according to quality standards.

“**Goderich Facility**” has the meaning ascribed to it under Section 4.1.2 “*Goderich Health Canada Licenced Facility*”.

“**Hempsana**” means Hempsana Inc., prior to its amalgamation with Subco pursuant to the Amalgamation Agreement. Hempsana was incorporated under the *Canada Business Corporations Act* on October 15, 2018 under the name “Hempsana Inc.”. On January 18, 2019, Hempsana filed articles of amendment to change its authorized share capital by re-designating all of its existing Class A shares (both issued and unissued) as common shares, deleting all of its authorized but unissued Class B shares from its authorized capital, and increasing its authorized capital by creating an unlimited number of preference shares.

“**Hempsana Board**” or “**Hempsana Board of Directors**” means the Board of Directors of Hempsana Inc.

“**Hempsana March 2021 Private Placement**” means the non-brokered private placement of Hempsana of units, which closed in two tranches, on March 5 and March 12, 2021, pursuant to which it issued 4,249,218 units at $0.75 per unit for aggregate proceeds of $3,186,913.50. Each unit consisted of one Hempsana Share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one Hempsana Share at a price of $1.50 per Hempsana Share for a period of 18 months from the closing date, subject to early acceleration.

“**Hempsana Option Plan**” means the stock option plan for the directors, officers, employees and consultants of Hempsana as more particularly described under the heading “*Options to Purchase Securities*”.

“**Hempsana Options**” means the 1,655,345 options to purchase Hempsana Common Shares, with each Hempsana Option entitling the holder to acquire one (1) Hempsana Common Share in accordance with certain terms.

“**Hempsana Private Placement**” means the non-brokered private placement of Hempsana of units which closed on July 9, 2021, pursuant to which it issued 296,000 units for aggregate proceeds of $310,800. Each unit is comprised of one Hempsana Share and one-half of one common share purchase warrant. The Units were sold at a price of $1.05 per Unit. Each Warrant entitles the holder thereof to acquire one Hempsana Share at a price of $1.50 until the date that is twenty-four months following the closing date of the Hempsana Private Placement, subject to early acceleration.

“**Hempsana Shares**” means common shares in the capital of Hempsana.

“**Hempsana Shareholders**” means the former holders of Hempsana Shares.

“**Hempsana Warrants**” means 4,397,218 warrants to purchase Hempsana Shares issued in connection with the Hempsana March 2021 Private Placement and the Hempsana Private Placement, as more fully described under Section 3.2.2 “*Financings*”.

“**IT**” has the meaning ascribed to it under Section 17.3 “*Risks Related to the Operations of the Resulting Issuer Generally*”.

“**Licensed Producer**” means the holder of license issued by Health Canada authorizing the cultivation, processing, or sale of cannabis and cannabis products.

“**Listing Statement**” means this CSE Form 2A Listing Statement of the Resulting Issuer, including the schedules hereto, prepared in support of the listing of the Resulting Issuer Shares on the CSE.

“**LOI**” has the meaning ascribed to it under Section 3.2.1 “*Business Combination*”.

“**Market Price**” has the meaning ascribed to it under Section 9.2.1 “*Summary of Resulting Issuer Option Plan*”.

“**Name Change**” means the change of Stralak’s name on June 25, 2021 to “Hempsana Holdings Ltd.” pursuant to the BCBCA and in accordance with the Business Combination.

“**Named Executive Officer**” or “**NEO**” has the meaning ascribed to it under Section 15 “*Executive Compensation*”.

“**NEX**” means the NEX Board of the TSXV.

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

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

“**Person**” means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

“**Post-Processing-As-A-Service**” has the meaning ascribed to it under Section 4.1.5 “*Products and Services*”.

“**R&D**” means research and development.

“**Resulting Issuer**” means Hempsana Holdings Ltd., a company existing under the BCBCA, upon completion of the Name Change and Business Combination. For the avoidance of doubt, the Resulting Issuer is Stralak following the completion of the Name Change and the Business Combination.

“**Resulting Issuer Board**” or “**Resulting Issuer Board of Directors**” means the Board of Directors of Hempsana Holdings Ltd. (formerly Stralak Resources Inc.).

“**Resulting Issuer Option Plan**” has the meaning ascribed to it under Section 9.1 “*Outstanding Options*”.

“**Resulting Issuer Shares**” means common shares in the capital of the Resulting Issuer.

“**Shareholders**” means shareholders of the Resulting Issuer.

"**Stralak**" means Stralak Resources Inc., a company existing under the BCBCA, prior to the completion of the Name Change and Business Combination. For the avoidance of doubt, the Stralak is the predecessor to the Resulting Issuer prior to the completion of the Name Change and the Business Combination. Stralak was incorporated under the *Company Act* (British Columbia) on January 31, 1980. On December 13, 2005 Stralak transitioned under the BCBCA and resolved to remove its pre-existing company provisions on December 15, 2005. On August 29, 2011, Stralak was involuntarily dissolved by the B.C. Registrar of Companies and restored effective November 20, 2020. On April 21, 2021, Stralak amended its Notice of Articles to alter the authorized capital of the Company from 100,000,000 common shares to an unlimited number of common shares without par value.

"**Stralak Debt Settlement**" means the issuance by Stralak of an aggregate of 172,000,000 Stralak Shares at a deemed price of $0.001 per share in settlement of an aggregate of $172,000 in liabilities, issued prior to the Consolidation.

"**Stralak Financial Statements**" means the audited financial statements of Stralak for the years ended November 30, 2020 and 2019 and the interim unaudited financial statements of Stralak for the six months ended May 31, 2021.

"**Stralak Option Plan**" has the meaning ascribed to it under Section 9.1 "*Outstanding Options*".

"**Stralak Shares**" means common shares in the capital of Stralak prior to the Business Combination.

"**Subco**" means 12954991 Canada Inc., which was a wholly-owned subsidiary of Stralak incorporated for the purpose of carrying out the Amalgamation and which amalgamated with Hempsana to form Amalco pursuant to the Business Combination Agreement.

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

"**TSXV**" means the TSX Venture Exchange.

"**Units**" has the meaning ascribed to it under Section 3.2.2 "*Financings*".

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

Upon completion of the Business Combination, the full corporate name of the Resulting Issuer will be "Hempsana Holdings Ltd." The head and principal office of Resulting Issuer will be the head office of Hempsana located at 3080 Yonge Street, Suite 6060, Toronto, Ontario, Canada, M4N 3N1, and its registered office will be the office of Stralak located at 1049 Chilco Street, Suite 405, Vancouver, British Columbia, V6G 2R7.

The Resulting Issuer will also have a sales and facility administration office at 440 Parsons Court, Goderich, Ontario, N7A 4K3. The Resulting Issuer's Health Cannabis Licence will be associated with this address.

2.2 Jurisdiction of Incorporation

Stralak

Stralak was incorporated under the *Company Act* (British Columbia) on January 31, 1980. On December 13, 2005 Stralak transitioned under the *Business Corporations Act* (British Columbia) and resolved to remove its pre-existing company provisions on December 15, 2005. On August 29, 2011, Stralak was involuntarily dissolved by the B.C. Registrar of Companies and restored effective November 20, 2020. On

April 21, 2021, Stralak amended its Notice of Articles to alter the authorized capital of the Company from 100,000,000 common shares to an unlimited number of common shares without par value.

The year end of Stralak is November 30th. Upon completion of the Business Combination, the year end of the Resulting Issuer will become the year end of Hempsana, which is December 31st.

Stralak is a reporting issuer in the provinces of British Columbia and Alberta.

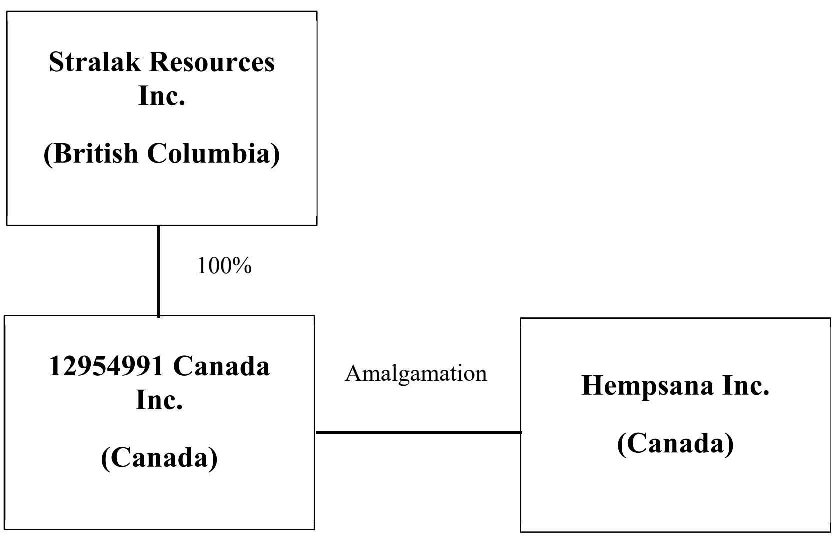
Hempsana

Hempsana was incorporated under the *Canada Business Corporations Act* on October 15, 2018 under the name "Hempsana Inc.". On January 18, 2019, Hempsana filed articles of amendment to change its authorized share capital by re-designating all of its existing Class A shares (both issued and unissued) as common shares, deleting all of its authorized but unissued Class B shares from its authorized capital, and increasing its authorized capital by creating an unlimited number of preference shares.

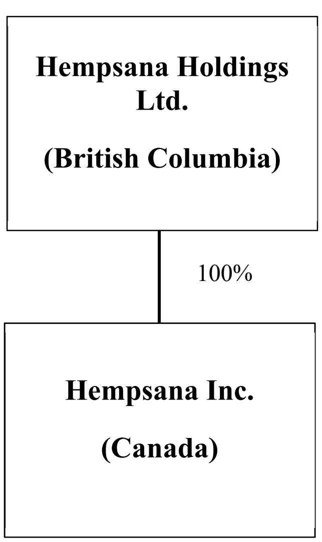
2.3 Intercorporate Relationships

Set forth below are the organization charts of Stralak and Hempsana immediately prior to the Business Combination and of the Resulting Issuer following the completion of the Business Combination.

Organization Chart Prior to Business Combination



Organizational Chart Following the Business Combination



2.4 Fundamental Change

The Resulting Issuer is applying to list the Resulting Issuer Shares on the CSE following the Business Combination. See Section 2.3 "*Intercorporate Relationships*" above for charts illustrating the intercorporate relationships. Also see Section 3.2 "*The Business Combination*".

Management of the Resulting Issuer has determined that the Business Combination will be accounted for as a reverse take-over from an accounting perspective.

2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

This section is not applicable to the Resulting Issuer.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development

3.1.1 Stralak

Stralak was previously engaged in the acquisition and exploration of precious metal and industrial mineral properties but had disposed of these interests as of November 2009.

On August 29, 2011, Stralak was involuntarily dissolved by the B.C. Registrar of Companies. It remained dormant until it was restored effective November 20, 2020.

On November 23, 2020, Stralak announced the resignation of Robert Gartenberg, David Abrahams, and David R. Croutch from the board of directors. Robert Gartenberg also resigned as Chief Executive Officer and Chief Financial Officer. Stralak appointed Aaron Meckler, Daniel Talkins, and Michael Meckler to the board of directors in order to fill the vacancies created by the foregoing resignations. In addition, Aaron Meckler was appointed as Chief Executive Officer and Chief Financial Officer. On January 12, 2021, Stralak appointed Joseph Meckler to the board of directors.

On November 23, 2020, Stralak applied for partial revocation of the Cease Trade Orders (as defined below). Stralak's securities had been subject to both a cease trade order issued by the BCSC on April 12, 2007 (the "**BC Cease Trade Order**") and a cease trade order issued by the ASC on July 11, 2007 (the "**AB Cease Trade Order**", together with the BC Cease Trade Order, the "**Cease Trade Orders**"), for failure to file certain continuous disclosure filings required under applicable securities laws. The BCSC and the ASC granted the partial revocation orders on December 17, 2020.

On December 22, 2020, Stralak completed a private placement of 85,000,000 common shares at a price of $0.001 per share for gross proceeds of $85,000. As part of this private placement, two directors of Stralak participated through the acquisition of 73,333,330 common shares for gross proceeds of approximately $73,333.

On March 5, 2021, the BCSC and the ASC issued orders revoking the Cease Trade Orders as a result of Stralak filing the required continuous disclosure documents.

On April 21, 2021, Stralak amended its Notice of Articles to alter the authorized capital of the Company from 100,000,000 common shares to an unlimited number of common shares without par value.

Immediately prior to the Business Combination, Stralak was focused on identifying suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders.

On June 17, 2021, Stralak completed the Stralak Debt Settlement by settling an aggregate of $172,000 of debt with its certain creditors through issuance of an aggregate of 172,000,000 Stralak Shares at a deemed price of $0.001 per Stralak Share.

As part of the Business Combination, Stralak consolidated the Stralak Shares on the basis of one post-consolidation Stralak Share for each 253.7067059 pre-consolidation Stralak Shares, which resulted in there being 1,062,501 Stralak Shares issued and outstanding. Following the Consolidation, Stralak issued 437,499 Stralak Shares to certain arm's-length finders.

3.1.2 Hempsana

Hempsana is a Canadian cannabis company and is a specialized manufacturer of cannabis derivatives, focused on extraction and purification and end-product manufacturing.

On October 15, 2018, Hempsana conducted a private placement pursuant to which Hempsana issued 10,000,000 Class A shares at a price of $0.01 per Class A share for gross proceeds of $100,000.

In November 2018, Hempsana purchased land a building for a future processing and manufacturing facility in Goderich, Canada.

In December 2018, Hempsana partnered with Eurofins Experchem Canada to complete comprehensive ACMPR standard processing licence application for Health Canada.

In January 2019, Hempsana submitted an ACMPR Standard Processing Licence application to Health Canada.

On January 18, 2019, Hempsana filed Articles of Amendment pursuant to which the existing Class A shares in the capital of Hempsana were re-designated as Hempsana Shares and new preference shares were created.

On January 19, 2019, Hempsana conducted a private placement pursuant to which Hempsana issued 2,500,000 Hempsana Shares at a price of $0.02 per common share for gross proceeds of $50,000.

On February 28, 2019, Hempsana issued 685,323 Hempsana Shares at a price of $0.30 per Hempsana Share for gross proceeds of $205,596.90.

On March 5, 2019, Hempsana approved the adoption of the Hempsana Option Plan.

In March 2019, Hempsana began construction of the Goderich Facility. Construction was completed and the building was approved for operations by the Town of Goderich in January 2021 . The total cost to construct the Goderich Facility was $1,496,436.00.

Between April 30, 2019 and August 29, 2019, Hempsana issued 3,368,133 Hempsana Shares at a price of $0.60 per Hempsana Share for gross proceeds of $2,020,879.80.

In August 2019, Hempsana received a Health Canada Licence for Industrial Hemp to sell industrial hemp seed and flowering head, and to import and export seed.

On October 17, 2019, Hempsana issued a promissory note in the principal amount of $850,000 bearing interest at the rate of 11.5% per annum on the unpaid principal.

In March 2020, Hempsana signed a letter of intent with a western Ontario based hemp farmer for long term supply of hemp biomass. As of the date hereof, the formal agreement is still under negotiations.

In May 2020, Hempsana received a Health Canada Standard Processing Licence.

In October 2020, Hempsana signed a memorandum of understanding with CBD Supply Chain Inc. for biomass supply, extraction, and sales of CBD concentrates.

In December 2020, Hempsana begins commercial production of CBD crude and distillate at the Goderich facility for sales contracts and tolling contracts in-hand.

On January 21, 2021, Hempsana entered into a Debt Settlement Agreement (the "**Debt Settlement Agreement**") with a creditor (the "**Creditor**") pursuant to which Hempsana issued 250 secured convertible debentures to the Creditor at price of $1,000 per convertible debenture. The convertible debentures bear nil interest and mature eighteen months from the date of issuance. The convertible debentures will be secured against Hempsana's Delta Cup 30 extraction machine, granting the Creditor a first prior security interest. The convertible debentures will automatically convert into 297,619 Hempsana Shares immediately prior to the completion of the Business Combination.

In January 2021, Hempsana signed a letter of intent for a joint venture with Canbud Corp, a publicly-listed Canadian cannabis company with the Health Canada Sale for Medical Purposes Licence for CBD product manufacturing and sales, utilizing Canbud's medical sales clinic network. As of the date hereof, the formal agreement is still under negotiations.

Hempsana conducted the Hempsana March 2021 Private Placement of units, which closed in two tranches, on March 5 and March 12, 2021, pursuant to which it issued 4,249,218 units at $0.75 per unit for aggregate proceeds of $3,186,913.50. Each unit consisted of one Hempsana Share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one Hempsana Share at a price of $1.50 per Hempsana Share for a period of 18 months from the closing date, subject to early acceleration.

On March 31, 2021, Hempsana issued 1,068,993 Hempsana Shares at a deemed price of $0.75 per Hempsana Share to certain persons in return for the settlement of an aggregate of $801,745 in debt.

In April 2021, Hempsana signed a Sales Representative Agreement with an Alberta based sales and distribution company for sales of cannabis derivatives or end products through their network to act as a non-exclusive independent sales representative of Hempsana's products in various territories globally including Europe, Latin America, Australia, and Asia.

On July 9, 2021, Hempsana issued 164,037 Hempsana Shares to certain finders at a deemed price of $1.05 per Hempsana Share in connection with the Business Combination.

3.2 The Business Combination

3.2.1 Business Combination

In March and April 2021, representatives of Stralak and Hempsana discussed the merits of a potential business combination. Recognizing the potential benefit such a transaction would bring to their respective shareholders, on April 7, 2021, Hempsana and Stralak signed a letter of intent (the "**LOI**") in respect of the Business Combination.

On April 23, 2021, a wholly-owned subsidiary of Stralak, 12954991 Canada Inc. ("**Subco**"), was incorporated under the *Canada Business Corporations Act* solely for the purpose of amalgamating with Hempsana pursuant to the Business Combination. Hempsana, Subco, and Stralak then signed the Business Combination Agreement.

Pursuant to the Business Combination Agreement, a copy of which will be available on Stralak's profile on SEDAR at www.sedar.com, Stralak agreed to, among other things, complete the Name Change to

"Hempsana Holdings Ltd.", complete the Consolidation and acquire Hempsana via the Amalgamation of Subco and Hempsana, as set out below:

(a) Hempsana will complete the Amalgamation with Subco, forming Amalco, with the Resulting Issuer as the sole shareholder of Amalco;

(b) holders of Hempsana Shares will receive one fully paid and non-assessable Resulting Issuer Share for each Hempsana Share held, following which all such Hempsana Shares are to be cancelled; and

(c) each of the issued and outstanding Hempsana Warrants and Hempsana Options will become exercisable to acquire one Resulting Issuer Share in lieu of securities of Hempsana at the same exercise price and on the same terms and conditions contemplated in each Hempsana Warrant and Hempsana Option.

Following the completion of the Business Combination, Amalco will be a wholly-owned subsidiary of the Resulting Issuer. Amalco will be an amalgamated corporation existing under the CBCA and will be named "Hempsana Inc."

Upon the completion of the Business Combination in accordance with the terms of the Business Combination Agreement:

(a) 22,629,323 Hempsana Shares will be exchanged for 22,629,323 Resulting Issuer Shares;

(b) 4,397,218 Hempsana Warrants will become exercisable for 4,397,218 Resulting Issuer Shares;

(c) 1,655,345 Hempsana Options will become exercisable for 1,655,345 Resulting Issuer Shares; and

(d) the Resulting Issuer will begin carrying on the business of Hempsana as described herein.

In addition, the Stralak Shares and securities will continue to remain outstanding following the Consolidation, resulting in an additional 1,500,000 Resulting Issuer Shares issued and outstanding.

Upon the completion of the Business Combination, the Resulting Issuer will have 24,129,323 issued and outstanding Resulting Issuer Shares on an undiluted basis. Approximately 6.22% of those Resulting Issuer Shares will be held by current shareholders of Stralak, 92.56% will be held by current shareholders of Hempsana, and 1.23% will be held by purchasers under the Hempsana financing.

See Section 8 "*Consolidated Capitalization*" for more information regarding the outstanding capital of the Resulting Issuer.

The valuation ascribed to Hempsana in the Amalgamation was determined by arm's length negotiation between Stralak and Hempsana and based in part upon Hempsana's pre-Amalgamation financings.

The Amalgamation was approved by the written consent of all of the Hempsana Shareholders and by Stralak, in its capacity as sole shareholder of Subco.

3.2.2 Financings

On July 9, 2021 Hempsana issued 296,000 units ("**Units**") pursuant to the Hempsana Private Placement for aggregate proceeds of $310,800. Each Unit is comprised of one Hempsana Share and one-half of one common share purchase warrant (each whole warrant, a "**Hempsana Warrant**"). The Units were sold at a price of $1.05 per Unit. Each Warrant entitles the holder thereof to acquire one Hempsana Share at a price of $1.50 until the date that is twenty-four months following the closing date of the Hempsana Private Placement. The Hempsana Warrants contain an acceleration clause whereby if the underlying common shares trade at a volume weighted average price of $1.75 or more for ten consecutive trading days, Hempsana will have the right to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the Hempsana Warrants. Following the completion of the Business Combination, the Hempsana Warrants will be exercisable for Resulting Issuer Shares in accordance with their terms.

The net proceeds from the Hempsana Private Placement will be used towards the business objectives set fort in Section 4.1.3 "*Business Objectives*".

3.3 Trends, Commitments, Events or Uncertainties

Following completion of the Business Combination, the Resulting Issuer will begin carrying on the business of Hempsana. Hempsana is a Canadian cannabis company and is a specialized manufacturer of cannabis derivatives, focused on extraction and purification and end-product manufacturing. Hempsana's EU-GMP compliant facility, located in Goderich Ontario, is Licensed under Health Canada's Standard Processing License and Health Canada's Industrial Hemp Licence. The Company's focus is on producing consistent high-quality cannabis extracts for use in finished products, including vapeables, topical creams, and infused consumables. Additional offerings by the Company include various states of cannabinoid derivatives and end-product formulations for private and white labelling services. Service offerings by the Company include Extraction-as-s-Service, Post-Processing-As-A-Service, and Formulations-As-A-Service to Health Canada Licenced companies.

Except as disclosed below, there are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Resulting Issuer's business, financial condition, or results of operations. However, there are significant risks associated with the Resulting Issuer's business, as described in Section 17 "*Risk Factors*".

Global Trends

As more countries fully legalize cannabis, the global cannabis market could be worth $200 billion by 2025 according to a report from Prohibition Partners.[1] According to Grandview Research, the global CBD market was valued at $2.8 billion in 2020 and is expected to grow at a Compounded Annual Growth Rate of 21.1% over the next several years.[2]

Despite the global pandemic, according to BDSA (formerly BDS Analytics), the global cannabis sales reached nearly $21.3 billion in 2020, an increase of 48% over 2019 sales of $14.4 billion. BDSA forecasts that global cannabis sales will grow from $21.3 billion in 2020 to $55.9 billion in 2026, a compound annual growth rate of more than 17%.[3] The financial aftermath of the pandemic may change the landscape of the cannabis industry as it becomes a realistic option for countries seeking to recover financially through new sources of taxable revenue which cannabis can offer. Furthermore, according to reports, in countries that have already legalized cannabis, and during the global pandemic, many have deemed cannabis an essential

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[1] https://prohibitionpartners.com/reports/
[2] https://www.grandviewresearch.com/industry-analysis/cannabidiol-cbd-market
[3] https://blog.bdsa.com/cannabis-sales-in-2020

service, such as the Netherlands, Canada, and various states in the United States. In Canada, adult-use cannabis legalization had a tremendous year, with Canadian purchasing of over $2.6 billion of cannabis products, according to BNN Bloomberg.[4] Implications are that the increase in sales were a result of improved distribution and continuing focus on quality providing the path for the adult-use market in overtaking the illicit market with the expectation that it will continue to absorb the illicit share as they attract new consumers with the launch of Cannabis 2.0 and 3.0 products.

Healthcare

The stress of COVID-19-related lockdowns and social distancing protocols has taken a significant strain on mental health for many individuals over the last year. With individuals looking for ways to pass time, and, more pointedly, to manage and reduce anxiety, the cannabis market has seen strong support, with StatCan showing consecutive quarter-over-quarter increases in sales of non-medical use of cannabis during the 2020 pandemic year.[5]

Institutional Investment

The cannabis industry is viewed by many institutional managers to grow at a rate last seen during the high growth adoption of the internet. While the recreational and medical markets of cannabis are centerstage, cannabinoids and the hemp plant can be used across industries, including healthcare, cosmetics, manufacturing, consumer products, construction, and food and hospitality. Each of these industries have a significant range of products that can be produced, including pharmaceuticals, topical creams, food ingredients, and industrial materials. Many are seeing the current state of the global cannabis sector as one of the greatest buying opportunities in the public markets since the dot.com rally in the US and the more recent cannabis swing in Canada.

CBD Growth in the EU

On the backs of the European Court of Justice verdict on CBD, we have seen immediate action take place by the European Commission to evaluate its stance on CBD.[6] In addition, the World Health Organization's recommendation (Recommendation 5.1) to remove cannabis and cannabis resin from Schedule IV of the 1961 Single Convention on Narcotic Drugs this past December provides additional tailwinds for CBD in Europe. With significant interest in CBD initiatives and a significant increase in CBD and cannabinoid research that is being conducted in Europe, 2021 may prove to be a big year for CBD in Europe. Interestingly, as published by the UK Food Standards Agency has classified CBD as a novel food which provides UK CBD companies a head start on developing a strong cannabinoid market ahead of its EU neighbours.[7]

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

Following the completion of the Business Combination, the Resulting Issuer will carry on the business of Hempsana as described herein.

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[4] https://www.bnnbloomberg.ca/cannabis-canada-weekly-canadians-doubled-pot-purchases-to-2-6b-in-lockdown-filled-2020-1.1566114
[5] https://www150.statcan.gc.ca/n1/pub/82-003-x/2021004/article/00001-eng.htm
[6] https://hempindustrydaily.com/wp-content/uploads/2020/11/Court-of-Justice-complete-ruling-on-Kanavape.pdf
[7] https://www.food.gov.uk/

4.1.1 General Description of the Business of Hempsana

Hempsana is a Canadian cannabis company specializing in cannabis derivatives with focus on Extraction & Purification and End-Product Manufacturing. It sells various cannabis derivatives, including distillates and isolates, through cannabis wholesale channel in Canada, specifically by selling cannabis derivatives in bulk to licensed producers and through provincial distribution channels. In the future, Hempsana will look to expand its sales channels globally in Europe and Asia. with a focus on the nutraceutical, cosmeceutical, and pharmaceutical sectors in Canada, the European Union, and Asia. Hempsana received the Health Canada Industrial Hemp Licence in August 2019 and the Health Canada Standard Processing Licence in May 2020.

4.1.2 Goderich Health Canada Licenced Facility

The Resulting Issuer operates a wholly-owned primary extraction facility with wholly-owned on-site equipment that is located in Goderich, Ontario, Canada (the "**Goderich Facility**"). All of the Resulting Issuer's production activities, including product development, certain end-product manufacturing, and packaging and distribution, are executed at the Goderich Facility.

The Goderich Facility is strategically located in an industrial area within a larger agricultural county, and its operations have the support of local government. The location provides the Resulting Issuer with excellent access to biomass raw materials and skilled workers. Hempsana purchased the building shell of the Goderich Facility and an acre of property in November 2018 for an aggregate purchase price of $830,000.00. Since the purchase of the facility, the Company invested an additional $1,560,686, for a total cost of $2,390,686. The building was constructed as an 8,000 sq. ft. stand-along facility that includes office space, manufacturing space, and a farm-gate retail sales area. The laboratory within the facility is engineered with ISO-8 standard clean rooms which are EU GMP and GPP compliant.

Goderich Extraction Facility

4.1.3 Business Objectives

The Resulting Issuer is positioning itself to be a supplier of CBD distillate as it believes that interest in cannabis for natural health and recreational use purposes is increasing rapidly across the world. Upon completion of the Business Combination, the Resulting Issuer's primary business objectives for the next twelve months are to increase revenue growth, obtain a sales amendment to its Health Canada licences to add a retail component to its business as discussed below, increase its geographic distribution reach in Canada, and engage in further research and development for new products.

The table below sets the specific milestones that the Resulting Issuer must achieve to meet its aforementioned business objectives, as well as the anticipated timing and cost of achieving these milestones:

Business Objective	Milestones	Anticipated Timing	Approx. Cost
Revenue Growth	**Sales: Secure Extraction-As-A-Service ("EaaS") Contracts** There is currently an oversupply of cannabis biomass by cultivators and farmers in Canada. Because the potency of organic biomass degrades as time passes, in order to extend the shelf life of the cannabinoids in the biomass, there is an increasing demand for the extraction of the biomass into oils and isolates. The Resulting Issuer is currently in negotiations with mutually exclusive growers of cannabis to provide extraction services on an EaaS basis. No formal agreements have been entered at this time.	**July – December 2021**	**$166,063**
	Product Offering Additions Several Licenced Producers with whom the Resulting Issuer is currently in discussions for EaaS and offtake agreements have noted that rare cannabinoids, including CBN and Delta-8 THC, are in high demand. No formal agreements have been entered at this time. The Resulting Issuer is developing the capabilities to produce rare cannabinoid isolates and aims to be an early mover as a manufacturer of these isolates and related proprietary products.	**December 2021**	**$105,676**
	Farm-Gate Retail Store The Resulting Issuer is in the process of applying for a farm-gate retail sales storefront with the	**November 2021**	**$30,193**

	assistance of a qualified cannabis consultant. Hempsana has been assigned a review with the Alcohol and Gaming Commission of Ontario and continues to respond to due diligence questions as part of the application process. The retail store will be located on-site at the Goderich Facility. The application, along with the construction and development of the space, is currently underway. The retail store will serve as both a sales centre and as a hub for cannabis education.		
Health Canada Licence Amendment	**Retail Sales Amendment** The Resulting Issuer has applied to Health Canada for a sales amendment to its Licences to allow for direct retail sales of both cannabis vape cartridges and topical creams. For the purposes of the amendments, sales will be targeted at both national distribution and international export, and will include both recreational and medical sales channels of cannabis-infused products. Hempsana has been assigned a reviewer from Health Canada and anticipates correspondence with the reviewer as part of review of the artifacts submitted as part of application.	**August 2021**	**$23,676**
Geographic Distribution Growth	**Increase Distribution Partnerships** The Resulting Issuer currently has distribution partnerships for products such as vapeables, topicals, and tincture droppers. No formal agreements have been entered at this time. It intends to continue establishing a distribution network both nationally and globally through distribution and sales partnerships. By increasing its number of distribution partnerships, the Resulting Issuer expects that it will increase its brand reach and that this will drive up sales.	**On-Going**	**$44,778**
	In-House Sales Team The Resulting Issuer intends to build a dedicated sales team to identify direct sales opportunities and to generate sales in Canada, the European Union, and Asia. Its goal is to expand its sales efforts and brand presence globally. The sales team will be headed by the current Head of Sales.	**October 2021**	**$32,425**

Research and Development	**Product Development** In addition to its current product offerings and those already in the process of being developed, such as rare cannabinoids, the Resulting Issuer intends to continue its research and development efforts. It plans to develop new infused edibles, such as beverages and confectionary. These research and development efforts will primarily be driven by dynamic consumer preference for cannabis products.	**On-Going**	**$38,601**

4.1.4 Use of Available Funds

Based on the working capital positions of Stralak, Subco, and Hempsana as at June 30, 2021 and factoring in the Hempsana Private Placement, it is anticipated that the Resulting Issuer will have the following funds available:

Source of Funds Available	**Funds Available on Completion of the Business Combination**
Net Proceeds from the Hempsana Private Placement	$300,000
Funds from anticipated sales over next 12 months	$285,000(1)
Consolidated working capital of Stralak and Hempsana as at June 30, 2021	$711,703
Total Funds Available (unaudited)	**$1,296,703(2)**

Notes:

(1) Based on current processing agreements in place as of the date hereof. This number could change depending on if additional processing agreements are entered or agreements are terminated or revised.

(2) Stralak and Hempsana expects that the Resulting Issuer will be able to continue planned operations with its current non-contingent financial resources for 12 months from the completion of the Business Combination, including the milestones set forth above, as applicable.

The Resulting Issuer currently intends to use the total funds available for the purposes described in the table below, subject to its discretion to change the below allocations after the date of this Listing Statement:

Use of Available Funds	Funds Available on Completion of the Business Combination
Revenue Growth	$301,932
Salaries	$231,609
Operations	$70,323
Health Canada Licence Amendment	$23,676
Consultants, Professional Fees	$23,676
Geographic Distribution Growth	$77,203
Salaries	$77,203
Research and Development	$38,601
Research costs	$38,601
General Corporate Expenses	$855,291
One Time Costs for RTO (1)	$200,000
Payment of Management Fee (2)	$200,000
Public Company Compliance (3)	$65,000
Insurance (3)	$120,000
Salaries	$38,601
Office and Other Administration	$4,797
Mortgage Payments	$226,893
Total Funds Available	**$1,296,703**

Note:

(1) Estimate of legal fees, plus accounting and audit reviews, commissions and various filing fees related to the RTO

(2) Payment of management fee to certain principals of Stralak as per Business Combination Agreement.

(3) Estimate of ongoing public company costs, including professional fees and D&O insurance.

The Resulting Issuer intends to spend the funds available to it as stated in this Listing Statement. However, the actual use of the net proceeds may vary depending on the Resulting Issuer's operating and capital needs from time to time. There may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary, and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors. Additionally, there may be circumstances where the Resulting Issuer is unable to generate the revenues anticipated in the tables above. If there is a shortfall in revenues or cash flows, it could impact the amount of funds available, or the time required to achieve our milestones. See Section 17 "*Risk Factors*" to this Listing Statement.

4.1.5 Products and Services

The Resulting Issuer's principal business is comprised of cannabis products and cannabis-related service offerings. Its product offerings include various states of cannabinoid derivatives and end-product formulations for retail products for private labelling and white labelling services. These end-product formulations include topical creams, vape cartridges, and oil tinctures. The Resulting Issuer's service offerings include Extraction-As-A-Service, Post-Processing-As-A-Service, and Formulations-As-A-Service for Health Canada Licensed companies.

Product Offerings

Cannabinoid Distillate

The Resulting Issuer manufactures cannabinoid distillates using Ethanol Extraction. This method has become an industry standard and is the preferred choice for full spectrum CBD extraction of oil and concentrates. The ethanol works as a solvent that extracts the cannabinoids and terpenes from the hemp plant biomass. The focal cannabinoid for distillate will be CBD, which will be supplemented with other cannabinoids including Delta-9 THC, Delta-8 THC, and CBN.

As part of the refinement process after the initial Ethanol Extraction, the ethanol solvent, by-products, CBD, and terpenes are further purified to create a distillate oil, which can be mixed with other formulations as required by the end purchaser.

The Resulting Issuer's current production of the primary extraction with post-processing produces crude resin that yields 65%-75% cannabinoid concentration. The crude resin is packaged for wholesale sales as bulk raw CBD oil.

Distillation of the crude resin using spinning-band distillation produces CBD distillate as a purified oil, which yields greater than approximately 80% CBD concentration, along with heavy terpenes (i.e., aromatic oils) as a by-product. This high-grade CBD distillate is produced in compliance with the rigorous EU GMP guidelines. It is packaged as an active ingredient for wholesale pharmaceutical and nutraceutical use and white label services such as topical formulations, high-quality vape cartridges, and edibles. It will also be used in the Resulting Issuer's private labelled products, which will include bottled oil tinctures.

Cannabinoid Isolate

The Resulting Issuer plans to manufacture and distribute Isolate, an ultra-pure, crystalline powder, based on specification requirements for Delta-9 THC, Delta-8 THC, and CBN, with further purification of the cannabinoid distillates through a crystallization process. It will manufacture CBD Isolate crystalline powder that contains 99.9% pure CBD, targeted to be released in the second half of 2021. The CBD Isolate will be available for wholesale distribution for use as an additive in end-products and as an Active Pharmaceutical Ingredient.

Delta-8 THC, CBN, and other Rare Cannabinoid Derivatives

The Resulting Issuer has the technical proficiency to manufacture various high-demand cannabinoid derivatives, including Delta-8 THC, and CBN, in response to new empirical data becoming available and consumer preferences and market trends changing (sources: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3165957/; https://www.healthline.com/health/cbd-vs-cbn#cbd-benefits-uses and https://www.healthline.com/health/cbg-oil#potential-benefits; https://dailycbd.com/en/cbg/). The Resulting Issuer plans to manufacture and distribute these and other cannabinoids as distillate and isolate during Q3 2021.

Retail End-Products

In addition to manufactured cannabinoid derivative products, the Resulting Issuer is working on obtaining a licence to distribute complementary end-products through private labelled, co-branded, and white labelled joint venture partnerships. As of the date hereof, a reviewer has been assigned by Health Canada to review the application. These complementary products will include vape cartridges, CBD oil tinctures, and CBD topical creams and lotions. By distributing these end-products, the Resulting Issuer will ensure that it has a wide range of product offerings on the market that covers both the recreational consumer and the medical patient channels.

Service Offerings

The Resulting Issuer offers a broad portfolio of service offerings for cannabis companies to assist them with achieving compliance with Health Canada regulations as well as with satisfying their client's business needs. These service offerings include processing, remediation, and formulation.

Extraction-As-A-Service

The Resulting Issuer currently provides full-service processing of biomass into crude or distillate for Licensed companies, including Licensed Producers and cultivators. Extraction services are charged using a formula based on the quantity processed, product specifications, yield, and biomass quality.

Post-Processing-As-A-Service

As part of the Resulting Issuer's full-service B2B offerings, it provides post-processing services, including remediation services, to Licensed companies and cultivators ("**Post-Processing-As-A-Service**"). For example, the Resulting Issuer may convert full spectrum distillate to a THC-free broad-spectrum distillate. There is growing demand for these post-processing services from many cannabis companies, as extracted CBD oils increase THC levels during the extraction process due to the inherent nature of the product as a concentrate, which allows companies to produce products that are regulatory-compliant while also using the distillate as required for their unique product specifications. Given the flexible and bespoke nature of the post-processing services, they are charged depending on client-specified requirements.

Formulation-As-A-Service

The Resulting Issuer also provides turn-key formulation solutions for cannabis companies seeking developed products, and can provide formulations for vape cartridges, topicals, gels, and edibles ("**Formulation-As-A-Service**"). The fees for these white labelling services are set depending on the formulation specifications.

Product and Service Offerings Summary

The following chart sets out additional information on the Resulting Issuer's products and services as described above:

Business Category	Offering Category	Description
Products	Crude Oil *(Full Spectrum Oil)*	Primary extraction provides a consistent crude resin that yields 65%-75% cannabinoid concentration. The crude resin is available for wholesale distribution as bulk raw CBD oil.
	Distillate *(Full Spectrum High Concentrate)*	The purification process removes undesirable particulates in order to produce a full spectrum cannabinoid distillate oil that yields between 80%-95% cannabinoid concentration, along with natural terpenes. Further post-processing allows for the full spectrum distillate to remove cannabinoids such as THC while retaining the non-psychoactive cannabinoids, including CBD and CBN, which can then be made available as separated cannabinoids. Distillate oils are available for wholesale distribution or can be compounded on-site as a fully finished product.
	Isolate *(Active Pharmaceutical Grade)*	Further purification of the cannabinoid distillates through a crystallization process results in an ultra-pure powder that contains 95%+ pure cannabinoid. This crystallization process produces cannabinoids in their purest form, at Active Pharmaceutical Ingredient grade, and which can be used for various pharmaceutical compounding as needed. Isolates will be available for wholesale distribution or can be compounded on-site as a fully finished product.
Services	Extraction-As-A-Service *(EaaS)*	Full-service processing of biomass into crude or distillate for Licensed companies, including Licensed producers and cultivators. The Resulting Issuer's extraction services provide a product based on the yield and biomass requirements of and other specifications provided by the customer.
	Post-Processing-As-A-Service *(PPaaS)*	Post-processing services include remediation services for Licensed companies and cultivators whereby full spectrum distillate is converted to a THC-free broad-spectrum distillate. This conversion process results in products that are regulatory-compliant and can be tailored to the customer's product specifications. Other post-processing services include purification services to ensure that cannabinoid concentration and purity meet customer needs, and refinement services to prepare cannabinoid products that meet Active Pharmaceutical Ingredient grade requirements.
	Formulation-As-A-Service *(FaaS)*	Cannabis companies seeking developed products are provided with formulations that can be compounded on-site and are ready for bulk delivery. These product offerings include: vape cartridges with specified distillate formulations; topicals, including creams, lotion, and gels; and edibles, including formulations for confectionary, gummies, and candies.
	White Labelling	The Resulting Issuer's team works with cannabis companies to

Business Category	Offering Category	Description
		design, create, and produce fully finished cannabis products that can be packaged and made ready for sale.

4.1.6 Production and Sales

Renewal Options and Material Leases of Mortgages

The Resulting Issuer currently has an approximate $850,000 mortgage on the Goderich Facility building. The mortgage has an interest of 11.5% and a 5-year term (ended December 2024). The mortgage is currently in good standing.

Specialized Skill and Knowledge

The Resulting Issuer's business requires specialized knowledge and technical skill in cannabis processing in Canada, clinical sciences, product formulations, product testing, clinical testing, quality assurance, GMP standards, and ingredient sourcing. The required skills and knowledge are available to the Reporting Issuer through its current employees and management and its ongoing recruitment of new employees and consultants.

Sources and Pricing Availability of Raw Materials

The main raw material required for the Resulting Issuer is hemp biomass. There is currently no market to purchase hemp biomass, and so the Resulting Issuer enters into negotiations with various suppliers to acquire hemp biomass from time to time. There is an abundance of hemp biomass supply in the current market.

Ethanol is also an important raw material to the Reporting Issuer's business. The Resulting Issuer has relationships with ethanol suppliers and purchases it at the market rate as needed. Ethanol is readily available in the current market.

Seasonality/Cyclicity of Business Segment

The Resulting Issuer's limited operating history makes it difficult to identify seasonal impacts on the Resulting Issuer's business.

Contracts

Other than normal course purchase order to sell hemp, there are no contracts at this time that are material to the Resulting Issuer's day-to-day operations.

Employees

As of the date of this Listing Statement, the Resulting Issuer and Hempsana collectively have nine full-time employees.

Foreign Operations

At this time, the Resulting Issuer is not conducting any foreign operations.

4.1.7 Competitive Conditions

The cannabis industry is competitive in all phases of cultivation, extraction, production, and distribution. The Resulting Issuer will compete with a number of other entities in the search for raw materials, equipment, personnel, financing, sales, partners, and other resources. In particular, there will be a high degree of competition faced by the Resulting Issuer in Canada and elsewhere for desirable inputs and suitable prospects for revenue, and many of the Resulting Issuer's competitors have greater financial resources, operational experience, and/or more advanced operations than the Resulting Issuer. As a result of this competition, the Resulting Issuer may be unable to obtain the resources it requires in the future on terms it considers acceptable or at all.

Factors beyond the control of the Resulting Issuer may affect the marketability of any products produced by the Resulting Issuer. See Section 17 "*Risk Factors*" to this Listing Statement.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Stralak

The following table sets forth selected financial information for Stralak for the years ended November 30, 2020 and 2019 and for the six months ended May 31, 2021. Such information is derived from the financial statements of Stralak and should be read in conjunction with such financial statements and related notes thereto, included in *Schedule "B" – Financial Statements of Stralak Resources Inc.* of this Listing Statement, along with the related MD&As thereto attached as *Schedule "D" – Management's Discussion and Analysis of Stralak Resources Inc.* to this Listing Statement.

	Six Months Ended May 31, 2021 (Unaudited) (C$)	**Year Ended November 30, 2020 (Audited) (C$)**	**Year Ended November 30, 2019 (Audited) (C$)**
Operating Data:			
Total revenues	Nil	Nil	Nil
Total expenses	(211,430)	(7,600)	Nil
Net income (loss) for the period	(211,430)	(7,600)	Nil
Basic and diluted income (loss) per share	0.00	0.00	0.00
Balance Sheet Data:			
Total assets	65,369	Nil	Nil
Total liabilities	613,679	421,880	414,280
Cash and dividends declared per share	Nil	Nil	Nil

The following is a summary of Stralak's financial results for the last eight quarters ending at the end of the most recently completed financial year:

	May 31, 2021 Quarter (C$)	Feb. 28, 2021 Quarter (C$)	Nov. 30, 2020 Quarter (C$)	Aug. 31, 2020 Quarter (C$)	May 31, 2020 Quarter (C$)	Feb. 29, 2020 Quarter (C)$	Nov. 30, 2019 Quarter (C$)	Aug. 31, 2019 Quarter (C$)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income/loss - continuing	(25,605)	(177,825)	(7,600)	Nil	Nil	Nil	Nil	Nil
Income/loss per share – continuing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

See *Schedule "B" – Financial Statements of Stralak Resources Inc.* to this Listing Statement.

5.2 Hempsana

The following table sets forth selected financial information for Hempsana for the years ended December 31, 2020 and 2019 and for the three months ended March 31, 2021. Such information is derived from the financial statements of Hempsana and should be read in conjunction with such financial statements and related notes thereto, included in *Schedule "C" – Financial Statements of Hempsana Inc.*to this Listing Statement, along with related MD&As thereto attached as *Schedule "E" – Management's Discussion and Analysis of Hempsana Inc.* to this Listing Statement.

	Three Months Ended March 31, 2021 (Unaudited) (C$)	Year Ended December 31, 2020 (Audited) (C$)	Year Ended December 31, 2019 (Audited) (C$)
Operating Data:			
Total revenues	Nil	Nil	Nil
Total expenses	702,265	(1,636,010)	(1,009,787)
Net income (loss) for the period	(746,496)	(1,653,851)	(1,018,853)
Basic and diluted income (loss) per share	(0.04)	(0.10)	(0.07)
Balance Sheet Data:			
Total assets	4,785,453	3,740,490	3,389,282
Total liabilities	1,617,009	3,008,502	2,032,103

Cash and dividends declared per share	Nil	Nil	Nil

Other than as provide above, quarterly financial information is not available for Hempsana for the eight quarters preceding the date of this Listing Statement as Hempsana has not prepared quarterly financial statements for those periods.

See *Schedule "C" – Financial Statements of Hempsana Inc.*to this Listing Statement.

5.3 Pro Forma Financial Information

The following table summarizes selected pro forma consolidated financial information for the Resulting issuer as at March 31, 2021. The information should be read in conjunction with the Pro Forma Financial Statements, which are attached hereto as *Schedule "A" – Pro Forma Financial Statements* to this Listing Statement.

	Stralak (unaudited) as at May 31, 2021 (C$)	**Hempsana (unaudited) as at March 31, 2021 (C$)**	**Pro Forma Adjustments (unaudited) (C$)**	**Resulting Issuer Pro Forma (unaudited) as at March 31, 2021 (C$)**
Current assets	65,369	1,374,073	(377,399)	1,062,043
Total assets	65,369	4,785,453	(377,399)	4,473,423
Current liabilities	199,399	838,578	(199,399)	838,578
Total liabilities	613,679	1,617,009	(870,449)	1,360,239
Shareholders' equity (deficit)	(548,310)	3,168,444	493,050	3,113,184

See *Schedule "A" – Pro Forma Financial Statements* to this Listing Statement.

5.4 Dividends

There are no restrictions in the Resulting Issuer's articles or by-laws that could prevent the Resulting Issuer from paying dividends. The Resulting Issuer has not declared or paid any dividends on any class of securities. It is expected that the Resulting Issuer will retain future earnings, if any, to fund the development and growth of its business, and the Resulting Issuer does not intend to pay any cash dividends on the Resulting Issuer Shares for the foreseeable future. Any decision to pay dividends on the Resulting Issuer Shares in the future will be made by the Resulting Issuer Board of Directors on the basis of earnings, financial requirements, and other conditions existing at the time.

5.5 Foreign GAAP

This item does not apply to the Resulting Issuer.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Stralak's MD&A for the years ended November 30, 2020 and 2019 and for the three and six-month period ended May 31, 2021 are attached as *Schedule "D" – Management's Discussion and Analysis of Stralak Resources Inc.* hereto.

Hempsana's MD&A for the years ended December 31, 2020 and 2019 and for the three-month period ended March 31, 2021 are attached as *Schedule "E" – Management's Discussion and Analysis of Hempsana Inc* hereto.

7. MARKET FOR SECURITIES

The Resulting Issuer Shares are currently unlisted. The Stralak Shares were previously listed on the TSXV under the symbol "SRK" but were delisted from the NEX in June 2010. It is expected that the Resulting Issuer Shares will be listed for trading on the CSE under the symbol "HMPS".

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Stralak and Hempsana as of March 31, 2021 (based on the unaudited interim financial statements of Stralak for the six months ended May 31, 2021 and of Hempsana for the three months ended March 31, 2021), and as of the date of this Listing Statement as if the Business Combination has taken place. There has been no material change in the capitalization of the Resulting Issuer since March 31, 2021, other than as reflected below.

Designation	As at the end of Q1(1)	As at the date of this Listing Statement after giving effect to the Business Combination and the Hempsana Private Placement
Stralak/Resulting Issuer Shares	1,500,000	24,129,323
Hempsana Shares	21,871,667	N/A
Hempsana Warrants(2)	4,249,218	4,397,218
Hempsana Options(3)	1,655,345	1,655,345
Convertible Debentures(4)	250	Nil
Long Term Debt	Nil	Nil

Notes:

(1) As at the end of May 31, 2021 for Stralak (taking into account the Consolidation) and as at the end of March 31, 2021 for Hempsana.

(2) Each Hempsana Warrant is exercisable for one Hempsana Share.

(3) Comprised of (i) 1,318,532 options at an exercise price of $0.30 expiring on March 5, 2024; and (ii) 336,813 options at an exercise price of $0.60 expiring on September 1, 2024.

(4) Comprised of 250 convertible debentures at a price of $1,000 per convertible debenture issued to the Creditor pursuant to the Debt Settlement Agreement.

9. OPTIONS TO PURCHASE SECURITIES

9.1 Outstanding Options

Effective January 11, 2021 Stralak implemented a stock option plan ("**Stralak Option Plan**"). As of the date of this Listing Statement no options have been granted under the Stralak Option Plan. The Resulting Issuer will use the Stralak Option Plan on a going forward basis (the "**Resulting Issuer Option Plan**").

Effective as of March 5, 2019, Hempsana implemented a stock option plan (the "**Hempsana Option Plan**").

A brief summary of the Resulting Issuer Option Plan and the Hempsana Option Plan is set out below under Section 9.2 "*Incentive Plans*".

The following stock options are outstanding under the Hempsana Option Plan:

Optionee	Number of Options	Exercise Price	Expiry Date
All executive officers and past executive officers as a group (1 person)	659,266	$0.30	March 5, 2024
All directors and past directors as a group, excluding executive officers and past executive officers	Nil	N/A	N/A
All other employees and past employees as a group	Nil	N/A	N/A
All consultants as a group (2 persons)	659,266	$0.30	March 5, 2024
	336,813	$0.60	September 1, 2024
Total	1,655,345		

9.2 Incentive Plans

9.2.1 Summary of Resulting Issuer Option Plan

The Resulting Issuer Option Plan provides that stock options may be granted to directors, officers, employees, and consultants of the Resulting Issuer as an incentive to serve the Resulting Issuer in attaining its goal of improved shareholder value. The principal purposes of the Resulting Issuer Option Plan are: (i) to permit the directors, executive officers, employees, consultants, and persons providing investor relation services to participate in the growth and development of the Resulting Issuer through the grant of equity-based awards; and (ii) to allow the Resulting Issuer to reduce the proportion of executive compensation otherwise paid in cash and reallocate those funds to other corporate initiatives.

The following summary of certain terms of the Resulting Issuer Option Plan is qualified, in its entirety, by the full text of the Resulting Issuer Option Plan, which is available on SEDAR under Stralak's issuer profile, at www.sedar.com.

(a) Under the Resulting Issuer Option Plan, stock options may be granted to directors, officers, consultants, and employees of the Resulting Issuer or its subsidiaries, provided that the number of Resulting Issuer Shares which will be available for purchase pursuant to the Resulting Issuer Option Plan does not exceed ten percent (10%) of the number of Resulting Issuer Shares that are outstanding from time to time.

(b) The grant date and the expiry date of a stock option shall be the dates fixed by the Resulting Issuer Board or a committee of the Resulting Issuer Board to which the responsibility of approving the grant of stock options has been delegated, and set out in the option agreement entered into in respect of such stock options.

(c) The period during which a particular stock option may be exercised (the "**Exercise Period**") may not exceed ten (10) years from the date of the grant. Any stock option or part thereof not exercised within the Exercise Period fixed by the Resulting Issuer Board or a committee thereof, as applicable, shall terminate and become null, void and of no effect as of the expiry date.

(d) The exercise price of the stock options is determined by the Resulting Issuer Board, and such price may not be lower than the fair market value (the "**Market Price**") of the Resulting Issuer Shares on the date of grant of the option, as determined in in good faith by the Resulting Issuer Board or a committee thereof, as applicable, provided that if the Resulting Issuer Shares are then listed on a stock exchange or posted for trading on any dealing network, subject to the terms of the Resulting Issuer Option Plan (and in particular, in respect of the provisions thereof in respect of the Canadian Securities Exchange), the Market Price shall be the prior trading day closing price of the Resulting Issuer Shares on such stock exchange, or last trading price on the prior trading day on such dealing network.

(e) The stock options granted under the Resulting Issuer Option Plan may contain such provisions as the Resulting Issuer Board may determine with respect to adjustments to be made in the number and kind of shares covered by such stock options and in the exercise price in the event of any such change.

(f) The stock options are non-assignable and not transferable, except under limited circumstances.

9.2.2 Summary of Hempsana Option Plan

Hempsana implemented the Hempsana Option Plan which allowed the Hempsana Board from time to time, in its discretion, to grant to directors, officers, advisors, employees, and contractors of Hempsana Options to purchase Hempsana Shares. Following the completion of the Business Combination, no further options will be granted under the Hempsana Option Plan.

10. DESCRIPTION OF THE SECURITIES

10.1 General

10.1.1 Resulting Issuer Shares

Upon the completion of the Business Combination, the Stralak Shares will be the Resulting Issuer Shares. The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares of which 24,129,323 Resulting Issuer Shares are issued and outstanding as of the date hereof.

Voting Rights

At a meeting of Shareholders, each Resulting Issuer Share entitles the holder thereof to one vote.

Rank

The Resulting Issuer Shares all rank equally with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution, or winding up of the Resulting Issuer. In the event of the liquidation, dissolution, or winding-up of the Resulting Issuer or any other distribution of its assets among its Shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of Resulting Issuer Shares are entitled to participate equally, share for share, in the remaining property and assets of the Resulting Issuer available for distribution to Shareholders, without preference or distinction.

Dividends

Holders of Resulting Issuer Shares are entitled to receive dividends out of the assets of the Resulting Issuer legally available for the payment of dividends at such times and in such amount and form as the Board of

Directors may from time to time determine and the Resulting Issuer will pay dividends thereon on a *pari passu* basis, if, as, and when declared by the Board.

The Resulting Issuer Shares will not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

10.1.2 Resulting Issuer Options

Upon the completion of the Business Combination, the Hempsana Options will be the only options outstanding of the Resulting Issuer. Please see Section 9.2 "*Incentive Plans*" for a description of the Resulting Issuer Option Plan and outstanding options of the Resulting Issuer.

10.1.3 Hempsana Warrants

In connection with Hempsana March 2021 Private Placement, Hempsana granted an aggregate of 4,249,218 Hempsana Warrants. Each Hempsana Warrant entitles the holder thereof to acquire one Hempsana Share at a price of $1.50 until the date that is eighteen months following the closing date of the Hempsana March 2021 Private Placement. The Hempsana Warrants contain an acceleration clause whereby if the underlying common shares trade at a volume weighted average price of $1.75 or more for ten consecutive trading days, Hempsana will have the right to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the Hempsana Warrants.

In connection with the Hempsana Private Placement, Hempsana issued an aggregate of 148,000 Hempsana Warrants. Each Warrant entitles the holder thereof to acquire one Hempsana Share at a price of $1.50 until the date that is twenty-four months following the closing date of the Hempsana Private Placement. The Hempsana Warrants contain an acceleration clause whereby if the underlying common shares trade at a volume weighted average price of $1.75 or more for ten consecutive trading days, Hempsana will have the right to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the Hempsana Warrants.

Following the completion of the Business Combination, the Hempsana Warrants will be exercisable for Resulting Issuer Shares in accordance with their terms.

10.1.4 Miscellaneous Securities Provisions

The Resulting Issuer is not listing any debt securities.

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Resulting Issuer.

10.7 Prior Sales of the Stralak Shares and Hempsana Shares

10.7.1 Stralak

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

Date Issued	Number of Common Shares	Issue Price per Share	Consideration
December 22, 2020	85,000,000	$0.001	$85,000
June 17, 2021	172,000,000	$0.001	$172,000[1]

Notes:
(1) Issued in connection with the Stralak Debt Settlement.
(2) The above noted shares were all consolidated prior to the completion of the Business Combination as a result of the Consolidation.

10.7.2 Hempsana

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

Date Issued	Number of Hempsana Shares	Issue Price per Hempsana Share	Consideration
March 5, 2021	3,099,913	$0.75	$2,324,934.75
March 12, 2021	1,149,305	$0.75	$861,978.75
March 31, 2021	1,068,993	$0.75	$801,745.00[1]
July 9, 2021	297,619	$0.84	250,000.00[2]
July 9, 2021	296,000	$1.05	310,800.00[3]
July 9, 2021	164,037	$1.05	172,238.90[4]

Notes:
(1) Issued to certain persons in return for the settlement of outstanding debt.
(2) Issued pursuant to the Creditor in connection with the Debt Settlement Agreement.
(3) Issued in connection with the Hempsana Private Placement.
(4) Issued to certain finders in connection with the Business Combination.

10.8 Stock Exchange Price

Prior to the Business Combination, the Stralak Shares were not listed on any stock exchange. The Stralak Shares were previously listed on the TSXV under the symbol "SRK" but were delisted from the NEX in June 2010. It is expected that the Resulting Issuer Shares will be listed for trading on the CSE under the symbol "HMPS".

11. ESCROWED SECURITIES

Upon the completion of the Business Combination and the listing of this Listing Statement, the Resulting Issuer anticipates that it will be classified as an "emerging issuer", as defined under National Policy 46-201 — *Escrow for Initial Public Offerings* ("**NP 46-201**") upon the listing of this Listing Statement. Each of Randy Ko, David Chan, Sohil Mana, Douglas Sommerville, and Hyong-gue Michael Bang would fall within the definition of "principal" of an emerging issuer under NP 46-201. However, only Randy Ko and Sohil Mana will hold securities carrying greater than 1% of the voting rights attached to such securities and will therefore be the only principals subject to escrow requirements. In accordance with applicable securities rules, Randy Ko and Sohil Mana will execute an escrow agreement with the Resulting Issuer and the Escrow Agent substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1) (the "**Escrow Agreement**") in respect of an aggregate of 3,209,665 Resulting Issuer Shares.

Pursuant to the terms of the Escrow Agreement, Randy Ko and Sohil Mana agree that until three years from the Listing Date, they will not transfer or otherwise dispose of their Resulting Issuer Shares during the term of the Escrow Agreement, except that, the following automatic timed releases will apply to such Resulting Issuer Shares:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the escrowed securities
6 months after the Listing Date	1/6 of the escrowed securities
12 months after the Listing Date	1/5 of the escrowed securities
18 months after the Listing Date	1/4 of the remaining escrowed securities
24 months after the Listing Date	1/3 of the remaining escrowed securities
30 months after the Listing Date	1/2 of the remaining escrowed securities
36 months after the Listing Date	The remaining escrowed securities

The following table sets out information on the number of Resulting Issuer Shares which are to be subject to the terms of the Escrow Agreement among the Resulting Issuer, the Escrow Agent, Randy Ko, and Sohil Mana:

Name	Designation of Class	Number of Securities Held in Escrow	Percentage of Class after giving effect to the Business Combination
Randy Ko (President, Chief Executive Officer, and Director of the Resulting Issuer)	Resulting Issuer Shares	2,028,332 (1)	8.41%
	Hempsana Options	1,318,532(1)	79.65%
Sohil Mana (Chief Quality Officer and Director)	Resulting Issuer Shares	1,181,333	4.90%
	Hempsana Warrants	48,000	1.09%

Note:

(1) Includes Resulting Issuer Shares and 659,266 Hempsana Options held by Mr. Ko's spouse who is a consultant of the Company.

12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of Stralak and Hempsana, no Person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer.

Voting Trusts

To the knowledge of the Stralak and Hempsana, no voting trust exists within the Resulting Issuer such that more than 10% of any class of voting securities of the Resulting Issuer are held, or are to be held, subject to any voting trust or other similar agreement.

13. DIRECTORS AND OFFICERS

13.1 – 13.1.5 Directors, Officers, and Management of the Resulting Issuer

The following table lists the names of the Resulting Issuer's directors and officers, their municipalities of residence, their positions and offices held with the Resulting Issuer, the terms and expiry of their offices, their principal occupations during the past five years, and the number of Resulting Issuer Shares and Hempsana Shares that are beneficially owned, directly or indirectly, or over which control or direction is exercised, by each.

Name and Municipality of Residence	Position(s) and Date of appointment to Office	Principal Occupations within the Last Five Years	Number and Percentage of Resulting Issuer Shares and Hempsana Shares Owned, Controlled, and Directed
Randy Ko[(1)] Toronto, Ontario	Director, President, and Chief Executive Officer July 12, 2021	2016-Present: President of RK3 Global Services Incorporated. 2018-Present: CEO and President of Hempsana Inc.	2,028,332 8.41%
Sohil Mana Pickering, Ontario	Director and Chief Quality Officer July 12, 2021	2016-Present: President of Experchem Eurofins Scientific (Canada).	1,181,333 4.90%
David Chan Markham, Ontario	Chief Financial Officer and Secretary July 12, 2021	2018-Present: President of Emera Capital Corp.	Nil
Douglas Sommerville[(1)] King City, Ontario	Director July 12, 2021	2020-2021: Chief Executive Officer of Medivolve Inc. 2018-2020: Chief Executive Officer of Plantext Inc. 2018: Head of Country and Global Senior Vice President of Teva Canada Limited	Nil
Hyong-gue Michael Bang[(1)] Toronto, Ontario	Director July 12, 2021	2018-Present: Chief Executive Officer of Calyx Peak Inc.	Nil

Note:

(1) Member of the Audit Committee.

Board Committees

The Resulting Issuer has one board committee, being its Audit Committee. The Resulting Issuer's Board has adopted a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with NI 52-110. The principal duties and responsibilities of the Resulting Issuer's Audit Committee are to assist the Resulting Issuer's Board in discharging the oversight of:

- the integrity of the Resulting Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- the Resulting Issuer's compliance with legal and regulatory requirements;
- the Resulting Issuer's external auditors' qualifications and independence;
- the work and performance of the Resulting Issuer's financial management and its external auditors; and
- the Resulting Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Resulting Issuer's Board.

The Audit Committee has access to all books, records, facilities, and personnel and may request any information about the Resulting Issuer as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants, or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Resulting Issuer's Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

The Resulting Issuer's Audit Committee is currently comprised of three directors, Douglas Sommerville (chair), Hyong-gue Michael Bang and Randy Ko. Two of the members of the Audit Committee are independent and all are financially literate as required by NI 52-110. In addition to being independent directors as described above, two of the members of the Audit Committee must meet an additional "independence" test under NI 52-110 in that their directors' fees are the only compensation they, or their firms, receive from the Resulting Issuer and that they are not affiliated with the Resulting Issuer.

The Resulting Issuer is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

Aggregate Ownership of Securities

As of the date of this Listing Statement, the directors, officers, and promoters of the Resulting Issuer, as a group, directly or indirectly beneficially own 3,209,665 Resulting Issuer Shares, representing approximately 13.30% of the issued and outstanding Resulting Issuer Shares on an undiluted basis.

13.6 – 13.8 Penalties and Sanctions

No proposed director, officer, promoter of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within the past ten years, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any penalties or sanctions by a court or regulatory body that would likely be considered important to a reasonable security holder making a decision about the Business Combination.

Corporate Cease Trade Orders

No proposed director, officer, promoter of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has, within the past ten years, been a director or officer of any other issuer that, while that person was acting in the capacity of a director or officer of that issuer, was the subject of a cease trade order or similar order or an order that denied that issuer access to any statutory exemptions for a period of more than 30 consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has 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 that issuer or appointed to hold the assets of that director or officer.

13.9 Bankruptcies

No proposed director, officer, or promoter of the Resulting Issuer, or to the knowledge of management of Stralak and Hempsana, a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person has, within the past ten years, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold their assets.

13.10 Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, and promoters of the Resulting Issuer will be subject with respect to the operations of the Resulting Issuer. Certain of the proposed directors, officers, and/or promoters also serve as directors and/or officers of other companies or have significant shareholdings in other companies. Situations may arise where such directors, officers, and promoters of the Resulting Issuer will be engaged in direct competition with the Resulting Issuer. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest, including the procedures prescribed by the BCBCA.

13.11 Board and Management

The following biographies provide certain selected information in respect of persons who will be serving as directors and/or officers of the Resulting Issuer as well as their proposed roles:

Randy Ko (age 45) – President and Chief Executive Officer

Randy Ko is an experienced entrepreneur, having successfully led three early stage high-growth companies. He has over 20 years of management consulting experience with market leaders, including Deloitte, in various industries, including retail, financial, oil and gas, tech, and manufacturing. Randy received his Bachelor of Arts from McMaster University in 1999. He has been President of Rk3 Global Services Incorporated since 2007, and President of Hempsana since 2018.

It is expected the Randy will spend 100% of his time working on the affairs of Hempsana.

David Chan (age 51) – Chief Financial Officer and Secretary

David Chan has over 20 years of experience in accounting and finance, and has been a principal factor in helping a number of companies to grow and to maximize stakeholder value. David also brings significant experience in helping companies grow through M&A. Previously, David was CFO at VersaPay Corp., a fintech software business, from 2011 to 2016. David is a CPA, CA, and CFA, and holds a BBA from Wilfrid Laurier University (1992) and an MBA from the Schulich School of Business (1993).

It is expected that David will spend 50% of his time working on the affairs of Hempsana.

Sohil Mana (age 63) – Director and Chief Quality Officer

Sohil Mana currently holds the position of President of Eurofins Experchem Canada, a Health Canada and FDA approved Biopharmaceuticals Services and Laboratories & Testing company specialized in testing pharmaceuticals, cosmetic, medical hemp, and food services globally. Sohil was instrumental in setting up the cannabis division for Eurofins and has helped accelerate the ACMPR license approval for more than 130 companies in Canada. With over 30 years of experience, Sohil is experienced in medical and product testing within the pharmaceutical industry. He was also active in pharma industry associations for 10 years as PSG course chair and Treasurer. Sohil received his Honors Bachelor of Arts from York University in 1986. He has been the President of Eurofins Experchem (Canada) since 2010.

It is expected the Sohil will spend 50% of his time working on the affairs of Hempsana.

Doug Sommerville (age 64) – Director

Douglas (Doug) Sommerville is a globally experienced executive, most recently, since May 2020, as the CEO of Medivolve Inc., a publicly traded medical technology and strategic initiative company. Notably, Doug's past experience includes tenure as Country Head and Global SVP of Teva Canada, for which he was known for his significant record of delivering maximum profitability through rapid sales growth, strategic business development and acquisition, new product selection and introduction, and disciplined financial management. He is also the inventor/patent holder for the "Integral Reconstitution Device" (number 5,304,163) marketed worldwide by Baxter Healthcare under the trade name Baxter Mini Bag PLUS® intravenous drug delivery system. Currently, Doug serves as the CEO of PlantExt Ltd., a pharmaceutical and healthcare company, and is well respected in the pharmaceutical industry both by customers and colleagues. Doug received his Bachelor of Arts from York University in 1979 and his MBA from York University in 1981. He was Head of Country with Teva Canada between 2013 and 2018, subsequent to which he was the CEO of PlantEXT from 2018 to 2020.

It is expected the Doug will spend 5% of his time working on the affairs of Hempsana.

Hyong-gue Michael Bang (age 47) – Director

Michael is an accomplished equity research professional with over 18 years of experience at leading global investment banks including Goldman Sachs, Macquarie Securities, ING Financial Markets, and Nomura

International. His research coverage included ratings on over 20 Korean technology companies including the largest technology company in Asia, Samsung Electronics. He currently serves as the CEO of Calyx Peak Inc., managing the company's portfolio of 235,000+ square feet of medical marijuana cultivation space, and actively involved in raising capital for cannabis-related investments. Michael received his Honors Bachelor of Arts in Economics in 1996 from Queen's University, Canada. He has been the Chief Investment Officer of Calyx Peak Inc. since 2016.

It is expected the Michael will spend 5% of his time working on the affairs of Hempsana.

14. CAPITALIZATION

14.1 Pro Forma Capitalization

There will be 24,129,323 Resulting Issuer Shares issued and outstanding immediately following the completion of the Business Combination (subject to the exercise of previous issued convertible securities).

The following tables set forth the pro forma consolidated capitalization of the Resulting Issuer as at July 12, 2021, as if the Business Combination has taken place. All references are to Resulting Issuer Shares.

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)	24,129,323	30,181,886	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)	3,209,665	4,576,197	13.3%	15.1%
Total Public Float (A-B)	20,919,658	25,605,689	86.7%	84.9%
Freely-Tradeable Float				
Number of outstanding securities subject to resale	3,209,665	4,576,197	13.3%	15.1%

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)				
Total Tradeable Float (A-C)	20,919,658	25,605,689	86.7%	84.9%

Public Securityholders (Registered)

Resulting Issuer Shares of the Resulting Issuer		
Size of Holding	**Number of Holders**	**Total Number of Securities**
1 – 99 securities	123	1,015
100 – 499 securities	87	9,895
500 – 999 securities	4	3,075
1,000 – 1,999 securities	7	11,318
2,000 – 2,999 securities	3	7,530
3,000 – 3,999 securities	1	3,902
4,000 – 4,999 securities	1	4,800
5,000 or more securities	116	20,878,123
Total:	**342**	**20,919,658**

Public Securityholders (Beneficial)

Resulting Issuer Shares of the Resulting Issuer		
Size of Holding	**Number of Holders**	**Total Number of Securities**
1 – 99 securities	241	3,054
100 – 499 securities	106	14,216
500 – 999 securities	20	17,503

Resulting Issuer Shares of the Resulting Issuer		
Size of Holding	**Number of Holders**	**Total Number of Securities**
1,000 – 1,999 securities	7	11,318
2,000 – 2,999 securities	3	7,328
3,000 – 3,999 securities	1	3,902
4,000 – 4,999 securities	0	0
5,000 or more securities	6	1,442,679
Total:	**384**	**1,500,000**

Non-Public Securityholders (Registered)

Resulting Issuer Shares of the Resulting Issuer		
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
4,000 – 4,999 securities	0	0
5,000 or more securities	3	3,209,665
Total:	3	3,209,665

14.2 Convertible/Exchangeable Securities

The following tables set forth the securities convertible or exchangeable for Resulting Issuer Shares following the completion of the Business Combination.

Description of Security	Number of Convertible/Exchangeable Securities Outstanding	Number of Listed Securities issuable Upon Conversion/Exercise
Hempsana Options	1,655,345	1,655,345
Hempsana Warrants	4,397,218	4,397,218

15. EXECUTIVE COMPENSATION

15.1 Compensation Discussion and Analysis

"Named Executive Officers" or "NEOs" means the Chief Executive Officer of the Resulting Issuer, Stralak, and Hempsana, the Chief Financial Officer of the Resulting Issuer, Stralak, and Hempsana, and any executive officer who would fall under the definition of "Named Executive Officer" as that term is defined pursuant to Form 51-102F6 — *Statement of Executive Compensation* of National Instrument 51-102 — *Continuous Disclosure Obligations*.

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Resulting Issuer to each Named Executive Officer and each director of the Resulting Issuer, Stralak, or Hempsana in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift, or perquisite paid, payable, awarded, granted, given, or otherwise provided to the Named Executive Officer or director for services provided and for services to be provided, directly or indirectly, to the Resulting Issuer, its predecessors or any of their subsidiaries for each of the two most recently completed financial years, other than stock options and other compensation securities:

Table of compensation excluding compensation securities

Name and position	Year ended	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)
Robert Gartenberg, Former Chief Executive Officer, Former Chief Financial Officer, and Former Director of Stralak[1]	November 30, 2020	Nil	Nil	Nil	Nil	Nil	Nil
	November 30, 2019 [2]	Nil	Nil	Nil	Nil	Nil	Nil
Aaron Meckler, Former Chief Executive Officer, Former Chief Financial Officer, and Former Director of Stralak	November 30, 2020	Nil	Nil	Nil	Nil	Nil	Nil
	November 30, 2019	N/A	N/A	N/A	N/A	N/A	N/A
Michael Meckler, Former Director of Stralak	November 30, 2020	Nil	Nil	Nil	Nil	Nil	Nil
	November 30, 2019	N/A	N/A	N/A	N/A	N/A	N/A

Joseph Meckler, Former Director of Stralak	November 30, 2020	Nil	Nil	Nil	Nil	Nil	Nil
	November 30, 2019	N/A	N/A	N/A	N/A	N/A	N/A
Daniel Talkins, Former Director	November 30, 2020	Nil	Nil	Nil	Nil	Nil	Nil
	November 30, 2019	N/A	N/A	N/A	N/A	N/A	N/A
Randy Ko, President and Chief Executive Officer of Hempsana	December 31, 2020	150,000	N/A	N/A	N/A	153,926.60(3)	303,926.60
	December 31, 2019	150,000	N/A	N/A	N/A	N/A	150,000
Sohil Mana, Director and Chief Quality Officer of Hempsana	December 31, 2020	150,000	N/A	N/A	N/A	N/A	150,000
	December 31, 2019	150,000	N/A	N/A	N/A	N/A	150,000

Notes:
(1) Mr. Gartenberg resigned as the Chief Executive Officer, the Chief Financial Officer, and a director of Stralak on November 23, 2020.
(2) Mr. Meckler was appointed as the Chief Executive Officer, the Chief Financial Officer, and a director of Stralak on November 23, 2020.
(3) Based on Black Sholes model as at December 31, 2019.

15.2 Stock Option Plan Awards

No share-based awards or option-based awards were issued to the Named Executive Officers or directors of Stralak during the financial years ended November 30, 2020 or November 30, 2019.

On March 5, 2019, Hempsana granted Hempsana Options to purchase an aggregate of up to 659,266 Hempsana Shares to Randy Ko at an exercise price of $0.30 with a vesting date of March 4, 2021. Together, the Hempsana Options granted to the NEOs will represent 2.18% of the Resulting Issuer Shares on a fully-diluted basis following the completion of the Business Combination. As of the date of this Listing Statement, none of the Hempsana Options have been exercised.

It is expected that options awards held by management will be taken into consideration by the Resulting Issuer Board at the time of any subsequent grants under the Resulting Issuer Option Plan in determining the quantum or terms of any such subsequent award grants. Resulting Issuer Options (and other awards) may be granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Resulting Issuer. The size of the award grants is anticipated to be in proportion to the deemed ability of the individual to make an impact on the Resulting Issuer's success, as determined by the Resulting Issuer Board. See Section 9 "*Options to Purchase Securities*" and Section 15.5 "*Oversight and Description of Director and Named Executive Officer Compensation*" to this Listing Statement for more information regarding the Resulting Issuer Options to be granted to the NEOs and directors following the completion of the Business Combination.

No compensation securities were granted or issued to the NEOs and directors of the Resulting Issuer or any subsidiary thereof during the most recently completed financial year. For a description of the Hempsana

Options held by NEOs on the last day of the most recently completed financial year end, see the above description of Hempsana Shares granted to Randy Ko as well as Section 9.1 "*Outstanding Options*".

15.3 Stock Option Plans and Other Incentive Plans

For further details in respect of the Resulting Issuer Option Plan, please see Section 9.2 "*Incentive Plans*" to this Listing Statement.

15.4 Employment, Consulting and Management Agreements

As the date of this Listing Statement, neither the Resulting Issuer, Stralak, nor Hempsana have any agreements with NEOs that contain termination or change of control provisions. Agreements that contain change of control or other termination provisions may be entered into with NEOs in the future. However, neither the Resulting Issuer, Stralak, or Hempsana expect the compensation of the NEOs to differ in the near term.

15.5 Oversight and Description of Director and Named Executive Officer Compensation

Objectives of Compensation Program

The objectives of the Resulting Issuer's compensation program are to attract, reward, retain, and motivate quality employees who will enable the Resulting Issuer to pursue its business objectives as described in Section 4.1.3 "*Business Objectives*". Upon the listing of this Listing Statement, the Resulting Issuer plans to build its management team and to establish appropriate compensation policies and practices for its next stage of development.

Overview of the Compensation Philosophy

The following principles will guide the Resulting Issuer's overall compensation philosophy:

- compensation will be determined on an individual basis by the need to attract and retain talented high-achievers;
- compensation will be set with reference to the market for similar jobs in peer group companies in both Canada and internationally;
- an appropriate portion of total compensation will be variable and linked to performance of both individual and corporate pre-established goals;
- stock option compensation will serve to align the interests of senior management with shareholder return;
- compensation will be reviewed to ensure that equity is maintained such that individuals in similar jobs and locations are treated fairly; and
- the Resulting Issuer will encourage its employees to continuously maintain and enhance their skills and supports reasonable expenses in order that areas of expertise are maintained.

Compensation Review Process

The Resulting Issuer's executive compensation is intended to be consistent with the Resulting Issuer's business plans, strategies, and goals while taking into account various factors and criteria, including competitive factors and the Resulting Issuer's performance. The Resulting Issuer's executive compensation is intended to provide an appropriate overall compensation package that permits the Resulting Issuer to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Resulting Issuer. The Resulting Issuer's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results. Compensation for the NEOs is intended to reflect a fair evaluation of overall performance.

The Resulting Issuer Board will consider the following objectives when reviewing annual compensation: (i) retaining individuals critical to the growth and overall success of the Resulting Issuer; (ii) rewarding achievements of individuals; (iii) providing fair and competitive compensation; and (iv) compensating individuals based on their performance.

The Resulting Issuer Board would consider the foregoing compensation philosophy, as well as the financial performance of the Resulting Issuer as a whole, in any review of base salaries. The base salary review for the NEOs will be based on an assessment of factors such as current market conditions and particular skills, including leadership ability and management effectiveness, experience, responsibility, and proven or expected performance.

The Resulting Issuer Board does not intend to appoint a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Resulting Issuer's base compensation structure and equity-based compensation program, recommending compensation of the Resulting Issuer's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, will be performed by the Resulting Issuer Board as a whole. The Resulting Issuer Board will also assume responsibility for reviewing and monitoring the long-range compensation strategy for the Resulting Issuer's senior management. The Resulting Issuer Board will review compensation of senior management on an annual basis.

The Resulting Issuer is aware that compensation practices can have unintended risk consequences and is satisfied that the proposed executive compensation program will not encourage the executives to expose the business to inappropriate risk.

When determining individual compensation levels for the Resulting Issuer's NEOs, a variety of factors will be considered, including: the overall financial and operating performance of the Resulting Issuer, each NEO's individual performance and contribution towards meeting corporate objectives, and each NEO's level of responsibility and length of service.

The Resulting Issuer will utilize the Resulting Issuer Option Plan to assist the Resulting Issuer in attracting, retaining, and motivating directors, officers, employees, consultants, and contractors of the Resulting Issuer and of its affiliates and to closely align the personal interests of such service providers with the interests of the Resulting Issuer and its Shareholders. See Section 9 "*Options to Purchase Securities*" to this Listing Statement.

Elements of Executive Compensation

Compensation of executive officers will include annual compensation in the form of base salary, annual performance-based cash incentives, and other annual compensation such as perquisites along with long-term compensation in the form of stock options. The following summarizes the rationale behind the payment of each element of compensation.

Short-Term Incentive Plan

Element of Compensation	Summary and Purpose of Element
Base Salary	Salaries will form an essential component of the Resulting Issuer's compensation mix as they are the first base measure to compare and remain competitive relative to peer groups. Base salaries are fixed and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits.
Annual Performance-Based Cash Incentives	Annual cash bonuses are a variable component of compensation designed to reward the Resulting Issuer's executive officers for maximizing annual performance.
Other Compensation (Perquisites)	Perquisites such as health and life insurance plans, parking, housing and transportation allowances, signing bonuses, and other usual perquisites may be provided for executives in accordance with local practices in order to ensure that the Resulting Issuer's compensation packages are competitive.

Long-Term Incentives

Element of Compensation	Summary and Purpose of Element
Resulting Issuer Options	The granting of Resulting Issuer Options is a variable component of compensation intended to reward the Resulting Issuer's executive officers for the Resulting Issuer's success in achieving its business plans, prudent development of its projects, and increases in stock value. Vesting provisions will ensure that the optionees' interests are aligned with longer term interests of the Resulting Issuer's Shareholders.

Base Salary

The base salary of each particular executive officer will be determined based on the Resulting Issuer Board's compensation review process, as discussed above.

The Resulting Issuer believes that it is appropriate to establish compensation levels based in large part on benchmarking against comparable companies, both in terms of compensation practices as well as levels of compensation. In this way, the Resulting Issuer will be able to gauge if its compensation is competitive in the marketplace for its talent, as well as ensure that the Resulting Issuer's compensation is reasonable. Accordingly, the Resulting Issuer Board will review the compensation levels for the executive officers against compensation levels of comparable companies.

In determining the base salary and bonus to be paid to the Chief Executive Officer and the Chief Financial Officer, the Resulting Issuer Board will consider the particular responsibilities related to the position, the experience level of the executive officer, and the necessary compensation required to retain the executive officer involved. Going forward, in determining the base salaries and bonuses for the Chief Executive Officer and the Chief Financial Officer, the Resulting Issuer Board intends to select an appropriate group of peer companies and to review information on the compensation practices for executive compensation using published survey data from both the cannabis industry and all industries (where appropriate).

Bonuses

Bonuses are performance-based, short-term financial incentives. Bonuses are determined based on the compensation review process. In the future, as the Resulting Issuer grows and develops its projects, it is expected that an annual incentive award program will be formalized that will clearly articulate performance objectives and link specific, measurable goals with individual measurable performance criteria set for senior executives, including the Named Executive Officers and directors.

Other Compensation — Perquisites

During the financial years ended November 30, 2020 and 2019, with respect to Stralak, and December 31, 2020 and 2019 with respect to Hempsana, no Named Executive Officer or director received any perquisites which in the aggregate were greater than 10% of the Named Executive Officer's or director's salary.

Long-Term Incentives

The compensation philosophy of the Resulting Issuer will be to provide a market-based blend of base salaries, bonuses and a long-term equity incentive component in the form of options. Bonus and option components of compensation are intended to serve to further align the interests of management with the interests of the Resulting Issuer's Shareholders.

Options

The purpose of the Resulting Issuer Option Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Resulting Issuer and benefit from its growth. The options are non-assignable and may be granted for a term not exceeding ten years. See Section 9 "*Options to Purchase Securities*" to this Listing Statement.

Other Incentive Payments

No other incentive payments were paid to the Named Executive Officers or directors of Stralak or Hempsana during the financial years ended November 30, 2020 and 2019 with respect to Stralak, and December 31, 2020 and 2019, with respect to Hempsana, other than as disclosed in the chart entitled "Table of compensation excluding compensation securities" under Section 15.1 "*Compensation Discussion and Analysis*" to this Listing Statement and Section 15.2 "*Stock Option Plan Awards*" to this Listing Statement.

Director Compensation

No compensation was paid to the directors of Stralak during its financial years ended November 30, 2020 and 2019, or to the directors of Hempsana during its financial years ended December 31, 2020 and 2019, other than as disclosed in the chart entitled "Table of compensation excluding compensation securities" under Section 15.1 "*Compensation Discussion and Analysis*" to this Listing Statement. There is currently no Resulting Issuer Board compensation plan, however, one may be developed in the future. Subject to the listing of this Listing Statement, the Resulting Issuer Board will meet to discuss appropriate board compensation that may include an annual retainer fee, meeting fees, and committee fees, to non-executive directors. Directors will be reimbursed for all reasonable travel and other expenses incurred by them in attending Resulting Issuer Board or committee meetings.

No share-based or option-based awards were issued to the directors of Stralak during its financial years ended November 30, 2020 and 2019, or to the directors of Hempsana during its financial years ended December 31, 2020 and 2019.

See Section 9 "*Options to Purchase Securities*" to this Listing Statement for details regarding Resulting Issuer Options that may be granted to the Resulting Issuer's directors following the completion of the Business Combination.

Pension Disclosure

The Resulting Issuer is not anticipated to have a pension plan or defined benefit plan that provides for payments or benefits to the named executive officers or directors at, following, or in connection with retirement.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the executive officers, directors or employees or any former executive officers, directors, or employees of the Resulting Issuer or Amalco or any proposed nominee for election as a director of the Resulting Issuer or Amalco or any of their respective associates is or has been indebted to the Resulting Issuer or Amalco or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit, or other similar arrangement or understanding provided by the Resulting Issuer and Amalco.

17. RISK FACTORS

An investment in the Resulting Issuer Shares involves a substantial risk of loss. You should carefully consider these risk factors, together with all of the other information included in this Listing Statement, before you decide to purchase Resulting Issuer Shares. The occurrence of any of the following risks could materially adversely affect the business, financial condition or operating results of the Resulting Issuer. In that case, the trading price of the Resulting Issuer Shares could decline, and you may lose part or all of your investment. These risk factors are not a definitive list of all risk factors associated with an investment in the Resulting Issuer or in connection with the Resulting Issuer's operations. There may be other risks and uncertainties that are not known to the Resulting Issuer or that the Resulting Issuer currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Resulting Issuer Shares could decline substantially, and investors may lose all or part of the value of the Resulting Issuer Shares held by them.

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

17.1 Risks Related to the Cannabis Operations of the Resulting Issuer

Regulatory Risks

The business and activities of the Resulting Issuer will be heavily regulated in all jurisdictions where it will carry on business. The proposed activities of the Resulting Issuer will be subject to various laws, regulations and guidelines by governmental authorities, including, but not limited to, Health Canada. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Resulting Issuer, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Resulting Issuer's products and services. The Resulting Issuer's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products and/or provision of its services. The Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products and services, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Although the operations of the Resulting Issuer are expected to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Resulting Issuer's ability to conduct business in the jurisdictions and industries in which it currently operates or intends to operate, including the cannabis and natural health supplements industries. Amendments to current laws and regulations governing the Resulting Issuer's current and/or intended operations, more stringent implementation thereof or other unanticipated events could have a material adverse impact on the business, financial condition and operating results of Resulting Issuer.

Regulatory Approvals, Permits, and Licenses

Any licenses the Resulting Issuer has or obtains in Canada and/or abroad are and will be subject to ongoing compliance and reporting requirements. Although the Resulting Issuer believes it will meet the requirements for their applications and future renewals for their licenses, there can be no guarantee that government bodies will award or renew any applicable licenses or, if renewed, that such licenses will be renewed on the same or similar terms or that regulatory authorities will not revoke any licenses. Failure by the Resulting Issuer to comply with the requirements of their licenses or any failure to maintain such licenses would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer. Should any jurisdiction in which the Resulting Issuer considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses to other businesses, the business, financial condition and results of operations of the Resulting Issuer could be materially adversely affected.

Government licenses are currently, and in the future may be, required in connection with the Resulting Issuer's operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, the Resulting Issuer may be prevented from operating and/or expanding its business, which could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations. In particular, the Resulting Issuer has applied for a sales licence form Health Canada. If such licence is not obtained it will adversely impact the Resulting Issuer's retail ambitions as further described in this Listing Statement.

Changes in Laws, Regulations and Guidelines

The Resulting Issuer's operations will be subject to various laws, regulations, guidelines and licensing requirements both in Canada and potentially abroad. The Resulting Issuer is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Resulting Issuer could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition. In particular, any amendment to or replacement of the Cannabis Act may cause adverse effects to the Resulting Issuer's operations.

The general legislation framework pertaining to the Canadian recreational cannabis market is subject to significant federal, provincial and territorial regulation, which varies across provinces and territories. Unfavourable regulatory changes, delays or both may therefore materially and adversely affect the future business, financial condition and results of operations of the Resulting Issuer.

In addition, the cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Resulting Issuer's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Resulting Issuer's earnings and could make future capital investments or the Resulting Issuer's operations uneconomic.

The Canadian Cannabis Market

As holder of the Health Canada Standard Processing Licence and Industrial Hemp Licence, the Resulting Issuer will be operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Resulting Issuer must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry and market could have a material adverse effect on the Resulting Issuer's business, financial conditions and results of operations.

17.2 Risks Related to the Cannabis Industries

Legislative or Regulatory Reform

The Resulting Issuer's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of the Resulting Issuer's management, the Resulting Issuer is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Resulting Issuer, may cause adverse effects to its operations and financial condition.

The recreational and medical cannabis industries are relatively new markets and the Resulting Issuer anticipates that such regulations will be subject to change as the Federal Government monitors licensed companies.

Unfavourable Publicity or Consumer Perception

Management of the Resulting Issuer believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Resulting Issuer's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the 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 Resulting Issuer's proposed products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting 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 Resulting Issuer, the demand for the Resulting Issuer's proposed products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Development of Brands, Products and Services

If the Resulting Issuer cannot successfully develop, manufacture, distribute and provide its brands, products and services, or if the Resulting Issuer experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Resulting Issuer may not be able to develop successful brands, market-ready commercial products at acceptable costs, or provide sufficient services, which would adversely affect the Resulting Issuer's ability to effectively enter the market. A failure by the Resulting Issuer to achieve a low-cost structure through economies of scale or improvements in its manufacturing processes would have a material adverse effect on the Resulting Issuer's commercialization plans and the Resulting Issuer's business, prospects, results of operations and financial condition.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Resulting 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 sale of the Resulting Issuer's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Resulting Issuer's products alone or in combination with other medications or substances could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that the Resulting Issuer's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. There can be no assurances that the Resulting 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 Resulting Issuer's potential 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 Resulting Issuer's products are recalled due to an alleged product defect or for any other reason, the Resulting 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 Resulting 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 Resulting Issuer has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Resulting Issuer's significant brands were subject to recall, the image of that brand and the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Resulting Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. Additionally, product recalls may lead to increased scrutiny of the Resulting Issuer's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

There is potential for the Resulting Issuer to face intense competition from other companies, some of which have longer operating histories and more financial resources, industry, manufacturing and marketing experience than the Resulting Issuer. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger and better-financed competitors with geographic and other structural advantages could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer. To date, the application process to secure a license under the Cannabis Act has remained rigorous and highly competitive. Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants.

If the number of users of medical and/or recreational cannabis products in Canada increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of the Resulting Issuer.

Client Acquisition and Retention

The Resulting Issuer's success will depend to a substantial extent on the willingness of new Licensed Producers and new customers to try or migrate to its service and products. If customers do not perceive the benefits of the Resulting Issuer's products or services, then the market for these products and services may not develop at all, or it may develop more slowly than expected, either of which would significantly adversely affect operating results. In addition, as a new company in this competitive market, the Resulting Issuer has limited insight into trends that may develop and affect its business. The Resulting Issuer may make errors in predicting and reacting to relevant economic and currency-related trends, which could harm its business.

There are many factors which could impact the Resulting Issuer's ability to attract and retain customers, including but not limited to, the Resulting Issuer's ability to provide desirable and effective products and services, the Resulting Issuer's ability to successfully implement a customer-acquisition plan, continued growth in the number of medical and recreational cannabis users and the number of competitors providing similar products and services.

Changing Consumer Preferences

As a result of changing consumer preferences, many products attain financial success for a limited period of time. Even if the Resulting Issuer's products find retail success, there can be no assurance that any products will continue to see extended financial success. Success will be dependent upon its ability to develop new and improved product lines. Even if the Resulting Issuer is successful in introducing new products or developing current products, a failure to continue to update them with compelling content could cause a decline in product popularity that could reduce revenues and harm the business, operating results and financial condition of the Resulting Issuer. Failure to introduce new features and product lines and to achieve and sustain market acceptance could result in the Resulting Issuer being unable to meet consumer preferences and generate revenue which would have a material adverse effect on the Resulting Issuer's profitability and financial results from operations.

Restrictions on Sales Activities

The industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, the Canada Revenue Agency, provincial governments, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Resulting Issuer's ability to conduct sales and marketing activities and could have a material adverse effect on the Resulting Issuer's respective businesses, operating results and financial conditions.

Transportation Risks

Due to the perishable nature of its proposed products, the Resulting Issuer will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the financial condition and results of operations of the Resulting Issuer.

Market Unpredictability

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Resulting Issuer and, few, if any, established corporations whose business model the Resulting Issuer can follow or upon whose success the Resulting Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Resulting Issuer. There can be no assurance that the Resulting Issuer's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Resulting Issuer regularly purchases and follows market research.

Business in A New Industry

The cannabis industry is relatively new, and the sale of cannabis extracts and various derivative products even more so. There can be no assurance that an active and liquid market for the Resulting Issuer Shares of the Resulting Issuer will develop and Shareholders may find it difficult to resell their Resulting Issuer Shares. Accordingly, no assurance can be given that the Resulting Issuer will be successful in the long term.

Fraudulent or Illegal Activity

The Resulting Issuer is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer that violate government regulations. It is not always possible for the Resulting Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Resulting Issuer's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Resulting Issuer's operations, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Success of Quality Control Systems

The quality and safety of the Resulting Issuer's products are critical to the success of the business and operations. As such, it is imperative that the Resulting 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 training program, and adherence by employees to quality control guidelines. Although the Resulting Issuer strives to ensure that all service providers have implemented and adhere to high-caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Resulting Issuer's business and operating results.

Effectiveness and Efficiency of Advertising and Promotional Expenditures

The Resulting Issuer's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the Resulting Issuer's ability to (i) create greater awareness of products; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Resulting Issuer's technologies or services. In addition, no assurance can be given that the Resulting Issuer will be able to manage advertising and promotional expenditures on a cost-effective basis.

17.3 Risks Related to the Operations of the Resulting Issuer Generally

Risks related to the Resulting Issuer's Facilities

Any adverse changes affecting the development of the Goderich Facility and commencement of processing could have a material and adverse effect on the Resulting Issuer's business, financial condition and prospects. There is a risk that these changes or developments could adversely affect the Resulting Issuer's facilities by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;

(b) plant design errors;

(c) environmental pollution;

(d) non-performance by third party contractors;

(e) increases in materials or labour costs;

(f) construction performance falling below expected levels of output or efficiency;

(g) breakdown, aging or failure of equipment or processes;

(h) contractor or operator errors;

(i) labour disputes, disruptions or declines in productivity;

(j) inability to attract sufficient numbers of qualified workers;

(k) disruption in the supply of energy and utilities;

(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms;

(m) contamination of third-party acquired biomass;

(n) inability to source processing solvents and product ingredients for manufactured products;

(o) unfavourable changes in local by-laws and regulations; or

(p) flooding of the industrial park where the Goderich Facility is located.

It is also possible that the costs of commencing analytical and research services and hemp/cannabis cultivation, as applicable, may be significantly greater than anticipated by the Resulting Issuer's management and may be greater than funds available to the Resulting Issuer, in which circumstance the Resulting Issuer may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Resulting Issuer.

Environmental Risk and Regulation

The Resulting Issuer's operations are subject to environmental regulation in the various jurisdictions in which it operates or intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Resulting Issuer's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Resulting Issuer's operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Promoting the Brand

Promoting the Resulting Issuer's brand will be critical to creating and expanding a customer base. Promoting the brand will depend largely on the Resulting Issuer's ability to provide quality and innovative products. The Resulting Issuer may introduce new products or services that its customers do not like, which may negatively affect the brand and reputation. If the Resulting 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.

Price of CBD

The trading price of the Resulting Issuer Shares and the Resulting Issuer's financial results may be significantly and adversely affected by an increase or decrease in the price of inputs, including CBD.

Given the highly regulated nature of the industry, the price of CBD is affected by numerous factors beyond the Resulting Issuer's control, including but not limited to, government regulation, taxation, interest rates, inflation or deflation, supply and demand and general prevailing political and economic conditions. A significant increase in the cost of hemp-derived CBD may have a material adverse effect on the Resulting Issuer's future potential business and operational results.

Limited Operating History

Hempsana was incorporated and began carrying on business in 2018 under the CBCA. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Because the Resulting Issuer has limited operating history in an emerging area of business, potential investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- revenue may be lower than forecasted and expenses may be greater than forecasted;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Resulting Issuer's growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Volatile Stock Price

The stock price of the Resulting Issuer is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the cannabis industry. The Resulting Issuer cannot fully predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Resulting Issuer's decisions related to future operations and will likely trigger major changes in the trading price of the Resulting Issuer Shares.

Energy Costs

The Resulting Issuer's cannabis processing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Shelf Life Inventory

The Resulting Issuer intends to hold finished goods in inventory and such inventory will have a shelf life. Even though it is the intention of the Resulting Issuer's management to review the amount of inventory on hand in the future, write-down of inventory may still be required. Any such write-down of inventory could have a material adverse effect on the Resulting Issuer's proposed business, financial condition, and results of operations.

Reliance on Management

Another risk associated with the production and sale of cannabis extracts is the loss of important staff members. The Resulting Issuer is currently in good standing with all high-level employees and contractors and believes that with well managed practices it will remain in good standing. The success of the Resulting Issuer will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

In addition, the Resulting Issuer's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees and contractors. Qualified individuals are in high demand, and the Resulting Issuer may incur significant costs to attract and retain them.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. In particular, certain of the directors and officers of the Resulting Issuer are or may be involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies available under the governing statute. In the event that any such conflict of interest arises, a director or officer who has such a conflict will disclose the conflict to a meeting of the directors of the Resulting Issuer and, if the conflict involves a director, the director will abstain from voting for or against the approval of such a participation or such terms. In appropriate cases, the Resulting Issuer will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. In accordance with the provisions of the governing statute of the Resulting Issuer, the directors and officers of the Resulting Issuer are required to act honestly in good faith, with a view to the best interests of the Resulting Issuer. In determining whether or not the Resulting Issuer will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Resulting Issuer, the degree of risk to which the Resulting Issuer may be exposed and its financial position at that time.

Insurance and Uninsured Risks

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes 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 Resulting Issuer 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 Resulting Issuer 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. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Resulting Issuer is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Dependence on Suppliers and Skilled Labour

The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to sufficient cannabis biomass, skilled labour, equipment, parts and components. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of biomass, skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Resulting Issuer.

Difficulty to Forecast

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis 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 Resulting Issuer.

Additional Financing

There is no guarantee that the Resulting Issuer will be able to execute on its business strategy. The continued development of the Resulting Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Resulting 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 Resulting Issuer. In addition, from time to time, the Resulting 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 Resulting 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 Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Further, the Resulting Issuer's business activities rely on newly established and/or developing laws and regulations in Canada. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Resulting Issuer's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by Health Canada or the CSE. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Resulting Issuer's industry may adversely affect the business and operations of the Resulting Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Resulting Issuer.

Discretion in Use of Proceeds

Management will have broad discretion concerning the use of the proceeds of the Hempsana Private Placement, as well as the timing of their expenditure. The results and the effectiveness of the application of the net proceeds are uncertain. If the proceeds are not applied effectively, the results of the Resulting Issuer's operations may suffer. Shareholders may not agree with the manner in which management chooses to allocate and spend the net proceeds of the Hempsana Private Placement.

Management of Growth

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting 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 Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities laws, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer 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 Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Resulting Issuer Shares.

Liquidity

The Resulting Issuer cannot predict at what prices the Resulting Issuer Shares will trade, and there can be no assurance that an active trading market in the Resulting Issuer will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Resulting Issuer.

Negative Cash Flow

The Resulting Issuer has not and does not expect to generate significant revenue or cash flow for a period of time. As a result of the Resulting Issuer's negative cash flow, the Resulting Issuer will continue to rely on the issuance of securities or other sources of financing to generate the funds required to fund corporate expenditures. The Resulting Issuer may continue to have negative operating cash flow for the foreseeable future.

Dilution

The Resulting Issuer may issue equity securities to finance its activities, including future acquisitions. If the Resulting Issuer was to issue Resulting Issuer Shares, existing holders of such shares may experience dilution in their holdings. Moreover, when the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be adversely affected.

Litigation

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

The Effects of Health Epidemics (Including the Global COVID-19 Pandemic)

In December 2019, a novel strain of COVID-19 was reported in China. Since then, the COVID-19 has spread globally including across North America. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world, including Canada, have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus, and have closed non-essential businesses.

The Resulting Issuer's business could be materially and adversely affected by the risks, or the public perception of the risks, related to the outbreak of COVID-19. The risk of a pandemic, or public perception of the risk, could cause temporary or long-term disruptions to the Resulting Issuer's supply chains and/or its service providers or could result in reduced spending on the Resulting Issuer's products and services. "stay-at-home" or other such orders by governmental entities could also disrupt the Resulting Issuer's operations if employees who cannot perform their responsibilities from home are not able to report to work.

The further spread of COVID-19, which has caused a broad impact globally, may materially affect the Resulting Issuer economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Resulting Issuer's ability to access capital, which could in the future negatively affect liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect the Resulting Issuer's business and the value of its securities.

The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 may impact the Resulting Issuer's business, operations and financial performance will depend on future developments, including the duration of the outbreak, travel restrictions and social distancing in Canada and other countries, changes to the regulatory regimes under which the Resulting Issuer operates, the effectiveness of actions taken in Canada and other countries to contain and treat the disease and whether the Canada and additional countries are required to move or return to complete lock-down status. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

Inability to Protect Intellectual Property Rights

The Resulting Issuer's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent the Resulting Issuer is able to do so, to protect any proprietary rights of the Resulting Issuer, the Resulting Issuer intends to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of the Resulting Issuer's intellectual property:

- patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products;

- the Resulting Issuer's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;

- issued patents, trademarks and registered copyrights may not provide the Resulting Issuer with competitive advantages;

- the Resulting Issuer's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;

- the Resulting Issuer's efforts may not prevent the development and design by others of products similar to or competitive with, or superior to those the Resulting Issuer develops;

- another party may obtain a blocking patent and the Resulting Issuer would need to either obtain a licence or design around the patent in order to continue to offer the contested feature or service in its products; or

- the expiration of patent or other intellectual property protections for any assets owned by the Resulting Issuer could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on the

Resulting Issuer and its financial results will depend, among other things, upon the nature of the market and the position of the Resulting Issuer's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

Reliance on Information Technology Systems and Cyberattacks

The Resulting Issuer has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Resulting Issuer's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Resulting Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Resulting Issuer's reputation and results of operations.

The Resulting Issuer has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Resulting Issuer will not incur such losses in the future. The Resulting Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Dividend Policy

No dividends on the Resulting Issuer Shares have been paid by the Resulting Issuer to date and the Resulting Issuer may not declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Resulting Issuer's Board after taking into account many factors including the Resulting Issuer's operating results, financial condition and current and anticipated cash needs.

18. PROMOTERS

Randy Ko and Sohil Mana, the executive officers of Hempsana, may each be considered a promoter of the Resulting Issuer, within the meaning of relevant Canadian securities legislation.

As of the date of this Listing Statement:

- Mr. Ko beneficially owns or exercises control or direction over 2,028,332 Resulting Issuer Shares, which will comprise approximately 8.4% of all issued and outstanding Resulting Issuer Shares after giving effect to the Business Combination; and

- Mr. Mana beneficially owns or exercises control or direction over 1,181,333 Resulting Issuer Shares, which will comprise approximately 4.9% of all issued and outstanding Resulting Issuer Shares after giving effect to the Business Combination.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

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

19.2 Regulatory Actions

Other than with respect to the Cease Trade Orders that have since been revoked, the Resulting 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 Resulting 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 Resulting Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set out elsewhere in this Listing Statement, none of the directors or executive officers of the Resulting Issuer, any person who has direct or indirect beneficial ownership of, or who exercises control or direction over, more than 10% of the Resulting Issuer Shares, or any associate or affiliate of such persons, has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected the Resulting Issuer or any of its subsidiaries.

21. AUDITORS, TRANSFER AGENTS, AND REGISTRARS

21.1 Auditors

The auditors of the Resulting Issuer will be MNP LLP, at their offices located at Toronto, Ontario following the completion of the Business Combination.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Resulting Issuer will be Computer Share Trust Company at its office located in Vancouver, British Columbia following the completion of the Business Combination.

22. MATERIAL CONTRACTS

Other than as disclosed in this Listing Statement, the Resulting Issuer will not have entered into any material contracts, other than contracts entered into the ordinary course of business.

Copies of the following material contracts are, or will be, available under Stralak's profile on SEDAR at www.sedar.com upon the listing of this Listing Statement:

(1) the Business Combination Agreement (see Section 3.2 "*The Business Combination*"); and

(2) the Escrow Agreement (see Section 11 "*Escrowed Securities*").

A copy of the material contracts may be inspected for a period of 30 days after the completion of the Business Combination during normal business hours at the Resulting Issuer's principal office located at 3080 Yonge Street, Suite 6060, Toronto, Ontario, Canada, M4N 3N1.

23. INTEREST OF EXPERTS

McGovern Hurley LLP, who audited the financial statements of Stralak for the years ended November 30, 2020 and 2019, is independent of the Resulting Issuer in accordance with Canadian generally accepted auditing standards.

MNP LLP, who audited the financial statements of Hempsana for the years ended December 31, 2020 and 2019, is independent of the Resulting Issuer in accordance with Canadian generally accepted auditing standards.

24. OTHER MATERIAL FACTS

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities (including the securities of any predecessor entity thereto).

25. FINANCIAL STATEMENTS

The pro forma consolidated financial statements of the Resulting Issuer are attached hereto as *Schedule "A" – Pro Forma Financial Statements.*

The financial statements of Stralak for the three and six months ended May 31, 2021 and 2020 and for the years ended November 30, 2020 and 2019 are attached hereto as *Schedule "B" – Financial Statements of Stralak Resources Inc.*

The financial statements of Hempsana as at and for the three months ended March 31, 2021 and for the years ended December 31, 2020 and 2019 are attached hereto as *Schedule "C" – Financial Statements of Hempsana Inc*.

The MD&A of Stralak for the three and six month period ended May 31, 2021 and for the years ended November 30, 2020 and 2019 are attached hereto as *Schedule "D" – MD&A of Stralak Resources Inc.*

The MD&A of Hempsana for the three months ended March 31, 2021 and for the years ended December 31, 2020 and 2019 are attached hereto as *Schedule "E" – MD&A of Hempsana Inc*.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Stralak Resources Inc. hereby applies for the listing of the above-mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Stralak. 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, Ontario, this 12th day of July, 2021.

(signed) *"Aaron Meckler"*	(signed) *"Daniel Talkins"*
Aaron Meckler, Chief Executive Officer, Chief Financial Officer, and Director	Daniel Talkins, Director
(signed) *"Michael Meckler"*	(signed) *"Joseph Meckler"*
Michael Meckler, Director	Joseph Meckler, Director

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to Hempsana Inc. 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, Ontario, this 12th day of July, 2021.

(signed) *"Randy Ko"*	(signed) *"Sohil Mana"*
Randy Ko, President, Chief Executive Officer, and Director	Sohil Mana, Director
(signed) *"David Chan"*	(signed) *"Hyong-gue Michael Bang"*
David Chan, Chief Financial Officer	Hyong-gue Michael Bang, Director

CERTIFICATE OF THE PROMOTER

The foregoing contains full, true and plain disclosure of all material information relating to the Resulting 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, Ontario, this 12th day of July, 2021.

(signed) *"Randy Ko"*	(signed) *"Sohil Mana"*
Randy Ko	Sohil Mana

SCHEDULE "A" - PRO FORMA FINANCIAL STATEMENTS

The *Pro Forma* Financial Statements of the Resulting Issuer for the Three Months Ended March 31, 2021 and the Year Ended December 31, 2020

Hempsana Holdings Ltd.

Pro Forma Financial Statements

Three months ended March 31, 2021 and year ended December 31, 2020
(Unaudited)
(Expressed in Canadian Dollars)

Pro Forma Consolidated Statement of Financial Position

(In Canadian dollars)
March 31, 2021
(Unaudited)

	Hempsana Inc. as at March 31, 2021	Stralak Resources Inc. as at May 31, 2021	Pro Forma Adjustments	Notes	Pro Forma Consolidated
Assets					
Current assets					
Cash	$ 1,011,498	$ 65,369	$ (377,399)	4(a)(d)(f)	$ 699,468
Inventory	10,897	-	-		10,897
Prepaids, deposits and other receivables	351,678	-	-		351,678
Total current assets	1,374,073	65,369	(377,399)		1,062,043
Non-current assets					
Intangible assets	38,046	-	-		38,046
Property, plant and equipment	3,373,334	-	-		3,373,334
Total non-current assets	3,411,380	-	-		3,411,380
Total assets	**$ 4,785,453**	**$ 65,369**	**(377,399)**		**4,473,423**
Liabilities and Equity					
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	$ 579,356	$ 199,399	$ (199,399)	4(f)	$ 579,356
Accounts payable to related party	104,445	-	-		104,445
Current portion of long-term debt	154,777	-	-		154,777
Total current liabilities	838,578	199,399	(199,399)		838,578
Non-current liabilities					
Convertible debentures	198,379	-	(198,379)	4(c)	-
Derivative liability	58,391	-	(58,391)	4(c)	-
Long-term debt	521,661	-	-		521,661
Other long-term liabilities	-	414,280	(414,280)	4(h)	-
Total non-current liabilities	778,431	414,280	(671,050)		521,661
Total liabilities	**1,617,009**	**613,679**	**(870,449)**		**1,360,239**
Equity					
Share capital	6,055,484	4,142,477	(2,317,477)	4(a)(b)(c)(f)(g)	7,880,484
Shares to be issued	-	-	-		-
Other reserves	553,508	-	-		553,508
Retained earnings	(3,440,548)	(4,690,787)	2,810,527	4(a)(c)(d)(e)(g)(h)	(5,320,808)
Total equity	**3,168,444**	**(548,310)**	**493,050**		**3,113,184**
Total liabilities and equity	**$ 4,785,453**	**$ 65,369**	**$ (377,399)**		**$ 4,473,423**

See accompanying notes to unaudited pro forma consolidated financial statements.

Pro Forma Consolidated Statement of Earnings

(In thousands of dollars, except per share amounts)
Three months ended March 31, 2021
(Unaudited)

	Hempsana Inc. three months ended March 31, 2021	Stralak Resources Inc. six months ended May 31, 2021	Pro Forma Adjustments	Notes	Consolidated
EXPENSES					
Auto expenses	$ 11,426	$ -	$ -		$ 11,426
Conference fees	1,283	-	-		1,283
Consulting fees	78,075	-	-		78,075
Depreciation and amortization	53,932	-	-		53,932
Facility supplies	4,053	-	-		4,053
License fees	5,919	-	-		5,919
Insurance	12,402	-	-		12,402
Internet	2,137	-	-		2,137
Legal and professional fees	15,674	31,132	(31,132)	3(e)	15,674
Management fees	99,558	168,000	(168,000)	3(e)	99,558
Share-based compensation	32,345	-	-		32,345
Marketing	245,448	-	-		245,448
Meals and entertainment	2,385	-	-		2,385
Office expenses	15,003	-	-		15,003
Other operating expenses	21,486	-	-		21,486
Other selling, general and administrative expenses	4,557	12,298	(12,298)	3(e)	4,557
Rent expense	12,317	-	-		12,317
Travel	29	-	-		29
Utilities	9,157	-	-		9,157
Wages	75,079	-	-		75,079
Total expenses (income)	**702,265**	**211,430**	**(211,430)**		**702,265**
Loss on revaluation of convertible debentures	251	-	-		251
Interest expense	43,980	-	-		43,980
Net (loss) income	**$ (746,496)**	**$ (211,430)**	**$ 211,430**		**$(746,496)**
Net loss per common share					
Basic (20,695,338)					$ (0.04)
Diluted (20,695,338)					$ (0.04)

See accompanying notes to unaudited pro forma consolidated financial statements.

Pro Forma Consolidated Statement of Earnings
(In thousands of dollars, except per Fund Unit amounts)
Year ended December 31, 2020
(Unaudited)

	Hempsana Inc. as at December 31, 2020	Stralak Resources Inc. as at November 30, 2020	Pro Forma Adjustments	Notes	Consolidated
EXPENSES					
Auto expenses	$ 38,377	$ -	$ -		$ 38,377
Conference fees	18,036	-	-		18,036
Consulting fees	174,993	-	-		174,993
Depreciation and amortization	151,283	-	-		151,283
Facility supplies	33,862	-	-		33,862
License fees	15,403	-	-		15,403
Insurance	32,165	-	-		32,165
Internet	5,768	-	-		5,768
Legal and professional fees	61,065	7,600	-		68,665
Listing expenses	-	-	1,737,030	4(a)	1,737,030
Management fees	531,482	-	-		531,482
Share-based compensation	307,853	-	-		307,853
Marketing	44,248	-	-		44,248
Meals and entertainment	23,982	-	-		23,982
Office expenses	30,431	-	-		30,431
Other operating expenses	18,006	-	-		18,006
Other selling, general and administrative expenses	10,698	-	-		10,698
Rent expense	8,635	-	-		8,635
Travel	7,458	-	-		7,458
Utilities	26,630	-	-		26,630
Wages	95,635	-	-		95,635
Total expenses	1,636,010	7,600	1,737,030		3,380,640
Other income	(10,924)	-	-		(10,924)
Interest expense	28,765	-	-		28,765
Net loss	**$ (1,653,851)**	**$ (7,600)**	**$ (1,737,030)**		**$(3,398,481)**
Net loss per common share					
Basic (18,615,323)					$ (0.18)
Diluted (18,615,323)					$ (0.18)

See accompanying notes to unaudited pro forma consolidated financial statements.

Notes to Pro Forma Consolidated Financial Statements
(Amounts in thousands of Canadian dollars)
(Narrative and tabular amounts are unaudited)

1. Basis of Presentation:

The accompanying unaudited pro forma consolidated financial statements of Hempsana Holdings Ltd. (formerly Hempsana Inc.) ("Hempsana" or "the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of Hempsana and the financial statements of Stralak Resources Inc. ("Stralak") to show the effect of the proposed transaction (the "Transaction") as discussed in note 2.

The unaudited interim statements of financial position as at March 31, 2021, the unaudited interim statements of comprehensive loss for the three months ended March 31, 2021 of Hempsana and the unaudited interim statements of financial position as at May 31, 2021 and the unaudited interim statements of comprehensive loss for the six months ended May 31, 2021 of Stralak were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The audited statements of comprehensive loss for the year ended December 31, 2020 of Hempsana and the audited statements of comprehensive income for the year ended November 30, 2020 of Stralak were prepared in accordance with International Financial Reporting Standards.

The unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated statements of earnings of Hempsana have been derived from the following:

- the unaudited interim statement of financial position of Hempsana as at March 31, 2021;
- the unaudited interim statement of financial position of Stralak as at May 31, 2021;
- the unaudited interim statement of comprehensive loss of Hempsana for the three months ended March 31, 2021;
- the unaudited interim statement of comprehensive loss of Stralak for the six months ended May 31, 2021;
- the audited statement of comprehensive loss of Hempsana for the year ended December 31, 2020;
- the audited statement of comprehensive loss of Stralak for the year ended November 30, 2020; and
- the adjustments and assumptions outlined below.

The accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are consistent with those described in the audited financial statements of Hempsana for the year ended December 31, 2020. The presentation of Stralak's financial information has been adjusted to conform with Hempsana's presentation.

The pro forma adjustments are determined based on available financial information and certain estimates and assumptions. Management of Hempsana believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the transactions contemplated and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma consolidated financial statements.

The pro forma consolidated financial statements may not be indicative of the financial position and results of operations that would have occurred if the transactions (note 2) had been in effect on the dates indicated or of the financial position or operating results which may be obtained in the future.

The pro forma consolidated financial statements do not include all the information and disclosures required by IFRS for annual financial statements and should be read in conjunction with the financial statements of Hempsana and the financial statements of Stralak that are included herein. These pro forma statements have been prepared in thousands of Canadian dollars unless otherwise noted.

2. Description of Transactions:

On April 23, 2021 the Company and Stralak entered into a business combination agreement whereby Stralak, will acquire all the outstanding securities of the Company (the "Proposed Transaction" and Stralak and Hempsana together, the "Resulting Issuer").

The business of Stralak after the completion of the Proposed Transaction, will be the business of the Company, which involves manufacturing cannabis derivatives and producing cannabis extracts for use in finished products, including vapeables, topical creams and infused consumables.

The Proposed Transaction is structured as a three-cornered amalgamation pursuant to which a wholly owned subsidiary of Stralak and the Company will amalgamate under the provisions of the Canada Business Corporations Act which will be a wholly-owned subsidiary of the Resulting Issuer; and each shareholder of the Company (other than a dissenting shareholder) will receive a common share of the Resulting Issuer (each, a "Resulting Issuer Share") for each common share of the Company held by such shareholder. In addition, holders of convertible securities of the Company will be able to exercise their securities for Resulting Issuer Shares in accordance with and permitted under their terms.

Prior to completion of the Proposed Transaction, Stralak will, among other things, change its name to "Hempsana Holdings Ltd." or such other name as determined by the Company (the "Name Change") and consolidate (the "Consolidation") all of the issued and outstanding common shares of Stralak ("Stralak Shares") into an aggregate number of Stralak Shares equal to either (A) if the Hempsana Private Placement (as defined below) is completed for aggregate cash gross proceeds of a minimum of $3,000,000 on or prior to 45 days following the date hereof (the "Minimum Financing"), 1,200,000, or (B) 1,500,000, if the Minimum Financing is not completed on or prior to 45 days following the date hereof.

Prior to the completion of the Proposed Transaction, the Company may complete a private placement (the "Hempsana Private Placement") of securities to be determined by the Company at an issue price of a minimum of $1.05 per security.

In connection with the completion of the Proposed Transaction, the Company will issue 22,629,323 Resulting Issuer Shares to the former holders of common shares of the Company (exclusive of certain common shares of the Company that may be issued pursuant to the Hempsana Private Placement, and to be issued to finders and a convertible debenture with a principal amount of $250,000 which will be exchanged for common shares of the Company immediately prior to the completion of the Proposed Transaction). In addition, 1,655,345 stock options; 4,397,218 warrants will be exercisable into Resulting Issuer Shares in accordance with and as permitted under their terms. As a result of the completion of the Proposed Transaction, the current holders of common shares of the Company will hold approximately 92.6% of the Resulting Issuer Shares and the current holders of Stralak Shares will hold approximately 6.2% of the Resulting Issuer Shares, on a non-diluted basis and not factoring in any securities issued under the Hempsana Private Placement.
In addition, at closing of the Proposed Transaction, the Company will advance an aggregate of $200,000, subject to adjustment in accordance with the terms of the Combination Agreement, to certain directors, officers and consultants of Stralak, to pay management fees and expense reimbursements owed to such persons by Stralak.

Completion of the Proposed Transaction is subject to a number of conditions, including, among other others, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, the Name Change, the Consolidation, and conditional approval of the Canadian Securities Exchange for the listing of the Resulting Issuer Shares following completion of the Proposed Transaction.

3. Pro Forma Adjustments and Assumptions:

The fair value of the net assets of Stralak as at May 31, 2021 prior to the Transaction were:

Net asset value (see adjustments f & h)	$	37,970
Listing expenses		1,737,030
	$	1,775,000

Consideration:

Cash	$	200,000
Shares issued to Stralak		1,575,000
	$	1,775,000

The unaudited pro forma consolidated statements reflect the following adjustments:

(a) To record the consideration to Stralak of 1,500,000 Hempsana common shares at a fair value of $1.05 per share and cash of $200,000 as listing expenses;
(b) To record the consideration for finders fees related to the share issuance, settled with 164,037 Hempsana common shares at a fair value of $1.05 per share;
(c) To record the settlement of the convertible debentures upon the Transaction through the issuance of 297,619 Hempsana common shares at a 20% discount on the fair value of $1.05 per share ($0.84 per share);
(d) $150,000 of total estimated expenses related to the Transaction have been included as a pro forma adjustment to deficit as opposed to being reflected in the pro forma consolidated statements of earnings of the Company on the basis that these expenses are directly incremental to the Transaction and are non-recurring in nature;
(e) Adjustments were made to Stralak legal and professional fees, management fees and other selling, general and administrative expenses incurred during the six months ended May 31, 2021 to remove $211,430 that were incremental to the Transaction and are non-recurring in nature;
(f) The payment of $199,399 to certain directors, officers and consultants of Stralak to pay management fees and expense reimbursements owed to such person by Stralak prior to the Transaction. $172,000 will be settled in Stralak shares and the remaining balance in cash;
(g) To record the elimination of Stralak common shares;
(h) To adjust Stralak's other liabilities to nil since they are statute-barred. During the year ended November 30, 2010, Stralak transferred $414,280 of liabilities (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (British Columbia). The Statute-barred Claims related to expenses billed by and third-party liabilities incurred by Stralak which is no longer active. However, for accounting purposes under IFRS, a debt can only be removed from Stralak's Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute barred Claims are required to be reflected on Stralak's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute barred Claims. In the purchase price allocation, no fair value has been allocated to these liabilities.

4. Pro Forma Share Capital:

Share capital as at March 31, 2021 in the unaudited pro forma consolidated statement of financial position is comprised of the following:

	Number of Common Shares	Amount ($)
Hempsana common shares outstanding as at March 31, 2021	21,871,667	6,055,484
Stralak common shares outstanding as at May 31, 2021	97,563,375	4,142,477
Transaction adjustment - issuance of Hempsana shares for consideration	1,500,000	1,575,000
Transaction adjustment - issuance of Hempsana shares for finder's fee	164,037	172,239
Transaction adjustment - issuance of Hempsana shares for convertible debentures	297,619	250,000
Transaction adjustment - eliminate Stralak common shares	(97,563,375)	(4,142,477)
Common shares outstanding after the Transaction	23,833,323	8,052,723

Pro Forma Basic and Diluted Loss per Share

The calculation of basic earnings per common share on the pro forma consolidated statement of earnings is based on the weighted average pro forma number of shares outstanding of 20,695,338 for the three months ended March 31, 2021 and 18,615,323 for the year ended December 31, 2020. The calculation assumes that the new units were issued on January 1, 2020. For purposes of these pro forma consolidated financial statements, all stock options and warrants have been excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

SCHEDULE "B" -
FINANCIAL STATEMENTS OF STRALAK RESOURCES INC.

The Condensed Interim Unaudited Financial Statements of Stralak for the three and six-months ended May 31, 2021 and 2020 and the Audited Financial Statements of Stralak as of and for the years ended November 30, 2020 and 2019

STRALAK RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE & SIX MONTHS ENDED

May 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

STRALAK RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

May 31, 2021 and 2020

(EXPRESSED IN CANADIAN DOLLARS)

STRALAK RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
AS AT

	Notes	May 31 2021 $	Nov. 30 2020 $
ASSETS			
CURRENT			
Cash		65,369	-
TOTAL ASSETS		65,369	-
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	8	199,399	7,600
		199,399	-
Other liabilities	5	414,280	414,280
TOTAL LIABILITIES		613,679	421,880
SHAREHOLDERS' DEFICIENCY			
CAPITAL STOCK	6 (b)	4,142,477	4,057,477
DEFICIT		(4,690,787)	(4,479,357)
TOTAL SHAREHOLDERS' DEFICIENCY		(548,310)	(421,880)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		65,369	-
NATURE OF OPERATIONS AND GOING CONCERN	1		
CONTINGENCIES AND COMMITMENTS	7		

APPROVED ON BEHALF OF THE BOARD

"Aaron Meckler" Director

"Daniel Talkins" Director

See the accompanying notes to the condensed interim financial statements

STRALAK RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
FOR THE THREE & SIX MONTHS ENDED MAY 31

	Notes	6 Months Ended May 31, 2021	3 Months Ended May 31, 2021 $	3 and 6 Months Ended May 31 2020 $
EXPENSES				
Management and consulting fees	**8**	168,000	-	-
Regulatory fees		10,456	3,256	-
Other general and administrative		1,842	1,842	-
Legal & professional fees		31,132	20,507	-
NET OPERATING LOSS AND COMPPREHENSIVE LOSS FOR THE PERIOD		**(211,430)**	**(25,605)**	**-**
NET LOSS PER SHARE - Basic and diluted		0.00	0.00	0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - Basic and diluted		87,344,796	97,563,375	12,563,375

See the accompanying notes to the condensed interim financial statements

STRALAK RESOURCES INC.
CONDESNED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
FOR THE SIX MONTHS ENDED MAY 31, 2021 AND 2020

	Capital Stock #	Capital Stock $	(Deficit) $	Total $
BALANCE, NOVEMBER 30, 2019	12,563,375	4,057,477	(4,471,757)	(414,280)
Loss and comprehensive loss	-	-	-	-
BALANCE, MAY 31, 2020	12,563,375	4,057,477	(4,471,757)	(414,280)
Loss and comprehensive loss	-	-	(7,600)	(7,600)
BALANCE, NOVEMBER 30, 2020	12,563,375	4,057,477	(4,479,357)	(421,880)
Private placement for cash	85,000,000	85,000	-	85,000
Loss and comprehensive loss	-	-	(211,430)	(211,430)
BALANCE, MAY 31, 2021	97,563,375	4,142,477	(4,690,787)	(548,310)

See the accompanying notes to the condensed interim financial statements

STRALAK RESOURCES INC.
CONDESNED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)
FOR THE SIX MONTHS ENDED MAY 31, 2021 AND 2020

		2021	2020
		$	$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net loss and comprehensive loss for the period		(211,430)	-
Changes in non-cash components of working capital			
Increase in accounts payable and accrued liabilities		191,799	-
Cash flow used in operating activities		(19,631)	-
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
Issuance of share capital	**6 (b)**	85,000	-
Cash flow provided by financing activities		85,000	-
Increase in cash for the period		65,369	-
CASH, beginning of the period		-	-
CASH, end of the period		65,369	-

See the accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Stralak Resources Inc. (the "Company") is incorporated under the Business Corporations Act (British Columbia) and was engaged in the acquisition and exploration of precious metal and industrial mineral properties primarily through its investment in Mohawk Garnet Inc. The Company's exploration activities were carried out principally in Canada. The Company is actively pursuing other potential opportunities. The Company's head office is located at Suite 405, 1049 Chilco Street, Vancouver, BC V6G 2R7. The Company's securities are subject to a cease trade order issued by the British Columbia Securities Commission (the "**BCSC**") dated April 12, 2007 (the "**BC Cease Trade Order**") and by the Alberta Securities Commission (the "**ASC**") on July 11, 2007 (the "**AB Cease Trade Order**", together with the BC Cease Trade Order, the "**Cease Trade Orders**"), for failure to file certain continuous disclosure filings required under applicable securities laws. The Company applied for partial revocation of the Cease Trade Orders ("**Partial Revocation Orders**") on November 23, 2020. On March 5, 2021, the British Columbia Securities Commission and the Alberta Securities Commission issued orders revoking their cease trade orders, originally issued in respect of the securities of the Company on, respectively, April 12, 2007 and July 11, 2007.

On April 23, 2021 the Company and Hempsana Inc. ("Hempsana") announced that they have entered into a business combination agreement, whereby the Company will acquire all the outstanding securities of Hempsana in anticipation of a reverse takeover transaction. The transaction is subject to various regulatory and exchange approvals.

These financial statements of the Company were approved and authorized for issue by the Board of Directors (the "**Board**") on June 18, 2021.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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 as they come due. The Company has a loss of $211,430 for the six month period ended May 31, 2021 (2020 - $Nil) and it had a deficit of $4,690,787 as at May 31, 2021 (2020 - $4,479,357). Management believes it will be successful in raising the necessary funds to continue in the normal course of operations or effecting a corporate transaction; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all, or that a corporate transaction will be effected. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. There is a material uncertainty that results in significant doubt regarding the ultimate applicability of the Company's going concern assumptions.

Further, in March 2020, the World Health Organization declared COVID – 19 a global pandemic which 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-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, 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. STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim statements required by IFRS Financial Reporting. Accordingly, they do not include all of the information required for full annual statements required by IFRS as issued by IASB and interpretations by IFRIC. These financial statement should be read in conjunction with the financial statements of the Company for the year ended November 30, 2020.

3. BASIS OF PREPARATION

Basis of measurement

These financial statements have been prepared under the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

(a) Cash

Cash comprises cash on hand and money market funds, with original maturities of less than 90 days.

(b) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(d) Loss per common share

Basic loss per share is calculated using the weighted average number of shares outstanding. The diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

(e) Use of estimates

The preparation of these financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

- **Income, value added, withholding and other taxes**
  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit

issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- **Share-based payments**
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and Company performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(f) Financial assets and liabilities

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statements of loss.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of earnings (loss) when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company does not have any financial assets subject to impairment.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable, accrued liabilities, and other liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Financial instruments recorded at fair value
Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(g) Translation of foreign currencies

The functional and reporting currency of the Company is the Canadian dollar. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary items on the statement of financial position, expressed in foreign currencies, are translated into Canadian dollars at the exchange rates in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated at the reporting date. Depreciation is translated on the same basis as the related asset. The resulting exchange gains or losses are recognized in operations in the period in which they arise.

(h) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(i) Recent Accounting Pronouncements and Accounting Changes

Effective December 1, 2020, the Company adopted the following standard:

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The adoption of this amendment had no impact on the Company's financial statements.

5. OTHER LIABILITIES

During the year ended November 30, 2010, the Company transferred $414,280 of liabilities (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (British Columbia). The Statute-barred Claims related to expenses billed by and third-party liabilities incurred by the

(Expressed in Canadian Dollars)

Company which is no longer active. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

6. CAPITAL STOCK

The capital stock is as follows:

(a) Authorized
100,000,000 common shares

(b) Issued

	Common Shares #	Amount $
November 30, 2020	12,563,375	4,057,477
Private placement for cash	85,000,000	85,000
May 31, 2021	97,563,375	4,142,477

The Company completed a private placement of 85,000,000 common shares for gross proceeds of $85,000 on December 22, 2020. Two directors of the Company participated in the private placement through the acquisition of 73,333,330 common shares for gross proceeds of approximately $73,333.

(c) Stock Options

The Company has a 10% rolling stock option plan ("Plan") which provides that incentive-based stock options may be granted, at the Board's discretion, to a quantity not to exceed 10% of the issued and outstanding shares of the Company at the time of granting. The Plan requires annual shareholder approval. The Plan was renewed at the July 9, 2008 Shareholders' Meeting.

No stock options were granted in the three and six months ended May 31, 2021 or the year ended November 30, 2020. No stock options were outstanding at May 21, 2021 nor at November 30, 2020.

(d) Warrants

As of May 31, 2021 and November 30, 2020, there were no outstanding warrants to purchase common shares of the Company.

7. CONTINGENCIES AND COMMITMENTS

Environmental contingencies

The Company’s exploration activities were subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are in material compliance with all applicable laws and regulations. Management is required to estimate the cost of compliance when laws change. Although the Company has made expenditures to comply with such laws and regulations, it does not expect to make any further expenditures in the future.

8. RELATED PARTY TRANSACTIONS

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and six month periods ended May 31, 2021 a company owned by the CEO & CFO charged management fees of $63,011 + GST; a company owned by a Director charged management fees of $53,333 + GST; and a company owned by a large (>10%) shareholder charged a consulting fee of $43,656 + GST. There was no other remuneration of directors and key management personnel of the Company for the three and six month periods ended May 31, 2021.

As at May 31, 2021, related parties held $168,000 (November 30, 2020 - $Nil) in accrued liabilities and accounts payable.

All amounts due to related parties are unsecured, non-interest bearing and payable on demand.

9. FINANCIAL INSTRUMENTS AND RISK FACTORS

International financial reporting standards require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. At May 31, 2021 and November 30, 2020, the Company has no financial instruments carried at fair value to classify in the fair value hierarchy.

As at May 31, 2021 and November 30, 2020, carrying amounts of cash, accounts payable, accrued liabilities and other liabilities, on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company does not have assets subject to credit risk.

(b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its obligations when due. At May 31, 2021, the Company had cash of $65,369 (November 30, 2020 - $Nil) available to settle current liabilities of $199,399 (November 30, 2020 - $7,600). Of the Company's accounts payable all have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

At May 31, 2021, the Company had cash of $65,369 (November 30, 2020 - $Nil) and no variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign Exchange Risk

The Company's functional currency is the Canadian dollar but major purchases could be transacted in Canadian dollars or United States dollars. As at May 31, 2021 and November 30, 2020, the Company held no foreign currency balances.

(iii) Price Risk

The Company would be exposed to price risk with respect to commodity prices related to exploration properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(d) Sensitivity Analysis

The Company holds no balances in United States dollars that give rise to foreign exchange risk. Based on management's knowledge and experience of the financial markets, the Company does not believe there would be any material movements as a result of changes in interest rates.

10. CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the search for a new business opportunity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to pay administrative costs, the Company raise additional amounts as needed. The Company will continue to assess new corporate transactions with economic potential and if it has adequate financial resources to do so, to the benefit of shareholders.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three and six months ended May 31, 2021 and the year ended November 30, 2020. The Company is not currently subject to externally imposed capital requirements.

STRALAK RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
NOVEMBER 30, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

STRALAK RESOURCES INC.

FINANCIAL STATEMENTS

NOVEMBER 30, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Stralak Resources Inc.

Opinion

We have audited the financial statements of Stralak Resources Inc. (the "Company"), which comprise the statements of financial position as at November 30, 2020 and 2019, and the statements of loss and comprehensive loss, statements of changes in shareholders' deficiency and statements of 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 November 30, 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 conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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. We have fulfilled our other ethical responsibilities in accordance with these 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 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended November 30, 2020 and, as of that date, the Company had a deficit. These events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that 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 Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.

Auditor's 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 auditor's 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 Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Canadian generally accepted auditing standards, we exercise professional judgement 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose 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 our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

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conclusions are based on the audit evidence obtained up to the date of our auditor's 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 audit.

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 of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
February 12, 2021

STRALAK RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT NOVEMBER 30

	Notes	2020 $	2019 $
ASSETS			
CURRENT			
Cash		-	-
Amounts receivable		-	-
TOTAL ASSETS		-	-
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	8	7,600	-
		7,600	-
Other liabilities	5	414,280	414,280
TOTAL LIABILITIES		421,880	414,280
SHAREHOLDERS' DEFICIENCY			
CAPITAL STOCK	6 (b)	4,057,477	4,057,477
DEFICIT		(4,479,357)	(4,471,757)
TOTAL SHAREHOLDERS' DEFICIENCY		(421,880)	(414,280)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		-	-
NATURE OF OPERATIONS AND GOING CONCERN	1		
CONTINGENCIES AND COMMITMENTS	7		
SUBSEQUENT EVENTS	12		

APPROVED ON BEHALF OF THE BOARD

"Aaron Meckler" Director

"Daniel Talkins" Director

See the accompanying notes to the financial statements

STRALAK RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED NOVEMBER 30

	Notes	2020 $	2019 $
EXPENSES			
Professional fees		7,600	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		7,600	-
NET LOSS PER SHARE - Basic and diluted		0.00	0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - Basic and diluted		12,563,375	12,563,375

See the accompanying notes to the financial statements

STRALAK RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

	Capital Stock #	Capital Stock $	(Deficit) $	Total $
BALANCE, NOVEMBER 30, 2018	12,563,375	4,057,477	(4,471,757)	(414,280)
Loss and comprehensive loss	-	-	-	-
BALANCE, NOVEMBER 30, 2019	12,563,375	4,057,477	(4,471,757)	(414,280)
Loss and comprehensive loss	-	-	(7,600)	(7,600)
BALANCE, NOVEMBER 30, 2020	12,563,375	4,057,477	(4,479,357)	(421,880)

See the accompanying notes to the financial statements

STRALAK RESOURCES INC.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED NOVEMBER 30,

	2020 $	2019 $
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss and comprehensive loss for the year	(7,600)	-
Changes in non-cash components of working capital		
Increase in accounts payable and accrued liabilities	7,600	-
Cash flow used in operating activities	-	-
Decrease in cash for the year	-	-
CASH, beginning of the year	-	-
CASH, end of the year	-	-

See the accompanying notes to the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Stralak Resources Inc. (the "Company") is incorporated under the Business Corporations Act (British Columbia) and was engaged in the acquisition and exploration of precious metal and industrial mineral properties primarily through its investment in Mohawk Garnet Inc. The Company's exploration activities were carried out principally in Canada. The Company is actively pursuing other potential opportunities. The Company's head office is located at Suite 405, 1049 Chilco Street, Vancouver, BC V6G 2R7. The Company's securities are subject to a cease trade order issued by the British Columbia Securities Commission (the "**BCSC**") dated April 12, 2007 (the "**BC Cease Trade Order**") and by the Alberta Securities Commission (the "**ASC**") on July 11, 2007 (the "**AB Cease Trade Order**", together with the BC Cease Trade Order, the "**Cease Trade Orders**"), for failure to file certain continuous disclosure filings required under applicable securities laws. The Company applied for partial revocation of the Cease Trade Orders ("**Partial Revocation Orders**") on November 23, 2020.

These financial statements of the Company were approved and authorized for issue by the Board of Directors (the "Board") on February 12, 2021.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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 as they come due. The Company has a loss of $7,600 for the year ended November 30, 2020 (2019 - $Nil) and it had a deficit of $4,479,357 as at November 30, 2020 (2109 - $4,471,757). Management believes it will be successful in raising the necessary funds to continue in the normal course of operations or effecting a corporate transaction; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all, or that a corporate transaction will be effected. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. There is a material uncertainty that results in significant doubt regarding the ultimate applicability of the Company's going concern assumptions.

Further, in March 2020, the World Health Organization declared coronavirus COVID – 19 a global pandemic which 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-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, 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. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The policies have been consistently applied to all periods presented unless otherwise noted.

3. BASIS OF PREPARATION

Basis of measurement

These financial statements have been prepared under the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

(a) Cash

Cash comprises cash on hand and money market funds, with original maturities of less than 90 days.

(b) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(d) Loss per common share

Basic loss per share is calculated using the weighted average number of shares outstanding. The diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

(e) Use of estimates

The preparation of these financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

- **Income, value added, withholding and other taxes**
  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- **Share-based payments**
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques.

Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and Company performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(f) Financial assets and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statements of loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of earnings (loss) when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company does not have any financial assets subject to impairment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Financial instruments recorded at fair value:
Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(g) Translation of foreign currencies

The functional and reporting currency of the Company is the Canadian dollar. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary items on the statement of financial position, expressed in foreign currencies, are translated into Canadian dollars at the exchange rates in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated at the reporting date. Depreciation is translated on the same basis as the related asset. The resulting exchange gains or losses are recognized in operations in the period in which they arise.

(h) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(i) Recent Accounting Pronouncements and Accounting Changes

Effective December 1, 2019, the Company adopted the following standard:

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 was effective for annual periods beginning on or after January 1, 2019. The application of the new standard had no impact on the Company's financial statements for the periods ended November 30, 2020.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after December 1, 2020, or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following has not yet been adopted and is being evaluated to determine its impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

5. OTHER LIABILITIES

During the year ended November 30, 2010, the Company transferred $414,280 of liabilities (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (British Columbia). The

(Expressed in Canadian Dollars)

Statute-barred Claims related to expenses billed by and third-party liabilities incurred by the Company which is no longer active. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

6. CAPITAL STOCK

The capital stock is as follows:

(a) Authorized
100,000,000 common shares

(b) Issued

	Common Shares #	Amount $
November 30, 2020, 2019 and 2018	12,563,375	4,057,477

(c) Stock Options

The Company has a 10% rolling stock option plan ("Plan") which provides that incentive-based stock options may be granted, at the Board's discretion, to a quantity not to exceed 10% of the issued and outstanding shares of the Company at the time of granting. The Plan requires annual shareholder approval. The Plan was renewed at the July 9, 2008 Shareholders' Meeting.

No stock options were granted in the years ended November 30, 2020 and November 30, 2019. No stock options were outstanding at November 30, 2020 nor at November 30, 2019.

(d) Warrants

As of November 30, 2020, and 2019 there were no outstanding warrants to purchase common shares of the Company.

7. CONTINGENCIES AND COMMITMENTS

Environmental contingencies

The Company's exploration activities were subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are in material compliance with all applicable laws and regulations. Management is required to estimate the cost of compliance when laws change. Although the Company has made expenditures to comply with such laws and regulations, it does not expect to make any further expenditures in the future.

8. RELATED PARTY TRANSACTIONS

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. There was no remuneration of directors and key management personnel of the Company for the years ended November 30, 2020 and 2019.

As at November 30, 2020, $Nil (2019 - $Nil) related parties held no balances in accrued liabilities and accounts payable.

All amounts due to related parties are unsecured, non-interest bearing and payable on demand.

9. FINANCIAL INSTRUMENTS AND RISK FACTORS

International financial reporting standards require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. At November 30, 2020 and 2019, the Company has no financial instruments carried at fair value to classify in the fair value hierarchy.

As at November 30, 2020 and 2019, carrying amounts of cash, amounts receivable, and accounts payable and accrued liabilities on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company does not have assets subject to credit risk.

(b) Liquidity Risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its obligations when due. At November 30, 2020, the Company had cash of $Nil (2019 - $Nil) available to settle current liabilities of $7,600 (2019 - $Nil). Of the Company’s accounts payable all have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

The Company has no cash balances and no variable interest-bearing debt. The Company’s current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign Exchange Risk

The Company's functional currency is the Canadian dollar but major purchases could be transacted in Canadian dollars or United States dollars. As at November 30, 2020 and 2019, the Company held no foreign currency balances.

(iii) Price Risk

The Company would be exposed to price risk with respect to commodity prices related to exploration properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(d) Sensitivity Analysis

The Company holds no balances in United States dollars that give rise to foreign exchange risk. Based on management's knowledge and experience of the financial markets, the Company does not believe there would be any material movements as a result of changes in interest rates.

10. INCOME TAXES

(a) The items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 – 26.5%) are as follows:

	2020 $	2019 $
Loss before income taxes	(7,600)	-
Expected income tax recovery	(2,000)	-
Adjustments to benefit resulting from:		
Benefit of tax losses not recognized	2,000	-
Deferred income tax recovery	-	-

(b) Tax benefits from non-capital loss carry-forwards have not been recorded in the financial statements. These losses, which may reduce taxable income in future years, amount to approximately $32,600 and expires as follows:

(Expressed in Canadian Dollars)

Year	Amount ($)
2026	25,000
2040	7,600
	32,600

(c) Unrecognized deferred tax assets

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2020 $	2019 $
Non-capital loss carry-forwards	32,600	25,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

11. CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the search for a new business opportunity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to pay administrative costs, the Company raise additional amounts as needed. The Company will continue to assess new corporate transactions with economic potential and if it has adequate financial resources to do so, to the benefit of shareholders.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the years ended November 30, 2020 and 2019. The Company is not currently subject to externally imposed capital requirements.

12. SUBSEQUENT EVENTS

Subsequent to November 30, 2020, the BCSC and the ASC granted the Partial Revocation Orders on December 17, 2020, which allowed the Company to complete a private placement of 85,000,000 common shares for gross proceeds of $85,000 on December 22, 2020. Two directors of the Company participated in the private placement through the acquisition of 73,333,330 common shares for gross proceeds of approximately $73,333.

SCHEDULE "C" - FINANCIAL STATEMENTS OF HEMPSANA INC.

The Interim Unaudited Condensed Financial Statements of Hempsana as of and for the three-month period ended March 31, 2021 and the Audited Annual Financial Statements of Hempsana for the years ended December 31, 2020 and 2019

Hempsana Inc.

Interim Condensed Financial Statements

For the three months ended March 31, 2021
(Unaudited)
(Expressed in Canadian Dollars)

Hempsana Inc.
Interim Condensed Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	Notes		March 31, 2021		December 31, 2020 (Audited)
ASSETS					
Current assets					
Cash		**$**	**1,011,498**	$	80,516
Inventory			**10,897**		-
Prepaids, deposits and other receivables	3		**351,678**		303,906
Total current assets			**1,374,073**		384,422
Non-current assets					
Intangible assets	4		**38,046**		12,897
Property, plant and equipment	5		**3,373,334**		3,343,171
Total non-current assets			**3,411,380**		3,356,068
Total assets		**$**	**4,785,453**	$	3,740,490
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**579,356**	$	1,355,148
Accounts payable to related parties	6		**104,445**		947,750
Current portion of long-term debt	7		**154,777**		150,225
Total current liabilities			**838,578**		2,453,123
Non-current liabilities					
Convertible debentures	8		**198,379**		-
Derivative liability	8		**58,391**		-
Long-term debt	7		**521,661**		555,379
Total non-current liabilities			**778,431**		555,379
Total liabilities		**$**	**1,617,009**	$	3,008,502
Shareholders' equity					
Share capital	9		**6,055,484**		2,184,070
Shares to be issued	9		**-**		720,807
Other reserves	9		**553,508**		521,163
Deficit			**(3,440,548)**		(2,694,052)
Total shareholders' equity			**3,168,444**		731,988
Total liabilities and equity		**$**	**4,785,453**	$	3,740,490

Nature of operations and going concern	1
Events after the reporting period	12

Approved on behalf of the Board of Directors:

Sohil Mana

Randy Ko
Director
President and CEO

Sohil Mana
Director

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

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Hempsana Inc.
Interim Condensed Statements of Loss and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

		For the three months ended	
	Notes	**March 31, 2021**	March 31, 2020
Expenses			
Auto expenses		**$ 11,426**	$ 1,827
Conference fees		**1,283**	-
Consulting fees		**78,075**	1,620
Depreciation and amortization	5	**53,932**	26,234
Facility supplies		**4,053**	-
License fees		**5,919**	-
Insurance		**12,402**	3,250
Internet		**2,137**	-
Legal and professional fees		**15,674**	4,250
Management fees		**99,558**	132,871
Share-based compensation		**32,345**	90,996
Marketing		**245,448**	1,087
Meals and entertainment		**2,385**	849
Office expenses		**15,003**	974
Other operating expenses		**21,486**	800
Other selling, general and administrative expenses		**4,557**	199
Rent expense		**12,317**	-
Travel		**29**	1,844
Utilities		**9,157**	-
Wages		**75,079**	-
Total expenses		**702,265**	266,801
Loss on revaluation of derivative liability	8	**251**	-
Interest expense	7	**43,980**	3,614
Net loss and comprehensive loss		**$ (746,496)**	$ (270,415)
Loss per share			
Weighted average number of common shares outstanding			
Basic #	10	**18,733,682**	16,553,456
Diluted #	10	**18,733,682**	16,553,456
Basic loss per share $	10	**$ (0.04)**	$ (0.02)
Diluted loss per share $	10	**$ (0.04)**	$ (0.02)

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

Hempsana Inc.
Interim Condensed Statements of Changes in Equity
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Number of shares		Share capital		Other reserves		Retained earnings		Total equity
Balance at December 31, 2019		**16,553,457**	**$**	**2,184,070**	**$**	**213,310**	**$**	**(1,040,201)**	**$**	**1,357,179**
Share-based compensation		-		-		90,996		-		90,996
Net loss		-		-		-		(270,415)		(270,415)
Balance at March 31, 2020		**16,553,457**	**$**	**2,184,070**	**$**	**304,306**	**$**	**(1,310,616)**	**$**	**1,177,760**
Balance at December 31, 2020		**17,534,480**	**$**	**2,904,877**	**$**	**521,163**	**$**	**(2,694,052)**	**$**	**731,988**
Shares issued	9	4,337,187		3,150,607		-		-		3,150,607
Share-based compensation		-		-		32,345		-		32,345
Net loss		-		-		-		(746,496)		(746,496)
Balance at March 31, 2021		**21,871,667**	**$**	**6,055,484**	**$**	**553,508**	**$**	**(3,440,548)**	**$**	**3,168,444**

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

Hempsana Inc
Interim Condensed Statements of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

	Notes	For the three months ended March 31, 2021	March 31, 2020
Operating activities			
Net loss		**$ (746,496)**	$ (270,415)
Adjustments for non-cash items:			
Interest expense	7, 8	**43,980**	3,614
Depreciation and amortization	5	**53,932**	26,234
Share-based compensation		**32,345**	90,996
Change in fair value of convertible debentures – derivative liability	8	**251**	-
Changes in non-cash working capital items:			
Prepaids, deposits and other receivables	3	**(47,772)**	(21,394)
Accounts payable, accrued liabilities and accounts payable to related parties		**(886,900)**	183,186
Inventory		**(10,897)**	-
Interest paid		**(30,734)**	-
Net cash flows (used in) from operating activities		**(1,592,291)**	12,221
Investing activities			
Purchase of property, plant and equipment	5	**(12,322)**	(24,871)
Additions to intangible assets		**(27,375)**	-
Net cash flows used in investing activities		**(39,697)**	(24,871)
Financing activities			
Payments of private loan	7	**(35,892)**	(31,852)
Proceeds from issuance of common shares	9	**2,451,147**	-
Issuance of convertible debentures	8	**250,000**	-
Share issuance costs	9	**(102,285)**	-
Net cash flows from (used in) investing activities		**2,562,970**	(31,852)
Net increase (decrease) in cash		**930,982**	(44,502)
Cash, beginning of period		**80,516**	44,771
Cash, end of period		**$ 1,011,498**	$ 269

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

1. Nature of operations and going concern

Hempsana Inc. (the “Company” or “Hempsana”) was incorporated under the laws of Canada on October 15, 2018. The Company specializes in cannabis derivatives and is focused on extraction and purification, and end-product manufacturing. The Company has approval for Cannabidiol (“CBD”) oil extraction in the European Union (“EU”) and has been granted Health Canada's Standard Processing and Industrial Hemp Licenses. The Company’s head office is located at 3080 Yonge Street, Suite 6060, Toronto, Ontario, Canada, M4N 3N1. The registered address is located at 148 Cranbrooke Avenue, Toronto, Ontario, Canada, M5M 1M5.

These condensed interim financial statements (the “financial statements”) are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. Management believes it will be successful in raising the necessary funds to continue in the normal course of operations through external financing until revenues are sufficient to cover the operating requirements of the business. These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue in existence.

The Company’s ability to continue as a going concern is dependent on its ability to generate positive cash flows from operations, complete additional financings, and/or extend or modify its loan payable (note 7).

As at March 31, 2021, the Company had working capital of $535,495 (December 31, 2020 – deficit of $2,068,701) and has incurred losses since inception. These events and conditions indicate a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements it could be necessary to restate the Company’s assets and liabilities on a liquidation basis.

In March 2020, the World Health Organization declared coronavirus COVID – 19 a global pandemic which 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 imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, 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 have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company‘s annual audited financial statements for the year ended December 31, 2020, with the exception of the following new accounting policies:

Hybrid financial instruments

The Company recognizes and presents separately the components of a hybrid financial instrument that both creates a financial liability of the Company and grants an option to the holder of the instrument to convert it into a variable number of common shares of the Company (a liability instrument). The conversion feature does not meet the fixed-for-fixed criteria and therefore is an embedded derivative that is assessed separately from the host liability.

On initial recognition, the conversion feature of a financial instrument is recorded as a derivative liability measured first based on its fair value at initial recognition. The host liability component is recognized initially as the difference between the fair value of the hybrid financial instrument as a whole and the fair value of the conversion feature. Any directly attributable transaction costs are allocated to the host liability.

Subsequent to initial recognition, the host liability component of a hybrid. financial instrument is measured at amortized cost using the effective interest method. The conversion feature of a hybrid financial instrument is re-measured subsequent to initial recognition at each reporting period. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity reserve and no gain or loss is recognized.

These financial statements do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. These financial statements be read in conjunction with the annual audited financial statements. These FS were authorized for issue by the Board of Directors on July 9, 2021.

(b) Basis of presentation

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Presentation currency

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

(d) Use of estimates and judgments

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the financial statements are described in the Company's annual audited financial statements for the year ended December 31, 2020 in addition to estimates relating to the fair value of the convertible debentures conversion feature which requires determining the most appropriate valuation model and the most appropriate inputs to the valuation model.

3. Prepaids, deposits and other receivables

Prepaids, deposits and other receivables consist of the following:

	March 31, 2021	December 31, 2020
Sales tax recoverable	**$ 346,678**	$ 290,406
Prepaids and deposits	**5,000**	13,500
	$ 351,678	$ 303,906

4. Intangible assets

A continuity of the intangible assets balance is provided below:

	Intangible assets
Cost	
December 31, 2019	$ 16,010
Additions	-
December 31, 2020	16,010
Accumulated depreciation	
December 31, 2019	-
Depreciation	(3,113)
December 31, 2020	$ (3,113)
Cost	
December 31, 2020	$ 16,010
Additions	27,375
March 31, 2021	43,385
Accumulated depreciation	
December 31, 2020	(3,113)
Depreciation	(2,226)
March 31, 2021	$ (5,339)
Net book value	
March 31, 2021	**$ 38,046**
December 31, 2020	12,897

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

5. Property, plant and equipment

	Land	Building	Machinery and equipment	Security equipment	Total
Cost					
December 31, 2019	$ 70,000	$ 2,106,944	$ 515,620	$ 214,718	$ 2,907,282
Additions	-	149,490	460,692	5,477	615,659
December 31, 2020	70,000	2,256,434	976,312	220,195	3,522,941
Accumulated depreciation					
December 31, 2019	-	(23,715)	-	(7,886)	(31,601)
Depreciation	-	(76,659)	(40,905)	(30,605)	(148,169)
December 31, 2020	$ -	$ (100,374)	$ (40,905)	$ (38,491)	$ (179,770)
Cost					
December 31, 2020	$ 70,000	$ 2,256,434	$ 976,312	$ 220,195	$ 3,522,941
Additions	-	64,252	17,617	-	81,869
March 31, 2021	70,000	2,320,686	993,929	220,195	3,604,810
Accumulated depreciation					
December 31, 2020	-	(100,374)	(40,905)	(38,491)	(179,770)
Depreciation	-	(20,114)	(23,922)	(7,670)	(51,706)
March 31, 2021	$ -	$ (120,488)	$ (64,827)	$ (46,161)	$ (231,476)
Net book value					
March 31, 2021	**$ 70,000**	**$ 2,200,198**	**$ 929,102**	**$ 174,034**	**$ 3,373,334**
December 31, 2020	$ 70,000	$ 2,156,060	$ 935,407	$ 181,704	$ 3,343,171

During the three months ended March 31, 2021, the Company did not capitalize any interest to machinery and equipment (2020 - $24,871).

6. Related party payables and transactions

The following related parties transacted with the Company during the three months ended March 31, 2021 and 2020:

(a) 12813521 CANADA INC

(b) 2822477 Ontario Inc.

(c) rk3 Global Services Incorporated

(d) Eurofins Experchem Laboratories Inc.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	For the three months ended		Balances outstanding	
	March 31, 2021	March 31, 2020	**March 31, 2021**	December 31, 2020
12813521 CANADA INC	**$ 25,000**	$ 37,500	**$ 25,000**	$ 300,000
2822477 Ontario Inc.	**25,000**	37,500	**25,000**	300,000
rk3 Global Services Incorporated	**37,500**	37,925	**37,500**	347,750
Eurofins Experchem Laboratories Inc.	**16,945**	-	**16,945**	-
	$ 104,445	$ 122,997	**$ 104,445**	$ 947,750

All related party balances are unsecured and are non-interest bearing.

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

The transactions with the key management personnel and Directors are included in operating expenses as follows:

(a) Consulting fees
- Includes the management consulting services charged to the company by the Directors, Sohil Mana and Randy Ko, and by shareholder, Woo Kim.
- Includes the consulting services of Eurofins, of which Director, Sohil Mana is President.

(b) Professional fees
- Includes the finance consulting services charged to the company by rk3 Global Services Incorporated.

7. Long term debt

	Maturity	**March 31, 2021**	December 31, 2020
Private loan			
Principal outstanding	November 1, 2024	**$ 670,384**	$ 706,276
Less: Unamortized deferred financing costs on private loan		**(26,390)**	(32,175)
Total private loan		**643,994**	674,101
Government loan		**40,000**	40,000
Less: Unamortized government grant	December 31, 2022	**(7,556)**	(8,497)
Total long-term debt		**$ 676,438**	$ 705,604
Less: Current portion		**$ 154,777**	$ 150,225
Non-current portion		**$ 521,661**	$ 555,379

On October 18, 2019, the Company entered into a private loan with a related party for $850,000 which bears interest at the rate of 12% per annum, calculated monthly. The private loan matures on November 1, 2024 and can be repaid before maturity without penalty and is secured by the Company's land and building.

The private loan is recorded at amortized cost, which was initially measured at fair value less transaction costs. Loan issuance costs were capitalized when incurred and are being amortized over the term of the loan using the effective interest rate method. The private loan is repayable in monthly installments, with a combined principal and interest payment of $18,908 per month.

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the pandemic. The Company participated in the Canada Emergency Business Account ("CEBA") program in Canada, which was announced in March 2020. CEBA provides interest-free loans up to $60,000 to small businesses.

On April 28, 2020, the Company received a $40,000 interest-free government loan from the CEBA program. The interest-free benefit has been recorded in the statement of comprehensive loss as other income. The loan bears no interest until December 31, 2022, and $10,000 loan forgiveness will be granted if repaid before this date. The principal value of the government loan was $40,000 as at March 31, 2021 (December 31, 2020 - $40,000) and the fair value of the loan was $32,444 (December 31, 2020 - $31,503).

Payments:		
Within one year	$	154,777
1 – 3 years		410,931
4 – 5 years		144,676
	$	710,384

The following table provides a continuity of the long-term debt balances:

		Long-term debt
December 31, 2019	**$**	**792,858**
Amortization of deferred financing costs		14,559
Principal repayments on private loan		(133,316)
Government loan		40,000
Government grant on loan		(8,497)
December 31, 2020	**$**	**705,604**
Amortization of deferred financing costs		5,785
Principal repayments on private loan		(35,892)
Amortization of government grant on loan		941
March 31, 2021	**$**	**676,438**

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

8. Convertible debentures and derivative liability

On January 21, 2021 the Company issued convertible debentures for the aggregate amount of $250,000 to settle amounts owing to a vendor. The convertible debentures are non-interest bearing and are secured against certain equipment owned by the Company. The convertible debentures will automatically convert into shares of the Company upon the completion of certain events by the Company, including raising additional financing at specific thresholds. The conversion price shall be equal to the price that is a 20% discount to the additional financing raised. If these events do not occur by the maturity date of July 20, 2022, the Company will issue an additional 10% of convertible debentures in lieu of interest. At the measurement date, the Company has assessed that these events are highly probable to occur.

The Company accounts for the convertible debentures as hybrid contracts where the initial carrying value of the host debt is the residual amount after separating the embedded derivatives. The host debt is carried at amortized cost and the embedded derivatives are accounted for as financial liabilities measured at fair value through profit or loss.

As the convertible debentures do not have a fixed conversion price, it does not meet the fixed-for-fixed criteria, therefore the fair value of the conversion feature was classified as a derivative liability. The residual debt host portion was accreted using an effective interest rate ("EIR") of 17.83%. Accretion expense has been included in interest expense line in the statements of loss and comprehensive loss.

A summary of the convertible debt liability and conversion feature is as follows:

	Convertible debentures	Derivative liability	Total
December 31, 2020	**$ -**	**$ -**	**$ -**
Initial recognition	191,859	58,141	250,000
Accretion of conversion and penalty feature	6,520	-	6,520
Change in fair value	-	251	251
March 31, 2021	**$ 198,379**	**$ 58,392**	**$ 256,770**

9. Share capital

Transactions for the issuance of share capital during the three months ended March 31, 2021 and the year ended December 31, 2020 are shown as follows:

	Common shares #	Per share $	Amount $
December 31, 2019	**16,553,457**		**$ 2,184,070**
Issuance:			
Shares to be issued	981,023	$ 0.75	735,767
Costs			(14,960)
December 31, 2020	**17,534,480**		**2,904,877**
Issuance:			
March 2021	3,268,195	$ 0.75	2,451,147
Shares for debt issuance	1,068,992	$ 0.75	801,745
Costs			(102,285)
March 31, 2021	**21,871,667**		**$ 6,055,484**

As at December 31, 2020, $735,767 was received in advance from investors and recorded in equity as shares to be issued. In March 2021, the transactions closed and the shares to be issued were converted to common shares.

Warrants

As an incentive to complete a private placement the Company may issue units which include common shares and common share purchase warrants. The company closed a private placement in March 2021 which issued units which comprise of one (1) common share and one share purchase warrant exercisable at $1.50, at a price of $0.75 per unit. No value was allocated to the warrants under the residual value method.

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

A summary of the status of the Company's warrants as at March 31, 2021 and December 31, 2020 and changes during the years then ended is as follows:

	Warrants #	Weighted average exercise price $
December 31, 2019	**-**	**$ -**
Warrants to be issued - attached to units	981,023	$ 1.50
December 31, 2020	**981,023**	**$ 1.50**
Issued - attached to units	3,268,195	$ 1.50
March 31, 2021	**4,249,218**	**$ 1.50**

10. Loss per share

The calculation of basic loss per share for the three months ended March 31, 2021 was based on the loss attributable to common shareholders of $746,496 (2020 - $270,415), and a weighted average number of common shares outstanding of 18,591,149 (March 31, 2020 – 16,553,456).

All options and warrants outstanding as at March 31, 2021 and 2020, were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

11. Capital management, financial instruments and financial risk

Capital management

The Company defines capital as the aggregate of its shareholders' equity and debt. The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due.

The Company manages its capital structure to maximize its financial flexibility and will make adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

Financial instruments - fair value

The Company's financial instruments consist of cash, deposits, other receivables, accounts payable and accrued liabilities, long-term debt and convertible debentures, which are all carried at amortized cost. The Company measures its derivative financial instruments at fair value.

The carrying value of cash, deposits, other receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The private loan value approximates its fair value due to the market rates of interest charged.

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash in financial institutions. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivable exposure, and its various refundable credits are due from Canadian governments.

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company does not yet generate revenues from its principal operations and has been generating cash flows primarily from financing activities for the three months ended March 31, 2021 and 2020.

Considering the available liquidity as at March 31, 2021, the expected burn rates from operations and future commitments, the Company's exposure to liquidity risk as at March 31, 2021 is considered high. The Company expects to address this risk by raising funds through external financing as needed until revenues are sufficient to cover the operating requirements of the business.

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

The undiscounted cash flow requirements for financial liabilities as at March 31, 2021 are as follows:

	Carrying value	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	$ 589,437	$ 589,437	$ 589,437	$ -	$ -	$ -
Accounts payable to related parties	104,445	104,445	104,445	-	-	-
Long term debt	676,438	710,384	154,777	410,931	144,676	-
Interest on long-term debt	-	-	72,117	82,856	6,586	-
Convertible debentures	198,379	250,000	-	250,000		-
Total	$1,558,618	$1,644,185	$ 910,695	$ 743,787	$ 151,262	$ -

12. Events after the reporting period

Business Combination

On April 23, 2021 the Company and Stralak Resources Inc. ("Stralak") entered into a business combination agreement whereby Stralak, will acquire all the outstanding securities of the Company (the "Proposed Transaction" and Stralak and Hempsana together, the "Resulting Issuer").

The business of Stralak after the completion of the Proposed Transaction, will be the business of the Company, which involves manufacturing cannabis derivatives and producing cannabis extracts for use in finished products, including vapeables, topical creams and infused consumables.

The Proposed Transaction is structured as a three-cornered amalgamation pursuant to which a wholly owned subsidiary of Stralak and the Company will amalgamate under the provisions of the Canada Business Corporations Act which will be a wholly-owned subsidiary of the Resulting Issuer; and each shareholder of the Company (other than a dissenting shareholder) will receive a common share of the Resulting Issuer (each, a "Resulting Issuer Share") for each common share of the Company held by such shareholder. In addition, holders of convertible securities of the Company will be able to exercise their securities for Resulting Issuer Shares in accordance with and permitted under their terms.

Prior to completion of the Proposed Transaction, Stralak will, among other things, change its name to "Hempsana Holdings Ltd." or such other name as determined by the Company (the "Name Change") and consolidate (the "Consolidation") all of the issued and outstanding common shares of Stralak ("Stralak Shares") into an aggregate number of Stralak Shares equal to either (A) if the Hempsana Private Placement (as defined below) is completed for aggregate cash gross proceeds of a minimum of $3,000,000 on or prior to 45 days following the date hereof (the "Minimum Financing"), 1,200,000, or (B) 1,500,000, if the Minimum Financing is not completed on or prior to 45 days following the date hereof.

Prior to the completion of the Proposed Transaction, the Company may complete a private placement (the "Hempsana Private Placement") of securities to be determined by the Company at an issue price of a minimum of $1.05 per security.

In connection with the completion of the Proposed Transaction, the Company will issue 22,629,323 Resulting Issuer Shares to the former holders of common shares of the Company (exclusive of certain common shares of the Company that may be issued pursuant to the Hempsana Private Placement, and to be issued to finders and a convertible debenture with a principal amount of $250,000 which will be exchanged for common shares of the Company immediately prior to the completion of the Proposed Transaction). In addition, 1,655,345 stock options; 4,397,218 warrants will be exercisable into Resulting Issuer Shares in accordance with and as permitted under their terms. As a result of the completion of the Proposed Transaction, the current holders of common shares of the Company will hold approximately 92.6% of the Resulting Issuer Shares and the current holders of Stralak Shares will hold approximately 6.2% of the Resulting Issuer Shares, on a non-diluted basis and not factoring in any securities issued under the Hempsana Private Placement.

In addition, at closing of the Proposed Transaction, the Company will advance an aggregate of $200,000, subject to adjustment in accordance with the terms of the Combination Agreement, to certain directors, officers, and consultants of Stralak, to pay management fees and expense reimbursements owed to such persons by Stralak.

Completion of the Proposed Transaction is subject to a number of conditions, including, among other others, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, the Name Change, the Consolidation, and conditional approval of the Canadian Securities Exchange for the listing of the Resulting Issuer Shares following completion of the Proposed Transaction.

Hempsana Inc.

Annual Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Hempsana Inc.:

Opinion

We have audited the financial statements of Hempsana Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of comprehensive loss, changes in 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 December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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 audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 1 in the financial statements, which indicates that as at December 31, 2020 and December 31, 2019, the Company had a working capital deficit and has incurred losses since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do 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 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 materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's 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. 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 International Financial Reporting Standards, 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 related 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.

Auditor's 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 auditor's 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, 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 from 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose 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 our auditor's 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 our auditor's 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 audits 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.

Calgary, Alberta

MNP LLP

July 9, 2021

Chartered Professional Accountants

Hempsana Inc.
Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in Canadian dollars)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash		**$ 80,516**	$ 44,771
Prepaids, deposits and other receivables	4	**303,906**	452,820
Total current assets		**384,422**	497,591
Non-current assets			
Intangible assets		**12,897**	16,010
Property, plant and equipment	5	**3,343,171**	2,875,681
Total non-current assets		**3,356,068**	2,891,691
Total assets		**$ 3,740,490**	$ 3,389,282
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 1,355,148**	$ 793,195
Accounts payable to related parties	6	**947,750**	446,050
Current portion of long-term debt	7	**150,225**	133,316
Total current liabilities		**2,453,123**	1,372,561
Non-current liabilities			
Long-term debt	7	**555,379**	659,542
Total non-current liabilities		**555,379**	659,542
Total liabilities		**3,008,502**	2,032,103
Shareholders' equity			
Share capital	9	**2,184,070**	2,184,070
Shares to be issued	9	**720,807**	-
Other reserves	9	**521,163**	213,310
Deficit		**(2,694,052)**	(1,040,201)
Total shareholders' equity		**731,988**	1,357,179
Total liabilities and equity		**$ 3,740,490**	$ 3,389,282
Nature of operations and going concern	1		
Events after the reporting period	12		

Approved on behalf of the Board of Directors:

Sohil Mana

Randy Ko
Director
President and CEO

Sohil Mana
Director

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

Statements of Comprehensive Loss
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Expenses			
Auto expenses		**$ 38,377**	$ 25,305
Conference fees		**18,036**	14,631
Consulting fees		**174,993**	2,741
Depreciation and amortization	5	**151,283**	31,601
Facility supplies		**33,862**	4,189
License fees		**15,403**	-
Insurance		**32,165**	14,292
Internet		**5,768**	2,941
Legal and professional fees		**61,065**	56,998
Management fees		**531,482**	526,482
Share-based payments	9	**307,853**	213,310
Marketing		**44,248**	261
Meals and entertainment		**23,982**	25,389
Office expenses		**30,431**	17,358
Other operating expenses		**18,006**	2,557
Other selling, general and administrative expenses		**10,698**	6,710
Rent expense		**8,635**	3,396
Travel		**7,458**	58,852
Utilities		**26,630**	2,774
Wages		**95,635**	-
Total expenses		**1,636,010**	1,009,787
Other income	7	**(10,924)**	-
Interest expense	7	**28,765**	9,066
Net loss		**$ (1,653,851)**	$ (1,018,853)
Loss per share			
Weighted average number of common shares outstanding			
Basic #	10	**16,653,667**	13,611,876
Diluted #	10	**16,653,667**	13,611,876
Basic loss per share $	10	**$ (0.10)**	$ (0.07)
Diluted loss per share $	10	**$ (0.10)**	$ (0.07)
Income tax	8		

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

Hempsana Inc.
Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

	Notes	Number of shares	Share capital	Other reserves	Retained earnings	Total equity
Balance at January 1, 2019		**1**	**$ -**	**$ -**	**$ (21,348)**	**$ (21,348)**
Shares issued	9	16,553,456	2,184,070	-	-	2,184,070
Share-based compensation	9	-	-	213,310	-	213,310
Net loss		-	-	-	(1,018,853)	(1,018,853)
Balance at December 31, 2019		**16,553,457**	**2,184,070**	**213,310**	**(1,040,201)**	**1,357,179**
	9					
Shares to be issued		981,023	720,807			720,807
Share-based compensation	9	-	-	307,853	-	307,853
Net loss		-	-	-	(1,653,851)	(1,653,851)
Balance at December 31, 2020		**17,534,480**	**$ 2,904,877**	**$ 521,163**	**$ (2,694,052)**	**$ 731,988**

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

Hempsana Inc.
Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Operating activities			
Net loss		**$ (1,653,851)**	$ (1,018,853)
Adjustments for non-cash items:			
Interest expense		**28,765**	9,066
Depreciation and amortization	5	**151,283**	31,601
Share-based payments	9	**307,853**	213,310
Other income	7	**(10,924)**	-
Changes in non-cash working capital items:			
Prepaids, deposits and other receivables		**148,914**	(450,262)
Accounts payable, accrued liabilities and accounts payable to related parties		**693,161**	992,530
Interest paid		**(11,780)**	(3,550)
Net cash flows used in operating activities		**(346,579)**	(226,158)
Investing activities			
Purchase of property, plant and equipment	5	**(245,167)**	(2,684,473)
Additions to intangible assets		**-**	(16,010)
Net cash flows used in investing activities		**(245,167)**	(2,700,483)
Financing activities			
Financing costs	7	**-**	(52,250)
Payments of private loan	7	**(133,316)**	(10,408)
Proceeds from government loan	7	**40,000**	-
Proceeds from issuance of common shares	9	**735,767**	2,376,477
Proceeds from private loan	7	**-**	850,000
Share issuance costs	9	**(14,960)**	(192,407)
Net cash flows from investing activities		**627,491**	2,971,412
Net increase in cash		**35,745**	44,771
Cash, beginning of year		**44,771**	-
Cash, end of year		**$ 80,516**	$ 44,771

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

1. Nature of operations and going concern

Hempsana Inc. (the "Company" or "Hempsana") was incorporated under the laws of Canada on October 15, 2018. The Company specializes in cannabis derivatives and is focused on extraction and purification, and end-product manufacturing. The Company has approval for Cannabidiol ("CBD") oil extraction in the European Union ("EU") and has been granted Health Canada's Standard Processing and Industrial Hemp Licenses. The Company's head office is located at 3080 Yonge Street, Suite 6060, Toronto, Ontario, Canada, M4N 3N1. The registered address is located at 148 Cranbrooke Avenue, Toronto, Ontario, Canada, M5M 1M5.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. Management believes it will be successful in raising the necessary funds to continue in the normal course of operations through external financing until revenues are sufficient to cover the operating requirements of the business. These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue in existence.

The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flows from operations, complete additional financings, and/or extend or modify its loan payable (note 7).

As at December 31, 2020, the Company had a working capital deficit of $2,068,701 (2019 - $874,970) and has incurred losses since inception. These events and conditions indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

In March 2020, the World Health Organization declared coronavirus COVID – 19 a global pandemic which 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 imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, 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 have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements of the Company were approved and authorized for issue by the Board of Directors (the "Board") on July 9, 2021.

(b) Basis of presentation

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Presentation currency

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company (note 2(b)).

(d) Use of estimates and judgments

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

The information about significant areas of estimation uncertainty considered by management in preparing these financial statements is as follows:

Property, Plant and Equipment

The estimated useful lives of property, plant and equipment are reviewed by management and adjusted if necessary. To estimate property, plant and equipment's useful life, management must use its past experience with the same or similar assets and use professional judgement in its determination of useful life.

The information about significant areas of judgment considered by management in preparing these financial statements is as follows:

Going concern

The assessment of the Company's ability to continue as a going concern as discussed in note 1 involves judgment regarding future funding available for its operations and working capital requirements.

Share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of the options. The Company has a significant number of options outstanding and expects to continue to make grants.

Deferred taxes

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference or tax loss carry-forwards can be utilized. The recognition of temporary differences and tax loss carry-forwards is based on the Company's estimates of future taxable profits in different tax jurisdictions against which the temporary differences and loss carry-forwards may be utilized.

Deferred tax liabilities are recognized when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. The Company records a provision for the amount that is expected to be settled, which requires judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's judgment of the likelihood of a future outflow and estimates of the expected settlement amount, timing of reversals, and the tax laws in the jurisdictions in which the Company operates.

3. Significant accounting policies

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized over the following terms, intended to depreciate the cost of property, plant and equipment, less its residual values if any, over its estimated useful lives:

Building	40 years straight line
Machinery and equipment	8-10 years straight line
Security equipment	7 years straight line

Cost includes expenditures that are directly attributable to the acquisition of the asset. 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 can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period they are incurred. Any gain or loss on the disposal or retirement of equipment is recognized in profit or loss.

Intangible assets

Intangible assets are measured at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Leases

A contract is a lease, or considered a lease, if it conveys the right to control the use of an asset for a time period in exchange for consideration. To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

The Company does not recognize lease assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. The lease payments are recognized in expenses over the lease term. The Company currently only has rental agreements that do not meet the lease criteria described above.

Government grants

The Company recognizes government grants when there is reasonable assurance that the Company will comply with the conditions associated with the grant, and that the grant will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related expenses for which the grants are intended to compensate as a deduction to the related expense.

Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve.

Share-based payments

The Company has a stock option plan that provides for the granting of options to Officers, Directors, consultants and others to acquire shares of the Company. Options granted are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The fair value of the equity instruments is determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of the options.

Over the vesting period, share-based payments are recorded as an operating expense and as an increase to equity in other reserves. When options are exercised the consideration received, it is recorded as share capital and the related share-based payments originally recorded as other reserves are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed from other reserves and credited to deficit.

Loss per share

Basic loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

Diluted loss per share is computed similar to basic loss per share except that (i) net loss attributable to common shareholders are adjusted for the dilutive effect of warrants and stock options. Under this method, the Company assumes that outstanding dilutive stock options and warrants were exercised and that the proceeds from such exercises (after adjustment of any unvested portion of stock options) were used to acquire common shares at the average market price during the reporting periods.

Financial instruments

IFRS 9 provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resulting accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

Financial assets

Measurement

The Company initially recognizes financial assets on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company classifies all of its financial assets as subsequently measured at amortized cost. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

The Company measures all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Impairment of non-financial assets

The carrying amount of the Company's long-lived assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating units "CGU"). The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the CGU and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

4. Prepaids, deposits and other receivables

Prepaids, deposits and other receivables consist of the following:

	December 31, 2020	December 31, 2019
Sales tax recoverable	**$ 290,406**	$ 341,130
Prepaids and deposits	**13,500**	111,690
	$ 303,906	$ 452,820

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

5. Property, plant and equipment

	Land	Building	Machinery and equipment	Security equipment	Total
Cost					
January 1, 2019	$ -	$ 8,850	$ -	$ 4,050	$ 12,900
Additions	70,000	2,098,094	515,620	210,668	2,894,382
December 31, 2019	70,000	2,106,944	515,620	214,718	2,907,282
Accumulated depreciation					
January 1, 2019	-	-	-	-	-
Depreciation	-	(23,715)	-	(7,886)	(31,601)
December 31, 2019	$ -	$ (23,715)	$ -	$ (7,886)	(31,601)
Cost					
January 1, 2020	$ 70,000	$ 2,106,944	$ 515,620	$ 214,718	$ 2,907,282
Additions	-	149,490	460,692	5,477	615,659
December 31, 2020	70,000	2,256,434	976,312	220,195	3,522,941
Accumulated depreciation					
January 1, 2020	-	(23,715)	-	(7,886)	(31,601)
Depreciation	-	(76,659)	(40,905)	(30,605)	(148,169)
December 31, 2020	$ -	$ (100,374)	$ (40,905)	$ (38,491)	$ (179,770)
Net book value					
December 31, 2020	**$ 70,000**	**$ 2,156,060**	**$ 935,407**	**$ 181,704**	**$ 3,343,171**
December 31, 2019	$ 70,000	$ 2,083,229	$ 515,620	$ 206,832	$ 2,875,681

The machinery and equipment commenced depreciation on May 5, 2020, when the Company was granted their processing license from Health Canada.

As at December 31, 2020, the Company capitalized $93,577 (December 31, 2019 - $4,802) of borrowing costs included in machinery and equipment.

As at December 31, 2020, the Company had no cash deposits for machinery and equipment (December 31, 2019 - $111,690).

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

6. Related party payables and transactions

Several key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. On October 18, 2019, the Company entered into a private loan with a relative of one of the Directors of the Company. See note 7 for further details.

The following related parties transacted with the Company during the years ended December 31, 2020 and 2019:

(a) 12813521 CANADA INC

(b) 2822477 Ontario Inc.

(c) rk3 Global Services Incorporated

(d) Eurofins Experchem Laboratories Inc.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions for years ended		**Balances outstanding for years ended**	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
12813521 CANADA INC	**$ 150,000**	$ 150,000	**$ 300,000**	$ 150,000
2822477 Ontario Inc.	**150,000**	150,000	**300,000**	150,000
rk3 Global Services Incorporated	**201,700**	146,050	**347,750**	146,050
Eurofins Experchem Laboratories Inc.	**10,072**	10,848	**-**	-
	$ 511,772	$ 456,898	**$ 947,750**	$ 446,050

All related party balances are unsecured and are due without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

(a) Consulting fees
- Includes the management consulting services charged to the company by the Directors, Sohil Mana and Randy Ko, and by shareholder, Woo Kim.
- Includes the consulting services of Eurofins, of which Director, Sohil Mana is President.

(b) Professional fees
- Includes the finance consulting services charged to the company by rk3 Global Services Incorporated.

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.
The remuneration of key management for the years ended December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
	$	$
Share-based payments	**92,234**	76,062
Wages and salaries	**44,315**	-

Share-based payments

- Includes options granted as bonus to Director Randy Ko as incentive to service the company for 2 years from grant date.

Wages and salaries

- Includes salaries paid to Director, Randy Ko, Sohil Mana and shareholder, Woo Kim.

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

7. Long term debt

	Maturity		**December 31, 2020 $**		December 31, 2019 $
Private loan					
Principal outstanding	November 1, 2024	**$**	**706,276**	$	839,592
Less: Unamortized deferred financing costs on private loan			**(32,175)**		(46,734)
Total private loan			**674,101**		792,858
Government loan			**40,000**		-
Less: Unamortized government grant	December 31, 2022		**(8,497)**		-
Total long-term debt		**$**	**705,604**	$	792,858
Less: Current portion		**$**	**150,225**	$	133,316
Non-current portion		**$**	**555,379**	$	659,542

On October 18, 2019, the Company entered into a private loan with a related party for $850,000 which bears interest at the rate of 12% per annum, calculated monthly. As at December 31, 2020, the Company had paid and capitalized $93,577 to machinery and equipment (December 31, 2019 - $8,500). The private loan matures on November 1, 2024 and can be repaid before maturity without penalty and is secured by the Company's land and building.

The private loan is recorded at amortized cost, which was initially measured at fair value less transaction costs. Loan issuance costs were capitalized when incurred and are being amortized over the term of the loan using the effective interest rate method. The private loan is repayable in monthly installments, with a combined principal and interest payment of $18,908 per month.

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the pandemic. The Company participated in the Canada Emergency Business Account ("CEBA") program in Canada, which was announced in March 2020. CEBA provides interest-free loans up to $60,000 to small businesses.

On April 28, 2020, the Company received a $40,000 interest-free government loan from the CEBA program. The interest-free benefit has been recorded in the statement of comprehensive income as other income. The loan bears no interest until December 31, 2022, and $10,000 loan forgiveness will be granted if repaid before this date. The principal value of the government loan was $40,000 as at December 31, 2020, and the fair value of the loan was $31,503.

Payments:		
Within one year	$	150,225
1 – 3 years		400,022
4 – 5 years		196,029
	$	746,276

The following table provides a continuity of the long-term debt balances:

		Long-term debt
December 31, 2018	$	-
Proceeds from private loan		850,000
Capitalized deferred financing costs		(52,250)
Amortization of deferred financing costs		5,516
Repayments of private loan		(10,408)
December 31, 2019		**792,858**
Amortization of deferred financing costs		14,559
Repayments of private loan		(133,316)
Government loan		40,000
Government grant		(8,497)
December 31, 2020	**$**	**705,604**

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

8. Income taxes

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:

	December 31, 2020	December 31, 2019
	$	$
Net Loss before recovery of income taxes	**$ (1,653,851)**	$ (1,018,853)
Expected income recovery	**(438,271)**	(269,996)
Difference in tax rates		
Share-based compensation	**81,581**	56,527
Other	**819**	(56,648)
Change in tax benefits not recognized	**355,871**	270,117
Income recovery expense	**$ -**	$ -

Deferred tax

The following table summarizes the components of deferred tax:

	December 31, 2020	December 31, 2019
	$	$
Deferred Tax Assets	**$ -**	$ -
Non-capital losses carried forward	**138,643**	-
Property, plant and equipment	**(137,583)**	-
Intangible assets	**(1,060)**	-
Total Non-capital losses carried forward	$ -	$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Unrecognized deferred tax liabilities

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax liabilities have not been recognized in respect of the following deductible temporary differences:

	December 31, 2020	December 31, 2019
	$	$
Share issuance costs	**165,562**	195,726
Property, plant and equipment	**-**	16,838
Non-capital losses carried forward	**2,215,594**	806,744
	2,381,156	1,019,308

The non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issuance and financing costs will be fully amortized in 2024. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

The Company's non-capital income tax losses expire as follows:

	December 31, 2020 $
Year 2038	**19,159**
Year 2039	**806,525**
Year 2040	**1,913,091**
Total	**2,738,775**

9. Share capital

Transactions for the issuance of share capital during the year ended December 31, 2020 and December 31, 2019 are shown as follows:

	Common shares #	Per share $	Amount $
December 31, 2018	1		$ -
Issuance:			
January 2019	10,000,000	$ 0.01	100,000
January 2019	2,500,000	$ 0.02	50,000
February 2019	685,323	$ 0.30	205,597
April - August 2019	3,368,133	$ 0.60	2,020,880
Costs	-	-	(192,407)
December 31, 2019	**16,553,457**		**2,184,070**
Issuance:			
Shares to be issued	981,023	$ 0.75	735,767
Costs	-	-	(14,960)
December 31, 2020	**17,534,480**		**$ 2,904,877**

As at December 31, 2020, $735,767 was received in advance from investors and recorded in equity as shares to be issued. In March 2021, the transactions closed and the shares to be issued were converted to common shares.

Stock options

The company has adopted a stock option plan (the "Plan") which provides eligible Directors, employees and consultants with the opportunity to acquire common shares of the Company. The stock options terms, vesting period and exercise price are determined by the Board of Directors at the date of the grant.

	December 31, 2020		December 31, 2019	
	Options #	**Weighted average exercise price $**	Options #	Weighted average exercise price $
Options outstanding, beginning of year	**1,655,345**	**0.36**	-	-
Granted	**-**	**-**	1,655,345	0.36
Exercised	**-**	**-**	-	-
Options outstanding, end of year	**1,655,345**	**0.36**	1,655,345	0.36

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

As at December 31, 2020, the Company had stock options outstanding and exercisable as follows:

Options outstanding #	**Options vested #**	**Weighted average Exercise price $**	**Expiry date**	**Weighted average remaining life (years)**
1,318,532	-	0.30	March 4, 2024	3.17
336,813	336,813	0.60	August 31, 2024	3.70

The fair value of all equity-settled share-based payments are determined using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average unit prices of comparable companies in the market. The risk-free interest rate is based on Canadian government bonds.

The inputs used in the measurement of fair value of the share-based payments are as follows:

	December 31, 2020	December 31, 2019
Average base price	**0.36**	0.36
Period-end unit price	**0.36**	0.36
Average expected volatility	**160%**	160%
Average risk free interest rate	**2%**	2%
Average expected remaining term	**3.28**	4.28

During the year ended December 31, 2020 the total share-based payments expense was $307,853 (December 31, 2019 - $213,310). This expense related to the stock options which were granted in the previous year as no stock options were granted during the year ended December 31, 2020.

During the year ended December 31, 2019, 1,655,345 stock options were granted to a Director and consultant of the Company with varying vesting terms. These options were granted as a bonus incentive for the Director and consultant to continue services for the company over the vesting term.

On initial recognition of the share-based payments expense, the Company estimated the likelihood of the options vesting as being 100%, which determined the estimated fair value of the options on the grant date. During the year ended December 31, 2020, there was no change in the estimate or value of the stock options previously granted.

Warrants

As an incentive to complete a private placement the Company may issue units which include common shares and common share purchase warrants. The company entered into a private placement on July 14, 2020 which issued units which comprise of one (1) common share and one share purchase warrant exercisable at $1.50, at a price of $0.75 per unit. No value was allocated to the warrants under the residual value method. See note 11 for further details of the closing of the private placement.

A summary of the status of the Company’s warrants as at December 31, 2020 and 2019 and changes during the years then ended is as follows:

	December 31, 2020		December 31, 2019	
	Warrants #	**Weighted average exercise price $**	Warrants #	Weighted average exercise price $
Warrants outstanding, beginning of year	**-**	**-**	-	-
Warrants to be issued - attached to units	**981,023**	**1.50**	-	-
Warrants outstanding, end of year	**981,023**	**1.50**	-	-

(Expressed in Canadian dollars, except per share amounts or when otherwise indicated)

10. Loss per share

The calculation of basic loss per share for the year ended December 31, 2020 was based on the loss attributable to common shareholders of $1,653,851 (December 31, 2019 - $1,018,853), and a weighted average number of common shares outstanding of 16,653,667 (December 31, 2019 – 13,611,876).

All options and warrants outstanding as at December 31, 2020 and 2019, were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

11. Capital management, financial instruments and financial risk

Capital management

The Company defines capital as the aggregate of its shareholders' equity and debt. The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due.

The Company manages its capital structure to maximize its financial flexibility and will make adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

Financial instruments - fair value

The Company's financial instruments consist of cash, deposits, other receivables, accounts payable and accrued liabilities, and private loan, which are all carried at amortized cost.

The carrying value of cash, deposits, other receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The private loan value approximates its fair value due to the market rates of interest charged.

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash in financial institutions. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivable exposure, and its various refundable credits are due from Canadian governments.

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company does not yet generate revenues from its principal operations and has been generating cash flows primarily from financing activities for the years ended December 31, 2020 and 2019.

Considering the available liquidity as at December 31, 2020, the expected burn rates from operations and future commitments, the Company's exposure to liquidity risk as at December 31, 2020 is considered high. The Company expects to address this risk by raising funds through external financing as needed until revenues are sufficient to cover the operating requirements of the business.

The undiscounted cash flow requirements for financial liabilities as at December 31, 2020 are as follows:

	Carrying value	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable	$1,355,148	$1,355,148	$1,355,148	$ -	$ -	$ -
Accounts payable to related parties	947,750	947,750	947,750	-	-	-
Long term debt	746,276	-	150,225	400,022	196,029	-
Interest on long-term debt	-	-	76,669	93,765	11,957	-
Total	$3,049,174	$2,302,898	$2,529,792	$493,787	$207,986	$ -

12. Events after the reporting period

Private Placement

In March 2021 the Company successfully closed a private placement for gross proceeds of $3,186,914. In connection with the private placement, the Company issued 4,249,218 units comprised of one common share of the Company and one purchase warrant. The Company intends to use the net proceeds for general corporate and working capital purposes.

Each purchase warrant entitles its holder to acquire one common share of the Company at an exercise price of $1.50 any time up to 18 months from the distribution date.

Shares for Debt

In March 2021 the Company issued 1,068,992 common shares for the aggregate amount of $801,745 to settle amounts owing to multiple vendors and related parties.

Business Combination

On April 23, 2021 the Company and Stralak Resources Inc. (“Stralak”) entered into a business combination agreement whereby Stralak, will acquire all the outstanding securities of the Company (the “Proposed Transaction” and Stralak and Hempsana together, the “Resulting Issuer”).

The business of Stralak after the completion of the Proposed Transaction, will be the business of the Company, which involves manufacturing cannabis derivatives and producing cannabis extracts for use in finished products, including vapeables, topical creams and infused consumables.

The Proposed Transaction is structured as a three-cornered amalgamation pursuant to which a wholly owned subsidiary of Stralak and the Company will amalgamate under the provisions of the Canada Business Corporations Act which will be a wholly-owned subsidiary of the Resulting Issuer; and each shareholder of the Company (other than a dissenting shareholder) will receive a common share of the Resulting Issuer (each, a “Resulting Issuer Share”) for each common share of the Company held by such shareholder. In addition, holders of convertible securities of the Company will be able to exercise their securities for Resulting Issuer Shares in accordance with and permitted under their terms.

Prior to completion of the Proposed Transaction, Stralak will, among other things, change its name to “Hempsana Holdings Ltd.” or such other name as determined by the Company (the “Name Change”) and consolidate (the “Consolidation”) all of the issued and outstanding common shares of Stralak (“Stralak Shares”) into an aggregate number of Stralak Shares equal to either (A) if the Hempsana Private Placement (as defined below) is completed for aggregate cash gross proceeds of a minimum of $3,000,000 on or prior to 45 days following the date hereof (the “Minimum Financing”), 1,200,000, or (B) 1,500,000, if the Minimum Financing is not completed on or prior to 45 days following the date hereof.

Prior to the completion of the Proposed Transaction, the Company may complete a private placement (the “Hempsana Private Placement”) of securities to be determined by the Company at an issue price of a minimum of $1.05 per security.

In connection with the completion of the Proposed Transaction, the Company will issue 22,629,323 Resulting Issuer Shares to the former holders of common shares of the Company (exclusive of certain common shares of the Company that may be issued pursuant to the Hempsana Private Placement, and to be issued to finders and a convertible debenture with a principal amount of $250,000 which will be exchanged for common shares of the Company immediately prior to the completion of the Proposed Transaction). In addition, 1,655,345 stock options; 4,397,218 warrants will be exercisable into Resulting Issuer Shares in accordance with and as permitted under their terms. As a result of the completion of the Proposed Transaction, the current holders of common shares of the Company will hold approximately 92.6% of the Resulting Issuer Shares and the current holders of Stralak Shares will hold approximately 6.2% of the Resulting Issuer Shares, on a non-diluted basis and not factoring in any securities issued under the Hempsana Private Placement.

In addition, at closing of the Proposed Transaction, the Company will advance an aggregate of $200,000, subject to adjustment in accordance with the terms of the Combination Agreement, to certain directors, officers and consultants of Stralak, to pay management fees and expense reimbursements owed to such persons by Stralak.

Completion of the Proposed Transaction is subject to a number of conditions, including, among other others, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, the Name Change, the Consolidation, and conditional approval of the Canadian Securities Exchange for the listing of the Resulting Issuer Shares following completion of the Proposed Transaction.

SCHEDULE "D" -
MANAGEMENT'S DISCUSSION AND ANALYSIS OF STRALAK RESOURCES INC.

Management's Discussion and Analysis of Stralak for the three and six month period ended May 31, 2021 and for the years ended November 30, 2020 and 2019

STRALAK RESOURCES INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE & SIX MONTHS ENDED

MAY 31, 2021

STRALAK RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Six Month Period Ended May 31, 2021

Introduction

The following Interim Management's Discussion and Analysis (the "**MD&A**") is of the financial position and results from operations of Stralak Resources Inc. (the "**Company**"), for the three and six months ended May 31, 2021. This MD&A has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last MD&A, being the MD&A for the fiscal year ended November 30, 2020 (the "**Annual MD&A**"). This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended November 30, 2020 and 2019, together with the notes thereto, and unaudited interim financial statements for the three and six months ended May 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of June 18, 2021, unless otherwise indicated.

Management ("**Management**") is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in these filings. The audit committee and board of directors (the "**Board**") provide an oversight role with respect to all public financial disclosures by the Company and have reviewed this MD&A and the accompanying unaudited condensed interim financial statements.

The Chief Executive Officer (the "**CEO**"), and the Chief Financial Officer (the "**CFO**"), in accordance with National Instrument 52-109, have both certified that they have reviewed the financial statements and this MD&A (the "**filings**") and that, based on their knowledge having exercised reasonable diligence, that (a) the filings do not contain any untrue statement of a 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 was made, with respect to the period covered by the filings; and (b) the audited annual financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the period presented in the filings.

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

The registered office of the Corporation is located at Suite 405, 1049 Chilco Street, Vancouver, BC V6G 2R7.

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

Additional Information

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Business Overview and Corporate Update

Description of the Business

The Company is focused on identifying suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. The Company was previously engaged in the acquisition and exploration of precious metal and industrial mineral properties, but has disposed of these interests. The Company was incorporated on January 31, 1981, under the laws of the Province of British Columbia. In July 2005, the Company entered into a joint venture agreement (the "Agreement") whereby it transferred its one-third interest in the Street Property to Mohawk Garnet Inc. (MGI) in exchange for a 20% interest in MGI. The Agreement failed and the investment was recognized as fully impaired in 2009, with a write off of the $674,143 carrying cost at that time.

The Company does not currently own any operating mines or exploration properties. Funding for the Company was raised primarily through public and private offerings. Future operations and the Company's ability to find and negotiate a business opportunity are dependent on the Company's ability to raise sufficient funds through share offerings, debt, or operations to support current and future expenditures.

The securities of the Company are not presently listed on any stock exchange. However, the Company's securities are subject to a cease trade order issued by the British Columbia Securities Commission (the "**BCSC**") dated April 12, 2007 (the "**BC Cease Trade Order**") and by the Alberta Securities Commission (the "**ASC**") on July 11, 2007 (the "**AB Cease Trade Order**", together with the BC Cease Trade Order, the "**Cease Trade Orders**"), for failure to file certain continuous disclosure filings required under applicable securities laws. The Company applied for partial revocation of the Cease Trade Orders ("**Partial Revocation Orders"**)

November 23, 2020. The BCSC and the ASC granted the Partial Revocation Orders on December 17, 2020, which allowed the Company to complete a private placement of 85,000,000 common shares for gross proceeds of $85,000 on December 22, 2020. On March 5, 2021, The BCSC and the ASC have issued orders revoking their cease trade orders, originally issued in respect of the securities of the Company on, respectively, April 12, 2007 and 11 July, 2007.

On April 23, 2021 the Company and Hempsana Inc. ("Hempsana") announced that they have entered into a business combination agreement, whereby the Company will acquire all the outstanding securities of Hempsana in anticipation of a reverse takeover transaction.

Corporate Update and Outlook

All exploration properties have been disposed of as of November 2009. At that time the Company had limited cash and negative working capital. The Company has been dormant since November 2009 until November 2020. The intent of management is to seek a corporate transaction to generate shareholder value. On December 22, 2020, the Company raised $85,000 which will be applied towards, among other things, the following (i) accounting, audit and legal fees associated with the preparation and filing of the relevant continuous disclosure documents; (ii) filing fees associated with obtaining the Partial Revocation Orders and the full revocation order; (iii) legacy accounts payable; and (iv) working capital and general and administrative expenses. On March 5, 2021, The BCSC and the ASC have issued orders revoking their cease trade orders, originally issued in respect of the securities of the Company on, respectively, April 12, 2007 and 11 July, 2007. The Company is looking to complete a reverse takeover transaction with Hempsana, as noted in the binding letter agreement, dated April 23, 2021.

Changes to Board of Directors and Management

On November 23, 2020, the Company announced the resignation of Robert Gartenberg, David Abrahams, and David R. Croutch from the board of directors. Robert Gartenberg has also resigned as Chief Executive Officer and Chief Financial Officer of the Company. The Company has appointed Aaron Meckler, Daniel Talkins and Michael Meckler to the board of directors in order to fill the vacancies created by the foregoing resignations. In addition, Aaron Meckler has been appointed as Chief Executive Officer and Chief Financial Officer. On January 12, 2021, the Company appointed Joseph Meckler to the board of directors.

Financial Performance

Selected Annual Financial Information

The table below summarizes key operating data for the last three fiscal years.

	Year Ended Nov. 30, 2020 $	Year Ended Nov. 30, 2019 $	Year Ended Nov. 30, 2018 $
Total assets	-	-	-
Total liabilities	421,880	414,280	414,280
Revenue	Nil	Nil	Nil
Net gain (loss)	(7,600)	-	-
Net gain (loss) per share	(0.00)	0.00	0.00
Weighted average shares outstanding	12,563,375	12,563,375	12,563,375

Selected Quarterly Financial Information

The following quarterly results for the eight most recent quarters have been prepared in accordance with IFRS as listed below.

Three Months Ended	**Assets**	**Liabilities**	**Net (Loss)**	**Gain (Loss) Per Share**	**Weighted Average Shares Outstanding**
May 31, 2021	$ 65,369	613,697	(25,605)	0.00	97,563,375
February 28, 2021	$ 78,900	$5923605	(177,825)	0.00	77,013,925
November 30, 2020	-	421,880	(7,600)	0.00	12,563,375
August 31, 2020	-	414,280	-	0.00	12,563,375
May 31, 2020	-	414,280	-	0.00	12,563,375
February 29, 2020	-	414,280	-	0.00	12,563,375
November 30, 2019	-	414,280	-	0.00	12,563,375
August 31, 2019	-	414,280	-	0.00	12,563,375
May 31, 2019	-	414,280	-	0.00	12,563,375

Three and six month periods ended May 31, 2021 and May 2020

The Company continued rehabilitating its business and reviewing opportunities for a corporate transaction in the May 2021 quarter. Management fees of $168,000, professional fees of $10,625 and regulatory fees of $7,200 were incurred in the February 2021 quarter. The Company was not operating until the November 2020 quarter. In the May 2021 quarter, the Company entered into a binding letter agreement with Hempsana and intends to complete a reverse takeover in the August 2021 quarter.

Related Party Transactions

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and six month periods ended May 31, 2021 a company owned by the CEO charged management fees of $63,011 + GST; a company owned by a director charged management fees of $53,333 + GST; and a company owned by a large (>10%) shareholder charged a consulting fee of $43,656 + GST. There was no other remuneration of directors and key management personnel of the Company for the three and six month periods ended May 31, 2020 .

Related party balances

As at May 31, 2021, related parties held $168,000 (November 30, 2020 - $Nil) in accrued liabilities and accounts payable.
Any amounts due to related parties will be unsecured, non-interest bearing and have no fixed terms of repayment.

Financial Condition

Cash Flow

At May 31, 2021, the Company held cash of $65,369. The working capital changes during the May 2021 quarter reflected the accruals for audit and public reporting expenses. The Company was dormant for the first three quarters of 2020.
In December, 2020, the Company raised $85,000 through a private placement of 85,000,000 common shares.

The proceeds will be applied to payment of outstanding payables and for general working capital. Cash has been applied as follows:

	Plan	Spent to Date
Payables and accruals	$ 7,600	$ -
HST receivable	5,000	-
Regulatory fees	22,400	10,456
Operating costs	50,000	9,175
	85,000	19,631
Cash on hand	-	65,369
	$85,000	$85,000

Critical Accounting Estimates and Changes in Accounting Policies

All significant critical accounting estimates are fully disclosed in Note 4 of the financial statements for the three and six month periods ended May 31, 2021 and 2020.

Liquidity and Capital Resources

The Company had negative working capital of $134,030 as of May 31, 2021 (November 30, 2020 - negative working capital of $7,600). The Company held cash of $65,369 as at May 31, 2021. The Company held no cash as at November 30, 2020.

Management is currently reviewing alternative sources of capital to meet its obligations and short-term working capital requirements. While the Company plans to continue to monitor closely its spending, conditions in the capital markets continue to make it difficult for early stage companies to raise additional capital. The Company may require substantial additional capital to fund any new project or to advance a new business opportunity.

Historically, the Company has used the net proceeds from issuances of its securities to provide sufficient funds for it to meet its near-term operational and other contractual obligations when due. However, given the Cease Trade Order, the Company's reporting deficiencies and other uncertainties discussed herein, there can be no assurance that the Company will be able to obtain sufficient additional funds on favorable terms, or at all, in order to carry out its objectives. As mentioned elsewhere in this MD&A, the Company is evaluating various strategic alternatives and, if it decides to pursue any such alternative, it may also require additional funds to carry out its strategic plans in amounts that cannot be determined as of the date hereof, which funds may also be unavailable to the Company on favorable terms or at all.

The change in management effective November 23, 2020 represents a significant change in the management of the business and approach to liquidity in future periods.

Financial Instruments and Financial Risk Factors

International financial reporting standards require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. At May 31, 2021 the Company carried cash of $65,369 (November 30, 2020 - $Nil) and no other assets. At November 30, 2020 the Company carried no cash and no other assets.

As at May 31, 2021 and November 30, 2020 , carrying amounts of cash , accounts payable and accrued liabilities on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company’s credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. The Company’s primary exposure to credit risk is in its cash accounts. This risk is managed through holding the cash in a trust account with the Company’s legal firm, or with major banks which are high credit quality financial institutions as determined by rating agencies.

(b) Liquidity Risk

The Company’s approach to managing liquidity risk is to raise sufficient cash to ensure that it will have sufficient liquidity to meet its obligations when due. At May 31, 2021, the Company had cash of $65,369 (November 30, 2020 - $Nil) available to settle current liabilities of $199,399 (November 30, 2020 - $7,600). The Company’s accounts payable are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

The Company has cash of $65,369 and no variable interest-bearing debt at May 31, 2021. The Company’s policy for future excess cash will be to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company will periodically monitor the investments it makes and ensure it is satisfied with the credit ratings of its banks.

(ii) Foreign Exchange Risk

While the Company’s functional currency is the Canadian dollar, major purchases could be transacted in Canadian dollars or United States dollars. As at May 31, 2021, the Company does not hold foreign currency balances.

Off-Balance Sheet Arrangements

At May 31, 2021, there were no off-balance sheet arrangements.

Outstanding Share Data

The common stock, warrants and stock options of the Company which were outstanding as at the date of this MDA, November 30, 2020, and November 30, 2019 were as follows:

	June 18, 2021	May 31, 2021	November 30, 2020
Common Shares	97,563,375	97,563,375	12,563,375
Warrants	—	—	—
Stock Options	—	—	—
Fully diluted	97,563,375	97,563,375	12,563,375

On December 22, 2020 the Company issued 85,000,000 common shares for gross proceeds of $85,000. Two directors of the Company participated in the private placement through the acquisition of 73,333,330 common shares for gross proceeds of approximately $73,333.

Risk Factors

Until a business combination is completed, the Company's risk factors are those related to a successful corporate transaction. The ability of the Company to continue operations is dependent upon its ability to find and close a corporate transaction. Other risk exposures and the impact on the Company's financial instruments are summarized below.

The risks, objectives, policies and procedures from previous years have been adjusted to reflect the pursuit of a corporate transaction.

Dependence on Key Individuals

The Company's business and operations are dependent on retaining the services of a small number of key individuals. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of these individuals. The loss of one or more of these individuals could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key individuals.

Global Pandemic

The Company's operations could be significantly affected, in an adverse manner, by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of the COVID-19 disease. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company as a result, including 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. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the global economies and financial markets, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Capital Management

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure, based on the funds available to the Company, in order to support the pursuit of a corporate transaction. The Board does not establish a quantitative return on capital criteria for Management, but rather relies on the expertise of the Company's Management to sustain future development of the business.

The Company will continue to assess corporate opportunities with the intent to realize value. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. A significant change in the Company's approach to capital management occurred in December 2020, with a change to officers and directors. The incoming group is currently pursuing alternatives to finance the Company. The Company is not currently subject to externally imposed capital requirements.

Corporate Transactions

The Company is pursuing a corporate transaction by way of a reverse takeover with Hempsana Inc., whereby following the transaction, the Company will acquire all the outstanding shares of Hempsana Inc. However, there is no assurance that this will close on the disclosed terms, dated April 23, 2021 or at all.

Financing

The Company does not currently have any operations generating cash. The Company is therefore dependent upon debt and equity financing to carry out its plans. There can be no assurance that such financing will be available to the Company.

FORWARD LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", “should”, “might” or “will” be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: the Company’s ability to access sufficient funds to meet its obligations and short-term working capital requirements; the Company’s ability to accomplish its strategic plans and complete a successful corporate transaction; and the mitigation of liquidity risk through obtaining additional financing on favourable terms or at all.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. The risks and other factors include, but are not limited to: the need for additional financing; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the effects of the global COVID-19 pandemic on the Company; the Company’s dependence on debt and equity financing; the absence of dividends; competition; dilution; the volatility of the Company’s common share price and volume; and the additional risks identified in the “Risk Factors” section of this MD&A or other reports and filings with applicable Canadian securities regulations.

Forward-looking statements are based upon certain assumptions and other important factors which could prove to be significantly incorrect. The Company has made assumptions regarding, among other things: present and future business strategies; conditions in general economic and financial markets; the 10 environment in which the Company will operate in the future; cash flow; timing and amount of capital expenditures; future operating costs; and the Company's ability to obtain financing on acceptable terms.

The Company is pursuing a course of action to have Cease Trade Orders lifted and from there, to pursue a corporate transaction. This course of action may require additional capital. There is no guarantee that the Company can succeed in having the Cease Trade Orders lifted. There is no guarantee that the Company will be successful in finding a corporate transaction, or if such transaction is found, that the transaction can be successfully completed. There is no guarantee that, should additional funds be required, such funds would be available to the Company and that Cease Trade Orders could be lifted to allow the Company to accept such funds.

The above summary of risks and assumptions related to forward-looking statements is included in this MD&A in order to provide readers with a more complete perspective on the future operations of the Company. Readers are cautioned that this information may not be appropriate for other purposes.

All forward-looking statements herein are expressly qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

STRALAK RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

NOVEMBER 30, 2020

STRALAK RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended November 30, 2020

Introduction

The following is Management's Discussion and Analysis (the "**MD&A**") of the financial position and results from operations of Stralak Resources Inc. (the "**Company**"), for the year ended November 30, 2020. This MD&A should be read in conjunction with the Company's financial statements for its fiscal years ended November 30, 2020 and 2019 along with accompanying notes to the statements for the years then ended.

The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. The Company's financial statements for its fiscal years ended November 30, 2020 and 2019 were prepared in accordance with International Financial Reporting Standards ("**IFRS**").

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

The registered office of the Corporation is located at Suite 405, 1049 Chilco Street, Vancouver, BC V6G 2R7.

This MD&A is dated as of February 12, 2021.

Additional Information

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Business Overview and Corporate Update

Description of the Business

The Company is focused on identifying suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. The Company was previously engaged in the acquisition and exploration of precious metal and industrial mineral properties, but has disposed of these interests. The

Company was incorporated on January 31, 1981, under the laws of the Province of British Columbia. In July 2005, the Company entered into a joint venture agreement (the "Agreement") whereby it transferred its one-third interest in the Street Property to Mohawk Garnet Inc. (MGI) in exchange for a 20% interest in MGI. The Agreement failed and the investment was recognized as fully impaired in 2009, with a write off of the $674,143 carrying cost at that time.

The Company does not currently own any operating mines or exploration properties. Funding for the Company was raised primarily through public and private offerings. Future operations and the Company's ability to find and negotiate a business opportunity are dependent on the Company's ability to raise sufficient funds through share offerings, debt, or operations to support current and future expenditures.

The securities of the Company are not presently listed on any stock exchange. However, the Company's securities are subject to a cease trade order issued by the British Columbia Securities Commission (the "**BCSC**") dated April 12, 2007 (the "**BC Cease Trade Order**") and by the Alberta Securities Commission (the "**ASC**") on July 11, 2007 (the "**AB Cease Trade Order**", together with the BC Cease Trade Order, the "**Cease Trade Orders**"), for failure to file certain continuous disclosure filings required under applicable securities laws. The Company applied for partial revocation of the Cease Trade Orders ("**Partial Revocation Orders"**) November 23, 2020. The BCSC and the ASC granted the Partial Revocation Orders on December 17, 2020, which allowed the Company to complete a private placement of 85,000,000 common shares for gross proceeds of $85,000 on December 22, 2020. Completion of the private placement will allow the Company to prepare and file all outstanding continuous disclosure documents with the applicable regulatory authorities. Once those filings have been completed, the Company expects to apply for a full revocation of the Cease Trade Orders.

Corporate Update and Outlook

All exploration properties have been disposed of as of November 2009. At that time the Company had limited cash and negative working capital. The Company has been dormant since November 2009 until November 2020. The intent of management is to seek a corporate transaction to generate shareholder value. On December 22, 2020, the Company raised $85,000 which will be applied towards, among other things, the following (i) accounting, audit and legal fees associated with the preparation and filing of the relevant continuous disclosure documents; (ii) filing fees associated with obtaining the Partial Revocation Orders and the full revocation order; (iii) legacy accounts payable; and (iv) working capital and general and administrative expenses.

Changes to Board of Directors and Management

On November 23, 2020, the Company announced the resignation of Robert Gartenberg, David Abrahams, and David R. Croutch from the board of directors. Robert Gartenberg has also resigned as Chief Executive Officer and Chief Financial Officer of the Company. The Company has appointed Aaron Meckler, Daniel Talkins and Michael Meckler to the board of directors in order to fill the vacancies created by the foregoing resignations. In addition, Aaron Meckler has been appointed as Chief Executive Officer and Chief Financial Officer.

Subsequently, on January 12, 2021, the Company appointed Joseph Meckler to the board of directors.

Financial Performance

Selected Annual Financial Information

The table below summarizes key operating data for the last three fiscal years.

	Year Ended Nov. 30, 2020 $	Year Ended Nov. 30, 2019 $	Year Ended Nov. 30, 2018 $
Total assets	-	-	-
Total liabilities	421,880	414,280	414,280
Revenue	Nil	Nil	Nil
Net gain (loss)	(7,600)	-	-
Net gain (loss) per share	(0.00)	0.00	0.00
Weighted average shares outstanding	12,563,375	12,563,375	12,563,375

Selected Quarterly Financial Information

The following quarterly results for the eight most recent quarters have been prepared in accordance with IFRS as listed below.

Three Months Ended	**Assets**	**Liabilities**	**Net (Loss)**	**Gain (Loss) Per Share**	**Weighted Average Shares Outstanding**
November 30, 2020	$ -	$ 421,880	$ (7,600)	$ (0.00)	12,563,375
August 31, 2020	-	414,280	-	0.00	12,563,375
May 31, 2020	-	414,280	-	0.00	12,563,375
February 28, 2020	-	414,280	-	0.00	12,563,375
November 30, 2019	-	414,280	-	0.00	12,563,375
August 31, 2019	-	414,280	-	0.00	12,563,375
May 31, 2019	-	414,280	-	0.00	12,563,375
February 28, 2019	-	414,280	-	0.00	12,563,375

Year ended November 30, 2020 compared to the year ended November 30, 2019

The Company commenced rehabilitating its business and reviewing opportunities for a corporate transaction in 2020. Professional fees of $7,600 were incurred in the fourth quarter of 2020 for operational activities in 2020. The Company was not operating during the first three quarters of 2020 and for all of 2019.

Related Party Transactions

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. There was no remuneration of directors and key management personnel of the Company for the years ended November 30, 2020 and 2019.

Related party balances

At November 30, 2020, related parties held $Nil (2019 - $Nil) in accrued liabilities and accounts payable.

Any amounts due to related parties will be unsecured, non-interest bearing and have no fixed terms of repayment.

Financial Condition

Cash Flow

At November 30, 2020, the Company held cash of $Nil. The working capital changes during 2020 reflected the accruals for audit and public reporting expenses. The Company was dormant for the first three quarters of 2020 and for all of 2019.

Subsequent to November 30, 2020, the Company raised $85,000 through a private placement of 85,000,000 common shares.

The proceeds will be applied to payment of outstanding payables and for general working capital. Cash has been applied as follows:

	Plan	Spent to Date
Payables and accruals	$ 7,600	$ -
HST receivable	5,000	-
Regulatory fees	22,400	-
Operating costs	50,000	-
	85,000	-
Cash on hand	-	85,000
	$85,000	$85,000

Critical Accounting Estimates and Changes in Accounting Policies

All significant critical accounting estimates are fully disclosed in Note 4 of the financial statements for the years ended November 30, 2020 and 2019.

Liquidity and Capital Resources

The Company had negative working capital of as of November 30, 2020 of $7,600 (2019 - $Nil working capital). The Company held cash of $Nil as at November 30, 2020. The Company held no cash as at November 30, 2019.

Management is currently reviewing alternative sources of capital to meet its obligations and short-term working capital requirements. While the Company plans to continue to monitor closely its spending, conditions in the capital markets continue to make it difficult for early stage companies to raise additional capital. The Company may require substantial additional capital to fund any new project or to advance a new business opportunity.

Historically, the Company has used the net proceeds from issuances of its securities to provide sufficient funds for it to meet its near-term operational and other contractual obligations when due. However, given the Cease Trade Order, the Company's reporting deficiencies and other uncertainties discussed herein, there can be no assurance that the Company will be able to obtain sufficient additional funds on favorable terms, or at all, in order to carry out its objectives. As mentioned elsewhere in this MD&A, the Company is evaluating various strategic alternatives and, if it decides to pursue any such alternative, it may also require additional funds to carry out its strategic plans in amounts that cannot be determined as of the date hereof, which funds may also be unavailable to the Company on favorable terms or at all.

The change in management effective November 23, 2020 represents a significant change in the management of the business and approach to liquidity in future periods.

Financial Instruments and Financial Risk Factors

International financial reporting standards require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. At November 30, 2020 the Company carried cash of $Nil (2019 - $Nil) and no other assets. At November 30, 2019 the Company carried no cash and no other assets.

As at November 30, 2020 and 2019, carrying amounts of cash, amounts receivable, accounts payable and accrued liabilities on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company’s credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. The Company’s primary exposure to credit risk is in its cash accounts. This risk is managed through holding the cash in a trust account with the Company’s legal firm, or with major banks which are high credit quality financial institutions as determined by rating agencies.

(b) Liquidity Risk

The Company’s approach to managing liquidity risk is to raise sufficient cash to ensure that it will have sufficient liquidity to meet its obligations when due. At November 30, 2020, the Company had cash of $Nil (November 30, 2019 - $Nil) available to settle current liabilities of $7,600 (November 30, 2019 - $Nil). The Company’s accounts payable are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

The Company has cash of $Nil and no variable interest-bearing debt at November 30, 2020. The Company’s policy for future excess cash will be to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company will periodically monitor the investments it makes and ensure it is satisfied with the credit ratings of its banks.

(ii) Foreign Exchange Risk

While the Company’s functional currency is the Canadian dollar, major purchases could be transacted in Canadian dollars or United States dollars. As at November, 2020, the Company does not hold foreign currency balances.

Off-Balance Sheet Arrangements

At November 30, 2020, there were no off-balance sheet arrangements.

Outstanding Share Data

The common stock, warrants and stock options of the Company which were outstanding as at the date of this MDA, November 30, 2020, and November 30, 2019 were as follows:

	December 22, 2020	November 30, 2020	November 30, 2019
Common Shares	87,563,375	12,563,375	12,563,375
Warrants	—	—	—
Stock Options	—	—	—
Fully diluted	87,563,375	12,563,375	12,563,375

On December 22, 2020 the Company issued 85,000,000 common shares for gross proceeds of $85,000. Two directors of the Company participated in the private placement through the acquisition of 73,333,330 common shares for gross proceeds of approximately $73,333.

Risk Factors

Until a business combination is completed, the Company's risk factors are those related to a successful corporate transaction. The ability of the Company to continue operations is dependent upon its ability to find and close a corporate transaction. Other risk exposures and the impact on the Company's financial instruments are summarized below.

The risks, objectives, policies and procedures from previous years have been adjusted to reflect the pursuit of a corporate transaction.

Dependence on Key Individuals

The Company's business and operations are dependent on retaining the services of a small number of key individuals. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of these individuals. The loss of one or more of these individuals could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key individuals.

Global Pandemic

The Company's operations could be significantly affected, in an adverse manner, by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of the COVID-19 disease. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company as a result, including 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. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the global economies and financial markets, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Capital Management

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure, based on the funds available to the Company, in order to support the pursuit of a corporate transaction. The Board does not establish a quantitative return on capital criteria for Management, but rather relies on the expertise of the Company's Management to sustain future development of the business.

The Company will continue to assess corporate opportunities with the intent to realize value. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. A significant change in the Company's approach to capital management occurred in December 2020, with a change to officers and directors. The incoming group is currently pursuing alternatives to finance the Company. The Company is not currently subject to externally imposed capital requirements.

Corporate Transactions

The Company could pursue corporate transactions with the ultimate goal to effect a business combination. However, there is no assurance that such a transaction could be reached or, even if a transaction is entered into if the transaction will close on the disclosed terms or at all.

Financing

The Company does not currently have any operations generating cash. The Company is therefore dependent upon debt and equity financing to carry out its plans. There can be no assurance that such financing will be available to the Company.

FORWARD LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: the Company's ability to access sufficient funds to meet its obligations and short-term working capital requirements; the Company's ability to accomplish its strategic plans and complete a successful corporate transaction; and the mitigation of liquidity risk through obtaining additional financing on favourable terms or at all.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. The risks and other factors include, but are not limited to: the need for additional financing; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the effects of the global COVID-19 pandemic on the Company; the Company's dependence on debt and equity financing; the absence of dividends; competition; dilution; the volatility of the Company's common share price and volume; and the additional risks identified in the "Risk Factors" section of this MD&A or other reports and filings with applicable Canadian securities regulations.

Forward-looking statements are based upon certain assumptions and other important factors which could prove to be significantly incorrect. The Company has made assumptions regarding, among other things: present and future business strategies; conditions in general economic and financial markets; the 10 environment in which the Company will operate in the future; cash flow; timing and amount of capital expenditures; future operating costs; and the Company's ability to obtain financing on acceptable terms.

The Company is pursuing a course of action to have Cease Trade Orders lifted and from there, to pursue a corporate transaction. This course of action may require additional capital. There is no guarantee that the Company can succeed in having the Cease Trade Orders lifted. There is no guarantee that the Company will be successful in finding a corporate transaction, or if such transaction is found, that the transaction can be successfully completed. There is no guarantee that, should additional funds be required, such funds would be available to the Company and that Cease Trade Orders could be lifted to allow the Company to accept such funds.

The above summary of risks and assumptions related to forward-looking statements is included in this MD&A in order to provide readers with a more complete perspective on the future operations of the Company. Readers are cautioned that this information may not be appropriate for other purposes.

All forward-looking statements herein are expressly qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

SCHEDULE "E" -
MANAGEMENT'S DISCUSSIONAND ANALYSIS OF HEMPSANA INC.

Management's Discussion and Analysis of Hempsana for the three months ended March 31, 2021 and for the years ended December 31, 2020 and 2019

HEMPSANA

HEMPSANA INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

REPORT DATE
July 9, 2021

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Hempsana Inc. (the "Company" or "Hempsana") for the three months ended March 31, 2021 and should be read in conjunction with the Company's interim condensed financial statements (the "financial statements") and the notes thereto for the three months ended March 31, 2021, as well as the Company's audited financial statements and the notes thereto for the years ended December 31, 2020 and 2019.

All monetary amounts in this MDA and in the financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards ("IFRS").

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of material fact or omits 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 was made, with respect to the period covered by these filings, and these financial statements together with other financial information included in these filings, The Board of Directors' approves the financial statements and MDA and ensures that management has discharged its financial responsibilities.

BUSINESS OVERVIEW

The Company was incorporated under the laws of Canada on October 15, 2018. The Company specializes in cannabis derivatives and is focused on extraction and purification, and end-product manufacturing. The Company's business is to sell various cannabis derivatives, including distillates and isolates, through wholesale channels in Canada. In the future, the Company will look to expand its sales channels globally in Europe and Asia, with a focus on the nutraceutical, cosmeceutical, and pharmaceutical sectors in Canada, the European Union, and Asia. The Company received the Health Canada Industrial Hemp Licence in August 2019 and the Health Canada Standard Processing Licence in May 2020.

The Company operates an extraction facility located in Goderich, Ontario, Canada (the "Goderich Facility"). All of the Company's production activities, including product development, certain end-product manufacturing, and packaging and distribution, are executed at the Goderich Facility.

The Goderich Facility is strategically located in an industrial area within a larger agricultural county, and its operations have the support of local government. The location provides the Company with excellent access to biomass raw materials and skilled workers. The Company purchased the building shell of the Goderich Facility and an acre of property in November 2018. The building was constructed as an 8,000 sq. ft. stand-alone facility that includes office space, manufacturing space, and a farm-gate retail sales area. The laboratory within the facility is engineered with ISO-8 standard clean rooms which are European Goods Manufacturing Practices and Good Production Practices compliant. There is also an option to purchase the adjacent one-acre of land for expansion or additional buildings to scale the Company's growth plans.

The Company's head office is located at 3080 Yonge Street, Suite 6060, Toronto, Ontario, Canada, M4N 3N1. The registered address is located at 148 Cranbrooke Avenue, Toronto, Ontario, Canada, M5M 1M5.

RECENT DEVELOPMENTS

Private Placement
In March 2021 the Company successfully closed a private placement for gross proceeds of $3,186,914 (including amounts received in 2020). In connection with the private placement, the Company issued 4,249,218 units comprised of one common share of the Company and one purchase warrant. The Company intends to use the net proceeds for general operating and working capital purposes.

Each purchase warrant entitles its holder to acquire one common share of the Company at an exercise price of $1.50 any time up to 18 months from the distribution date.

Shares for Debt Issuance
On March 19, 2021 the Company issued 1,068,992 common shares for the aggregate amount of $801,745 to settle amounts owing to multiple vendors and related parties.

Business Combination
On April 23, 2021, the Company and Stralak Resources Inc. (“Stralak”) entered into a business combination agreement whereby Stralak, will acquire all the outstanding securities of the Company (the “Proposed Transaction” and Stralak and Hempsana together, the “Resulting Issuer”).

The business of Stralak after the completion of the Proposed Transaction, will be the business of the Company, which involves manufacturing cannabis derivatives and producing cannabis extracts for use in finished products, including vapeables, topical creams and infused consumables.

The Proposed Transaction is structured as a three-cornered amalgamation pursuant to which a wholly owned subsidiary of Stralak and the Company will amalgamate under the provisions of the Canada Business Corporations Act which will be a wholly-owned subsidiary of the Resulting Issuer; and each shareholder of the Company (other than a dissenting shareholder) will receive a common share of the Resulting Issuer (each, a “Resulting Issuer Share”) for each common share of the Company held by such shareholder. In addition, holders of convertible securities of the Company will be able to exercise their securities for Resulting Issuer Shares in accordance with and permitted under their terms.

Prior to completion of the Proposed Transaction, Stralak will, among other things, change its name to “Hempsana Holdings Ltd.” or such other name as determined by the Company (the “Name Change”) and consolidate (the “Consolidation”) all of the issued and outstanding common shares of Stralak (“Stralak Shares”) into an aggregate number of Stralak Shares equal to either (A) if the Hempsana Private Placement (as defined below) is completed for aggregate cash gross proceeds of a minimum of $3,000,000 on or prior to 45 days following the date hereof (the “Minimum Financing”), 1,200,000, or (B) 1,500,000, if the Minimum Financing is not completed on or prior to 45 days following the date hereof.

Prior to the completion of the Proposed Transaction, the Company may complete a private placement (the “Hempsana Private Placement”) of securities to be determined by the Company at an issue price of a minimum of $1.05 per security.

In connection with the completion of the Proposed Transaction, the Company will issue 22,629,323 Resulting Issuer Shares to the former holders of common shares of the Company (exclusive of certain common shares of the Company that may be issued pursuant to the Hempsana Private Placement, and to be issued to finders and a convertible debenture with a principal amount of $250,000 which will be exchanged for common shares of the Company immediately prior to the completion of the Proposed Transaction). In addition, 1,655,345 stock options; 4,397,218 warrants will be exercisable into Resulting Issuer Shares in accordance with and as permitted under their terms. As a result of the completion of the Proposed Transaction, the current holders of common shares of the Company will hold approximately 92.6% of the Resulting Issuer Shares and the current holders of Stralak Shares will hold approximately 6.2% of the Resulting Issuer Shares, on a non-diluted basis and not factoring in any securities issued under the Hempsana Private Placement.

In addition, at closing of the Proposed Transaction, the Company will advance an aggregate of $200,000, subject to adjustment in accordance with the terms of the Combination Agreement, to certain directors, officers and consultants of Stralak, to pay management fees and expense reimbursements owed to such persons by Stralak.

Completion of the Proposed Transaction is subject to a number of conditions, including, among other others, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, the Name Change, the Consolidation, and conditional approval of the Canadian Securities Exchange for the listing of the Resulting Issuer Shares following completion of the Proposed Transaction.

SELECTED FINANCIAL INFORMATION

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's financial statements. The following table sets forth selected financial data for the Company for and as of the end of the last two completed financial years.

Three Months Ended	**March 31, 2021**	March 31, 2020
Net loss	**$ (746,496)**	$ (270,415)
Loss per share – basic and diluted	**(0.04)**	(0.02)
As at	**March 31, 2021**	June 30, 2020
Total assets	**4,785,453**	3,740,490
Total long-term liabilities	**778,431**	555,379

Quarterly financial information is not available for the Company for the eight quarters preceding the date of this MDA as the Company has not prepared quarterly financial statements for those periods.

Financial Results of Operations

Three months ended March 31, 2021 compared to the three months ended March 31, 2020
The Company had no revenues for the three months ended March 31, 2021 and 2020. In May 2020, Hempsana received a Health Canada Standard Processing License. In December 2020, Hempsana began commercial production of CBD crude and distillate at its Goderich Facility for sales contracts and tolling contracts in-hand. Net loss for the three months ended March 31, 2021 was $476,081 higher than the net loss for the three months ended March 31, 2020 due to increased operational activity. Commercial production began late in 2020, resulting in higher consulting fees, wages, marketing, and depreciation and amortization expense for the three months ended March 31, 2021 compared with the prior period.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Company had working capital of $535,495 (December 31, 2020 – deficit of $2,068,701) and has incurred losses since inception. The Company does not yet generate revenues from its principal operations and has been generating cash flows primarily from financing activities for the three months ended March 31, 2021 and 2020. These conditions indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flows from operations, complete additional financings, and/or extend or modify its loan payable.

On October 18, 2019, the Company entered into a private loan with a related party for $850,000 which bears interest at the rate of 12% per annum, calculated monthly. The private loan matures on November 1, 2024 and can be repaid before maturity without penalty and is secured by the Company's land and building.

The private loan is recorded at amortized cost, which was initially measured at fair value less transaction costs. Loan issuance costs were capitalized when incurred and are being amortized over the term of the loan using the effective interest rate method. The private loan is repayable in monthly installments, with a combined principal and interest payment of $18,908 per month.

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the pandemic. The Company participated in the Canada Emergency Business Account ("CEBA") program in Canada, which was announced in March 2020. CEBA provides interest-free loans up to $60,000 to small businesses.

On April 28, 2020, the Company received a $40,000 interest-free government loan from the CEBA program. The interest-free benefit has been recorded in the statement of comprehensive income as other income. The loan bears no interest until December 31, 2022, and $10,000 loan forgiveness will be granted if repaid before this date. The principal value of the government loan was $40,000 as at March 31, 2021 (December 31, 2020 - $40,000) and the fair value of the loan was $32,444 (December 31, 2020 - $31,503).

On January 21, 2021 the Company issued convertible debentures for the aggregate amount of $250,000 to settle amounts owing to a vendor. The convertible debentures are non-interest bearing and are secured against certain equipment owned by the Company. The convertible debentures will automatically convert into shares of the Company upon the completion of certain events by the Company, including raising additional financing at specific thresholds. The conversion price shall be equal to the price that is a 20% discount to the additional financing raised. If these events do not occur by the maturity date of July 20, 2022, the Company will issue an additional 10% of convertible debentures in lieu of interest.

CASH FLOWS

The following tables and discussion show the significant cash transactions impacting the cash flows of the Company for the three months ended March 31, 2021 and 2020.

Financial Year Ended		**March 31, 2021**		March 31, 2020
Cash flows (used in) from operating activities	**$**	**(1,592,291)**	$	12,221
Cash flows used in investing activities		**(39,697)**		(24,871)
Cash flows from (used in) financing activities		**2,562,970**		(31,852)
Net increase (decrease) in cash		**930,982**		(44,502)
Cash, beginning of year		**80,516**		44,771
Cash, end of year	**$**	**1,011,498**	$	269

Cash flows used in operating activities during the three months ended March 31, 2021 were $ 1,604,512 higher than the three months ended March 31, 2020 primarily due to the significant payments of accounts payable, accrued liabilities and accounts payable to related parties during the three months ended March 31, 2021. Additionally, there was an increase in operational activities as the Company began commercial production in late 2020.

Cash flows used in investing activities during the three months ended March 31, 2021 were $14,826 higher than the three months ended March 31, 2020 due to higher additions to intangible assets.

Cash flows from financing activities during the three months ended March 31, 2021 were $2,594,822 higher than the three months ended March 31, 2020. During the three months ended March 31, 2021, the Company raised $2,451,147 to fund operating activities.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 21,871,667 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.

(b) As at the date of the MDA the Company has 1,655,345 incentive stock options outstanding.
(c) As at the date of the MDA the Company has 4,249,218 outstanding share purchase warrants.
(d) As at the date of the MDA the Company has $250,000 of convertible debentures outstanding, which will automatically convert into shares of the Company upon the completion of certain events by the Company, including raising additional financing at specific thresholds. The conversion price shall be equal to the price that is a 20% discount to the additional financing raised.

RELATED PARTY TRANSACTIONS

The following related parties transacted with the Company during the three months ended March 31, 2021 and 2020:

(a) 12813521 CANADA INC
(b) 2822477 Ontario Inc.
(c) rk3 Global Services Incorporated
(d) Eurofins Experchem Laboratories Inc.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	For the three months ended		Balances outstanding	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**
12813521 CANADA INC	**$ 25,000**	$ 37,500	**$ 25,000**	$ 300,000
2822477 Ontario Inc.	**25,000**	37,500	**25,000**	300,000
rk3 Global Services Incorporated	**37,500**	37,925	**37,500**	347,750
Eurofins Experchem Laboratories Inc.	**16,945**	-	**16,945**	-
	$ 104,445	$ 122,997	**$ 104,445**	$ 947,750

All related party balances are unsecured and are non-interest bearing.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CAPITAL MANAGEMENT

The Company defines capital as the aggregate of its shareholders' equity and debt. The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due.

The Company manages its capital structure to maximize its financial flexibility and will make adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial instruments

The Company's financial instruments consist of cash, deposits, other receivables, accounts payable and accrued liabilities, long-term debt and the convertible debentures, which are all carried at amortized cost.

The Company measures its derivative financial instruments at fair value.

The carrying value of cash, deposits, other receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The private loan value approximates its fair value due to the market rates of interest charged.

Financial risks

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash in financial institutions. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivable exposure, and its various refundable credits are due from Canadian governments.

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company does not yet generate revenues from its principal operations and has been generating cash flows primarily from financing activities for the three months ended March 31, 2021 and 2020.

Considering the available liquidity as at March 31, 2021, the expected burn rates from operations and future commitments, the Company's exposure to liquidity risk as at March 31, 2021 is considered high. The Company expects to address this risk by raising funds through external financing as needed until revenues are sufficient to cover the operating requirements of the business.

The undiscounted cash flow requirements for financial liabilities as at March 31, 2021 are as follows:

	Carrying value	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable	$ 579,356	$ 579,356	$ 579,356	$ -	$ -	$ -
Accounts payable to related parties	104,445	104,445	104,445	-	-	-
Long term debt	676,438	710,384	154,777	410,931	144,676	-
Interest on long-term debt	-	-	72,117	82,856	6,586	-
Convertible debentures	198,379	250,000	-	250,000	-	-
Total	$ 1,558,618	$ 1,644,185	$ 910,695	$ 743,787	$ 151,262	$ -

(c) Other risks

In March 2020, the World Health Organization declared coronavirus COVID-19 ("COVID-19") a global pandemic which 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-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, 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.

Please refer to the listing statement of Hempsana Holdings Ltd. dated July 12, 2021 for further risks related to the Company.

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the financial statements are described in the Company's annual audited financial statements for the year ended December 31, 2020, in addition to estimates relating to the fair value of the convertible debentures conversion feature which requires determining the most appropriate valuation model and the most appropriate inputs to the valuation model.

FORWARD-LOOKING STATEMENTS

This MDA contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to raise the necessary capital to be able to continue in business and to implement its business strategies and the Company's inability to obtain any necessary permits, consents or authorizations required for its activities. Please refer to the listing statement of Hempsana Holdings Ltd. dated July 12, 2021 for further risks related to the Company.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, or achievement may vary materially from those expressed or implied by the forward-looking information contained in MDA. These risk factors should be carefully considered, and readers are cautioned not to place undue reliance on forward-looking statements, which speaks only as of the date of this MDA. The Company does not undertake any obligation to release publicly any revisions to this forward-looking statements to reflect events or circumstances that occur after the date of this MDA or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

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HEMPSANA INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

REPORT DATE
July 9, 2021

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Hempsana Inc. (the "Company" or "Hempsana") for the years ended December 31, 2020 and 2019 and should be read in conjunction with the Company's financial statements and notes thereto for the years ended December 31, 2020 and 2019.

All monetary amounts in this MDA and in the financial statements are expressed in Canadiandollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards ("IFRS").

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of material fact or omits 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 is it was made, with respect to the period covered by these filings, and these financial statements together with other financial information included in these filings, The Board of Directors' approves the financial statements and MDA and ensures that managementhas discharged its financial responsibilities.

BUSINESS OVERVIEW

The Company was incorporated under the laws of Canada on October 15, 2018. The Company specializes in cannabis derivatives and is focused on extraction and purification, and end-product manufacturing. The Company's business is to sell various cannabis derivatives, including distillates and isolates, through wholesale channels in Canada. In the future, the Company will look to expand its sales channels globally in Europe and Asia, with a focus on the nutraceutical, cosmeceutical, and pharmaceutical sectors in Canada, the European Union, and Asia. The Company received the Health Canada Industrial Hemp Licence in August 2019 and the Health Canada Standard Processing Licence in May 2020.

The Company operates an extraction facility located in Goderich, Ontario, Canada (the "Goderich Facility"). All of the Company's production activities, including product development, certain end-product manufacturing, and packaging and distribution, are executed at the Goderich Facility.

The Goderich Facility is strategically located in an industrial area within a larger agricultural county, and its operations have the support of local government. The location provides the Company with excellent access to biomass raw materials and skilled workers. The Company purchased the building shell of the Goderich Facility and an acre of property in November 2018. The building was constructed as an 8,000 sq. ft. stand-alone facility that includes office space, manufacturing space, and a farm-gate retail sales area. The laboratory within the facility is engineered with ISO-8 standard clean rooms which are European Goods Manufacturing Practices and Good Production Practices compliant. There is also an option to purchase the adjacent one-acre of land for expansion or additional buildings to scale the Company's growth plans.

The Company's head office is located at 3080 Yonge Street, Suite 6060, Toronto, Ontario, Canada, M4N 3N1. The registered address is located at 148 Cranbrooke Avenue, Toronto, Ontario, Canada, M5M 1M5.

RECENT DEVELOPMENTS

Private Placement

In March 2021 the Company successfully closed a private placement for gross proceeds of $3,186,914. In connection with the private placement, the Company issued 4,249,218 units comprised of one common share of the Company and one purchase warrant. The Company intends to use the net proceeds for general corporate and working capital purposes.

Each purchase warrant entitles its holder to acquire one common share of the Company at an exercise price of $1.50 any time up to 18 months from the distribution date.

Shares for Debt Issuance

On March 19, 2021 the Company issued 1,068,992 common shares for the aggregate amount of $801,745 to settle amounts owing to multiple vendors and related parties.

Business Combination

On April 23, 2021 the Company and Stralak Resources Inc. ("Stralak") entered into a business combination agreement whereby Stralak, will acquire all the outstanding securities of the Company (the "Proposed Transaction" and Stralak and Hempsana together, the "Resulting Issuer").

The business of Stralak after the completion of the Proposed Transaction, will be the business of the Company, which involves manufacturing cannabis derivatives and producing cannabis extracts for use in finished products, including vapeables, topical creams and infused consumables.

The Proposed Transaction is structured as a three-cornered amalgamation pursuant to which a wholly owned subsidiary of Stralak and the Company will amalgamate under the provisions of the Canada Business Corporations Act which will be a wholly-owned subsidiary of the Resulting Issuer; and each shareholder of the Company (other than a dissenting shareholder) will receive a common share of the Resulting Issuer (each, a "Resulting Issuer Share") for each common share of the Company held by such shareholder. In addition, holders of convertible securities of the Company will be able to exercise their securities for Resulting Issuer Shares in accordance with and permitted under their terms.

Prior to completion of the Proposed Transaction, Stralak will, among other things, change its name to "Hempsana Holdings Ltd." or such other name as determined by the Company (the "Name Change") and consolidate (the "Consolidation") all of the issued and outstanding common shares of Stralak ("Stralak Shares") into an aggregate number of Stralak Shares equal to either (A) if the Hempsana Private Placement (as defined below) is completed for aggregate cash gross proceeds of a minimum of $3,000,000 on or prior to 45 days following the date hereof (the "Minimum Financing"), 1,200,000, or (B) 1,500,000, if the Minimum Financing is not completed on or prior to 45 days following the date hereof.

Prior to the completion of the Proposed Transaction, the Company may complete a private placement (the "Hempsana Private Placement") of securities to be determined by the Company at an issue price of a minimum of $1.05 per security.

In connection with the completion of the Proposed Transaction, the Company will issue 22,629,323 Resulting Issuer Shares to the former holders of common shares of the Company (exclusive of certain common shares of the Company that may be issued pursuant to the Hempsana Private Placement, and to be issued to finders and a convertible debenture with a principal amount of $250,000 which will be exchanged for common shares of the Company immediately prior to the completion of the Proposed Transaction). In addition, 1,655,345 stock options; 4,397,218 warrants will be exercisable into Resulting Issuer Shares in accordance with and as permitted under their terms. As a result of the completion of the Proposed Transaction, the current holders of common shares of the Company will hold approximately 92.6% of the Resulting Issuer Shares and the current holders of Stralak Shares will hold approximately 6.2% of the Resulting Issuer Shares, on a non-diluted basis and not factoring in any securities issued under the Hempsana Private Placement.

In addition, at closing of the Proposed Transaction, the Company will advance an aggregate of $200,000, subject to adjustment in accordance with the terms of the Combination Agreement, to certain directors, officers and consultants of Stralak, to pay management fees and expense reimbursements owed to such persons by Stralak.

Completion of the Proposed Transaction is subject to a number of conditions, including, among other others, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, the Name Change, the Consolidation, and conditional approval of the Canadian Securities Exchange for the listing of the Resulting Issuer Shares following completion of the Proposed Transaction.

SELECTED ANNUAL INFORMATION

The following selected financial data have been prepared in accordance with IFRS unless otherwise notedand should be read in conjunction with the Company's financial statements. The following table sets forth selected financial data for the Company for and as of the end of the last two completed financial years.

Financial Year Ended	**December 31, 2020**	December 31, 2019
Net loss	**$ (1,653,851)**	$ (1,018,853)
Loss per share – basic and diluted	**(0.10)**	(0.07)
Total assets	**3,740,490**	3,389,282
Total long-term debt	**555,379**	659,542

Quarterly financial information is not available for the Company for the eight quarters preceding the date of this MDA as the Company has not prepared quarterly financial statements for those periods.

Financial Results of Operations

Year ended December 31, 2020 compared to the year ended December 31, 2019

The Company had no revenues for the years ended December 31, 2020 and 2019. In May 2020, Hempsana received a Health Canada Standard Processing License. In December 2020, Hempsana began commercial production of CBD crude and distillate at its Goderich Facility for sales contracts and tolling contracts in-hand. Net loss for the year ended December 31, 2020 was $634,998 higher than the net loss for the year ended December 31, 2019 due to increased operational activity. Commercial production began late in 2020, resulting in higher consulting fees, wages, share-based payments, and depreciation and amortization expense for the year ended December 31, 2020 compared with the prior period.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had a working capital deficit of $2,068,701 (2019 - $874,970) and has incurred losses since inception. The Company does not yet generate revenues from its principal operations and has been generating cash flows primarily from financing activities for the years ended December 31, 2020 and 2019. These conditions indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flows from operations, complete additional financings, and/or extend or modify its loan payable.

On October 18, 2019, the Company entered into a private loan with a related party for $850,000 which bears interest at the rate of 12% per annum, calculated monthly. The private loan matures on November 1, 2024 and can be repaid before maturity without penalty and is secured by the Company's land and building.

The private loan is recorded at amortized cost, which was initially measured at fair value less transaction costs. Loan issuance costs were capitalized when incurred and are being amortized over the term of the loan using the effective interest rate method. The private loan is repayable in monthly installments, with a combined principal and interest payment of $18,908 per month.

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the pandemic. The Company participated in the Canada Emergency Business Account ("CEBA") program in Canada, which was announced in March 2020. CEBA provides interest-free loans up to $60,000 to small businesses.

On April 28, 2020, the Company received a $40,000 interest-free government loan from the CEBA program. The interest-free benefit has been recorded in the statement of comprehensive income as other income. The loan bears no interest until December 31, 2022, and $10,000 loan forgiveness will be granted if repaid before this date. The principal value of the government loan was $40,000 as at December 31, 2020, and the fair value of the loan was $31,503.

CASH FLOWS

The following tables and discussion show the significant cash transactions impacting the cash flows of the Company for the years ended December 31, 2020 and 2019.

Financial Year Ended	**December 31, 2020**	December 31, 2019
Cash flows used in operating activities	**$ (346,579)**	$ (226,158)
Cash flows used in investing activities	**(245,167)**	(2,700,483)
Cash flows from financing activities	**627,491**	2,971,412
Net increase in cash	**35,745**	44,771
Cash, beginning of year	**44,771**	-
Cash, end of year	**$ 80,516**	$ 44,771

Cash flows used in operating activities during the year ended December 31, 2020 were $120,421 higher than December 31, 2019 primarily due to the increase in operational activities as the Company began commercial production in 2020.

Cash flows used in investing activities during the year ended December 31, 2020 were $2,455,316 lower than December 31, 2019 as the Company built its Goderich Facility in 2019.

Cash flows from financing activities during the year ended December 31, 2020 were $2,343,921 lower than December 31, 2019. During 2020, the Company raised $735,768 to fund operating activities. During 2019, the Company raised $2,376,477 of equity and received a $850,000 private loan in order to fund the construction of the Goderich Facility in 2019.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 21,871,667 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.
(b) As at the date of the MDA the Company has 1,655,345 incentive stock options outstanding.
(c) As at the date of the MDA the Company has 4,249,218 outstanding share purchase warrants.

RELATED PARTY TRANSACTIONS

Several key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. On October 18, 2019, the Company entered into a private loan with a relative of one of the Directors of the Company.

The following related parties transacted with the Company during the years ended December 31, 2020 and 2019:

(a) 12813521 CANADA INC
(b) 2822477 Ontario Inc.
(c) rk3 Global Services Incorporated
(d) Eurofins Experchem Laboratories Inc.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions for year ended December 31, 2020	Transactions for year ended December 31, 2019	**Balances outstanding December 31, 2020**	Balances Outstanding December 31, 2019
12813521 CANADA INC	**$ 150,000**	$ 150,000	**$ 300,000**	$ 150,000
2822477 Ontario Inc.	**150,000**	150,000	**300,000**	150,000
rk3 Global Services Incorporated	**201,700**	146,050	**347,750**	146,050
Eurofins Experchem Laboratories Inc.	**10,072**	10,848	**-**	-
	$ 511,772	$ 456,898	**$ 947,750**	$ 446,050

All related party balances are unsecured and are non-interest bearing.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

(a) Consulting fees
- Includes the management consulting services charged to the company by the Directors, Sohil Mana and Randy Ko, and by shareholder, Woo Kim.
- Includes the consulting services of Eurofins, of which Director, Sohil Mana is President.

(b) Professional fees
- Includes the finance consulting services charged to the company by rk3 Global Services Incorporated.

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

The remuneration of key management for the years ended December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
	$	$
Share-based payments	**92,234**	76,062
Wages and salaries	**44,315**	-

Share-based payments includes options granted as bonus to Director Randy Ko as incentive to service the company for 2 years from grant date.

Wages and salaries include salaries paid to Director, Randy Ko, Sohil Mana and shareholder, Woo Kim.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CAPITAL MANAGEMENT

The Company defines capital as the aggregate of its shareholders' equity and debt. The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due.

The Company manages its capital structure to maximize its financial flexibility and will make adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial instruments

The Company's financial instruments consist of cash, deposits, other receivables, accounts payable and accrued liabilities, and private loan, which are all carried at amortized cost.

The carrying value of cash, deposits, other receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The private loan value approximates its fair value due to the market rates of interest charged.

Financial risks

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash in financial institutions. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivable exposure, and its various refundable credits are due from Canadian governments.

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company does not yet generate revenues from its principal operations and has been generating cash flows primarily from financing activities for the years ended December 31, 2020 and 2019.

Considering the available liquidity as at December 31, 2020, the expected burn rates from operations and future commitments, the Company's exposure to liquidity risk as at December 31, 2020 is considered high. The Company expects to address this risk by raising funds through external financing as needed until revenues are sufficient to cover the operating requirements of the business.

The undiscounted cash flow requirements for financial liabilities as at December 31, 2020 are as follows:

	Carrying value	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable	$1,355,148	$1,355,148	$1,355,148	$ -	$ -	$ -
Accounts payable to related parties	947,750	947,750	947,750	-	-	-
Long term debt	746,276	-	150,225	400,022	196,029	-
Interest on long-term debt	-	-	76,669	93,765	11,957	-
Total	$3,049,174	$2,302,898	$2,529,792	$493,787	$207,986	$ -

(c) Other risks

In March 2020, the World Health Organization declared coronavirus COVID-19 ("COVID-19") a global pandemic which 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-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, 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.

Please refer to the listing statement of Hempsana Holdings Ltd. dated July 12, 2021 for further risks related to the Company.

CRITICAL ACCOUNTING ESTIMATES

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

The information about significant areas of estimation uncertainty considered by management in preparing these financial statements is as follows:

Property, Plant and Equipment
The estimated useful lives of property, plant and equipment are reviewed by management and adjusted if necessary. To estimate property, plant and equipment's useful life, management must use its past experience with the same or similar assets and use professional judgement in its determination of useful life.

The information about significant areas of judgment considered by management in preparing these financial statements is as follows:

Going concern
The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Share-based payments
The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of the options. The Company has a significant number of options outstanding and expects to continue to make grants.

Deferred taxes

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference or tax loss carry-forwards can be utilized. The recognition of temporary differences and tax loss carry-forwards is based on the Company's estimates of future taxable profits in different tax jurisdictions against which the temporary differences and loss carry-forwards may be utilized.

Deferred tax liabilities are recognized when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. The Company records a provision for the amount that is expected to be settled, which requires judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's judgment of the likelihood of a future outflow and estimates of the expected settlement amount, timing of reversals, and the tax laws in the jurisdictions in which the Company operates.

FORWARD-LOOKING STATEMENTS

This MDA contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to raise the necessary capital to be able to continue in business and to implement its business strategies and the Company's inability to obtain any necessary permits, consents or authorizations required for its activities. Please refer to the listing statement of Hempsana Holdings Ltd. dated July 12, 2021 for further risks related to the Company.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, or achievement may vary materially from those expressed or implied by the forward-looking information contained in MDA. These risk factors should be carefully considered, and readers are cautioned not to place undue reliance on forward-looking statements, which speaks only as of the date of this MDA. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances that occur after the date of this MDA or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.