HEMPSANA HOLDINGS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

REPORT DATE: November 26, 2021

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Hempsana Holdings Ltd. (the "Company" or "Hempsana") for the three and nine months ended September 30, 2021 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements (the "Financial Statements") and the notes thereto for the three and nine months ended September 30, 2021, as well as the Company's audited Financial Statements and the notes thereto for the years ended December 31, 2020 and 2019.

This MDA makes reference to the Company's activities prior to its July 12, 2021 Reverse Take Over. In those cases, references to the "Company" refers to the Company's predecessor operating entity, Hempsana Inc.

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.

Additional information regarding the Company is available on SEDAR at www.sedar.com, and the Company's website www.hempsana.ca.

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. Forward-looking information involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company 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 licenses, 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 Company'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. See "FINANCIAL INSTRUMENTS AND FINANCIAL RISKS" (page 8).

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 this 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.

The forward-looking statements contained herein are based on information available as of November 26, 2021.

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.

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 Placements

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 used 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.

In July 2021 the Company successfully closed a private placement for gross proceeds of $310,800. In connection with the private placement, the Company issued 296,000 units comprised of one common share of the Company and one-half purchase warrant. The Company intends to use the net proceeds for general operational 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 24 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 July 12, 2021 Hempsana Inc. had completed its previously announced business combination (the "Transaction") with Stralak Resource Inc., where Stralak first consolidated its issued and outstanding common shares on a one for 253.7067059 basis (the "Consolidation"), changed its name from "Stralak Resource Inc." to "Hempsana Holdings Ltd." and then acquired Hempsana Inc. Through the acquisition of Hempsana Inc., the business of the Company will involve manufacturing cannabis derivatives and producing cannabis extracts for use in finished products, including vapeables, topical creams and infused consumables. Hempsana's Health Canada Standard Processing Licensed, and EU-GMP compliant facility will provide the Company with access to wholesale and retail channels in Canada and internationally.

The Transaction was completed by way of a three-cornered amalgamation (the "Amalgamation"). Pursuant to the terms of the Amalgamation, Hempsana Inc. amalgamated with a wholly-owned subsidiary of the Stralak, and Stralak then acquired all the issued and outstanding common shares of Hempsana Inc. (the "Hempsana Inc. Shares") in exchange for its common shares ("Hempsana Shares") on the basis of one Hempsana Share for each Hempsana Inc. Share issued and outstanding, as a result of which Hempsana Inc. has now become a wholly-owned subsidiary of Stralak. The Amalgamation also provides that all outstanding warrants and options to purchase Hempsana Inc. Shares remain outstanding and now entitle the holders thereof to acquire equivalent securities of Hempsana in lieu of Hempsana Inc. on the same terms and conditions.

Upon completion of the Transaction, Hempsana had 24,129,323 HHL Shares issued and outstanding (non-diluted), of which the former shareholders of Stralak hold 1,500,000 Hempsana Shares representing approximately 6.2%, the former shareholders of Hempsana Inc. hold 22,629,323 Hempsana Shares representing approximately 93.8%. In addition, Hempsana had 1,655,345 stock options and 4,397,218 warrants (each exercisable to acquire one Hempsana Share) outstanding.

Upon completion of the Transaction, the convertible debentures (see note 9) automatically converted into 297,619 shares of the Company at a 20% discount of the issue price of $1.05, for a total contributed capital of $250,000.

Promissory Note to Related Party

On October 1, 2021 a Director of the Company agreed to finance the Company's scheduled mortgage payments for three months. The total commitment is $56,723 and would cover mortgage payments for

October, November and December 2021. This Director is related to the holder of the existing Mortgage. Prior to this additional financing, the Company had owed him $196,363. This existing amount is comprised of the $189,108 previous mortgage payments he had made on the Company's behalf, as well as purchases for various equipment and services. As part of this additional financing, the Company restructured the entire amount owing as a new Promissory Note which bears a 10.0% interest rate. Half of the total amount owing must be repaid on August 25, 2022 and the remaining half is due by August 25, 2023. The Company can repay the Promissory Note early without penalty and it is secured by a second mortgage on the Company's Goderich property.

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.

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Net loss and comprehensive loss	$ (2,460,126)	$ (302,453)	$ (3,821,161)	$ (841,205)
Loss per share - basic and diluted	$ (0.11)	$ (0.02)	$ (0.18)	$ (0.05)

As at	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	$ 3,994,249	$4,354,604	$4,785,453	$ 3,740,490	$ 3,438,766	$3,441,541	$3,385,416	$ 3,389,282
Total long-term liabilities	$ 444,929	$ 749,653	$ 778,431	$ 555,379	$ 602,816	$ 631,981	$ 631,304	$ 659,542

Financial Results of Operations

Three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020

The Company had $30,364 in revenues for the three and nine months ended September 30, 2021, and no revenues for the three and nine months ended September 2020. In May 2020, Hempsana received a Health Canada Standard Processing License. Net loss for the three and nine months ended September 30, 2021 was higher by $2,157,673 and $2,979,956, respectively, mostly due to $1,949,739 in listing expenses directly related to the Transaction previously mentioned. Of the $1,949,739 listing expenses, $202,500 was paid in cash, and the remaining amounts were settled in equity. Legal fees and marketing fees were significantly higher as they were directly related to the Transaction. Commercial production activity began December 2020, resulting in higher consulting fees, wages, facility supplies, other operating and office expenses, and depreciation and amortization expense for the three and nine months ended September 30, 2021 compared with the prior periods.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had working deficit of $755,461 (December 31, 2020 – deficit of $2,068,701) and has incurred losses since inception. The Company has started generating revenues from its principal operations; however, the Company has been generating cash flows primarily from financing activities for the three and nine months ended September 30, 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. As of September 30, 2021 a Director of the Company had paid $208,029 in loan payments on behalf of the Company, of which $189,108 remains and is included in accounts payable as an employee reimbursement.

On March 31, 2021, $824,934 of related party payables were repaid, of which $801,745 were settled in shares in order to preserve cash resources.

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.

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 September 30, 2021 (December 31, 2020 - $40,000) and the fair value of the loan was $33,445 (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. On July 12, 2021, the convertible debentures were converted into equity upon the completion of the Transaction previously mentioned.

CASH FLOWS

The following tables and discussion show the significant cash transactions impacting the cash flows of the Company for the three and nine months ended September 30, 2021 and 2020.

	For the three months ended September 30,		**For the nine months ended September 30,**	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Cash flows (used in) from operating activities	**$ (2,433,070)**	$ 88,615	**$ (5,099,168)**	$ 144,112
Cash flows used in investing activities	**(53,566)**	(56,974)	**(249,423)**	(105,752)
Cash flows from financing activities	**1,954,486**	165,170	**5,311,665**	140,501
Net (decrease) increase in cash	**(532,150)**	196,811	**(36,926)**	178,861
Cash, beginning of year	**575,740**	26,821	**80,516**	44,771
Cash, end of year	**$ 43,590**	$ 223,632	**$ 43,590**	$ 223,632

Cash flows used in operating activities during the three months ended September 30, 2021 were $ 2,521,685 higher than the three months ended September 30, 2020 primarily due higher net losses during the three months ended September 30, 2021.

Cash flows used in investing activities during the three months ended September 30, 2021 were $3,408 lower than the three months ended September 30, 2020 due to lower purchases of property, plant and equipment.

Cash flows used in financing activities during the three months ended September 30, 2021 were $1,789,316 higher than the three months ended September 30, 2020 due to shares issued directly related to the Transaction previously mentioned.

Cash flows used in operating activities during the nine months ended September 30, 2021 were $5,243,280 higher than the nine months ended September 30, 2020 due to an increase in net losses due to the listing expenses directly related to the Transaction previously mentioned and increased pre-revenue operational activities as the Company began commercial production in late 2020. Additionally, significant payments of accounts payable and accrued liabilities were made during the nine months ended September 30, 2021.

Cash flows used in investing activities during the nine months ended September 30, 2021 were $143,671 higher than the nine months ended September 30, 2020 due to higher purchases of property, plant and equipment. The additional equipment will allow the Company to double its distillate production capacity.

Cash flows from financing activities during the nine months ended September 30, 2021 were $5,171,164 higher than the nine months ended September 30, 2020 primarily due to the closing of the private placement in March 2021 and shares issued directly related to the Transaction previously mentioned.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 24,129,323 issued and outstanding common shares. Theauthorized 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 4,709,255 outstanding share purchase warrants.

RELATED PARTY TRANSACTIONS

The following related parties transacted with the Company during the three and nine months ended September 30, 2021 and 2020:

(a) 12813521 CANADA INC
(b) 2822477 Ontario Inc.
(c) rk3 Global Services Incorporated
(d) The CFO Centre
(e) 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 or with key management personnel were as follows:

	For the three months ended September 30,		For the nine months ended September 30,		Balances outstanding	
	2021	2020	**2021**	2020	**September 30, 2021**	December 31, 2020
12813521 CANADA INC	**$ 24,900**	$ 37,500	**$ 74,800**	$ 112,500	**$ 24,900**	$ 300,000
2822477 Ontario Inc.	**24,900**	37,500	**74,800**	112,500	**24,900**	300,000
rk3 Global Services Incorporated	**37,500**	37,925	**112,500**	113,775	**37,500**	347,750
The CFO Centre	**27,500**	-	**49,500**	-	**28,815**	-
Eurofins Experchem Laboratories Inc.	**5,633**	-	**27,993**	-	**6,704**	-
	$ 120,433	$ 112,925	**$ 339,593**	$ 338,775	**$ 122,819**	$ 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 and nine months ended September 30, 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 and nine months ended September 2021 and 2020.

Considering the available liquidity as at September 30, 2021, the expected cash required to sustain operations and future commitments, the Company's exposure to liquidity risk as at September 30, 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 September 30, 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	$ 880,583	$ 880,583	$ 880,583	$ -	$ -	$ -
Accounts payable to related parties	122,819	122,819	122,819	-	-	-
Long term debt	609,227	635,305	164,298	433,751	37,256	-
Interest on long-term debt	-	-	62,595	60,036	560	-
Total	$ 1,612,629	$ 1,638,707	$ 1,230,295	$ 493,787	$ 37,816	$ -

(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.

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.