VINERGY CANNABIS CAPITAL INC.

(formerly Vinergy Resources Ltd.)

(the “Company”)

FORM 51-102F1

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2020

The following Management’s Discussion and Analysis, prepared as of October 26, 2020, should be read together with the interim financial statements for the six-month period ended August 31, 2020 and the related notes attached thereto. These financial statements and MD&A include the results of operations and cash flows for the six-month period ended August 31, 2020 and the reader must be aware that historical results are not necessarily indicative of the future performance. The reader may also wish to refer to the Company’s audited financial statements and MD&A for the year ended February 29, 2020. All amounts are reported in Canadian dollars.

The aforementioned documents and additional disclosures pertaining to the Company’s press releases and other information are also available on the SEDAR website www.sedar.com.

Certain statements contained in this interim management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of The Company’s prospects, political and economic conditions, commodity prices and other factors.

Description of Business

Vinergy Cannabis Capital Inc. (the “Company”) was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company’s registered jurisdiction from Alberta to British Columbia. On July 9, 2019, the Company changed its name to Vinergy Cannabis Capital Inc. The Company’s head office is located at Suite 1000, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “VIN”. During the year ended February 29, 2020, the Company became an investment issuer.

On February 20, 2019, the Company announced that it had amended certain terms of its proposed Change of Business (as defined in CSE policies), pursuant to which Vinergy was to be transformed into an investment issuer (the “Transaction”). In connection with the Transaction, the Company previously filed a listing statement (the “Listing Statement”) supporting its application for listing on the Canadian Securities Exchange (the “CSE”) following completion of the Transaction. A copy of the Listing Statement was filed under the Company’s profile at www.sedar.com under the category “filing statement” on November 30, 2018. The acquisition of Botanical Technologies Inc. (“BOTA”) as disclosed in the Listing Statement was terminated. The Company had advanced the aggregate amount of $150,000 to BOTA and is in the process of reviewing this receivable for collectability. In addition, the Company announced that it had entered into a letter of intent to acquire all of the issued and outstanding securities of Phyto Pharma Inc. (“Phyto”). In consideration for the acquisition of Phyto, the Company was committed, upon closing of the acquisition, to issue to the Phyto shareholders an aggregate of 7,000,000 common shares in the capital of the Company (the “Payment Shares”) at a deemed price of $0.12 per share. In addition, the Company was to provide Phyto with an aggregate of US$1,200,000 in working capital.

The Company filed an updated Listing Statement dated June 28, 2019 with the CSE reflecting the termination of the BOTA acquisition and including the proposed Phyto acquisition. Final approval was subject to, among other things, completion of the Offering (as defined below) and the receipt of shareholder approval for the Transaction.

On March 21, 2019, the Company issued 12,805,664 units at a price of $0.12 per unit for gross proceeds of $1,536,680, of which $300,000 was received as at February 28, 2019. Each unit consisted of one common share and one transferable share purchase warrant exercisable at a price of $0.15 per share expiring on March 21, 2021. In connection with this private placement, the Company paid finders' fees of $6,720 and issued 56,000 finders' warrants with each warrant exercisable at $0.15 per common share expiring on March 21, 2021.

On July 17, 2019, the Company completed the acquisition of all of the issued and outstanding shares of Phyto Pharma Inc. pursuant to the terms of a share exchange agreement and had advanced an aggregate of US$1,200,000 in working capital pursuant to the term sheet with Phyto. As the Company meets the definition of an investment entity under IFRS 10, Consolidated Financial Statements, its investment in Phyto is exempt from consolidation.

On July 26, 2019, the Company received final approval from the Canadian Securities Exchange and the Company's common shares resumed trading on July 29, 2019.

During the year ended February 29, 2020, the Company recognized an impairment of the working capital advances of $1,599,035 made to Phyto and an impairment of the investment in Phyto of $476,840. The Company was advised that the operators (and former owners) of Phyto have resigned. The working capital advances have been spent, but the Company has not been able to get supporting documentation as to what the funds were spent on. Management will continue to pursue all available options to recover its investment and advances due to the Company.

On May 8, 2018, the Company had entered into a share subscription agreement with Next Level Energy Inc. ("Next Level") whereby it agreed to purchase 1,245,330 common shares of Next Level at a price of $0.4015 per share. As at February 29, 2020, the Company had advanced $350,000 pursuant to the agreement, however, as the date of this MD&A, Next Level has yet to accept and countersign the share subscription even though they are in receipt of the funds and as such the Company has recognized an impairment of $350,000 for the year ended February 29, 2020. Management continues to pursue all available options to ensure that the Company obtains the shares it is owed or the proceeds are returned.

Change in personnel:

Resignation

On December 30, 2019, Glen Indra, resigned as a director of the Company and CFO.

On May 22, 2020, Eugene Beukman resigned as a director of the Company.

On May 29, 2020, Glen C. Macdonald resigned as director and CEO and Corporate Secretary.

Appointed

On May 25, 2020, Geoff Balderson was appointed CFO.

On May 22, 2020, Arif Merali was appointed director and on May 29, 2020 was appointed interim CEO and Corporate Secretary.

On May 29, 2020 John Ba Vu was appointed as a director of the Company.

Selected Annual Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years. This information has been prepared in accordance with IFRS and is presented in Canadian Dollars which is the functional currency of the Company.

	2020 $	2019 $	2018 $
Total revenue	–	–	–
Net loss for the year	(2,726,470)	(1,239,645)	(271,643)
Basic and diluted loss per share	(0.05)	(0.03)	(0.01)
Total assets	99,954	872,317	1,757,073

The increase in net loss from the year ended February 28, 2018 to the year ended February 28, 2019 was mainly due to the write-off of loans receivable in the amount of $1,062,174. The net loss for the year ended includes the impairment of $476,840 for the investment in Phyto for $476,840 and advances to Phyto and Next Level totaling $1,949,035.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	August 31, 2020 $	May 31, 2020 $	February 29, 2020 $	November 30, 2019 $
Revenue	–	–	–	–
Net loss for the period	(18,092)	(18,193)	(2,604,324)	(62,688)
Basic and diluted loss per share	–	–	(0.05)	–

	August 31, 2019 $	May 31, 2019, 2019 $	February 28, 2019 $	November 30, 2018 $
Revenue	–	–	–	–
Net loss for the period	(43,418)	(16,040)	(1,090,986)	(70,824)
Basic and diluted loss per share	–	–	(0.03)	–

The net loss for the quarter ended February 28, 2019 includes the write-off of loans receivable in the amount of $1,062,174. The net loss for the quarter ended February 29, 2020 includes the impairment of the investment of Phyto $476,840 and write off of advances to Phyto and Next Level totaling $1,949,035.

Results of Operations

There were no changes in operations for the three months ended August 31, 2020. The Company incurred a net loss of $18,092 which is comparable to the net loss of $19,663 for the previous period ended August 31, 2019.

There were no changes in operations for the six months ended August 31, 2020. The Company incurred a net loss of $36,285 which is comparable to the net loss of $43,418 for the previous period ended August 31, 2019.

Fourth Quarter

See summary of quarterly results.

Liquidity and Capital Resources

As at August 31, 2020, the Company had cash of $2,105 and a working capital deficit of $1,341,715.

The Company believes that the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and its continuous search for other opportunities. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants and loans payable to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On June 3, 2020, the Company received a loan of $130,000 from an unrelated party which is unsecured, bears interest at 10% per annum, and due on December 31, 2020. On August 12, 2020, the loan was repaid in full with applicable interest.

On August 12, 2020, the Company entered into a promissory note of $96,000 to a non-related party. The amount owing is unsecured, bears interest at 20% per annum and is due on December 31, 2021. As at August 31, 2020, the same party advanced another $9,713 to the Company which was unsecured, non-interest bearing and payable on demand.

Operating activities

During the six months ended August 31, 2020, the Company's operating activities used cash of $185,519 while during the comparable period ended August 31, 2019 operating activities used cash of $43,792.

Investing activities

There were no investing activities during the six months ended August 31, 2020, as compared to $1,132,497 used in investing in loans receivable advances for the comparable period ended August 31, 2019.

Financing activities

During the six months ended August 31, 2020, the Company's financing activity was provided by a loan payable of $105,713 as compared to $1,229,960 in financing activities provided by proceeds from shares issued and subscriptions received during the comparable period ended August 31, 2019.

Related Party Transactions

None.

Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of 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).

The fair values of financial instruments, which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, loan payable, and convertible debenture, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, equity component of convertible debt, and share subscriptions received.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 29, 2020.

Disclosure by Venture Issuer Without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements for the six months ended August 31, 2020 to which this MD&A relates.

Disclosure of Outstanding Share Data

Share Capital

Authorized: Unlimited common shares without par value

As at October 26, 2020, the Company has 57,115,994 shares issued and outstanding.

Stock Options

As at October 26, 2020, the Company has no stock options are outstanding.

Share Purchase Warrants

As at October 26, 2020 the Company has 12,861,664 warrants exercisable at $0.15 per share expiring on March 21, 2021.