Sweet Earth Holdings Corporation
Management Discussion & Analysis

SWEET
EARTH

For the Nine Months Ended March 31, 2020

This Management's Discussion & Analysis ("MD&A") is intended to help the reader understand the Sweet Earth Holdings Corporation (the "Company") financial statements. The information provided herein should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended March 31, 2020 and the audited consolidated financial statements for the year ended June 30, 2019 ("Financial Statements") and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars ("CAD"). The effective date of this report is July XX, 2020.

Management is responsible for the preparation and integrity of financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review financial statements and MD&As, and to discuss other financial, operating and internal control matters.

The financial statements of the Company are prepared on a consolidated basis to include the financial information of the Company's wholly-owned subsidiaries, TSN Agricorp Ltd., Sweet Earth, LLC, and Sweet Earth Holdings Corp. S.L.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from such statements. Readers are therefore cautioned not to put undue reliance on forward-looking statements. See "Forward-looking Information and Statements" that are subject to risk factors set out in a cautionary note contained herein.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

DESCRIPTION OF BUSINESS AND OVERVIEW

Sweet Earth Holdings Corporation (the "Company") was incorporated as 1168061 B.C. Ltd. under the Province of British Columbia Business Company Act on June 13, 2018. The name was changed to Sweet Earth Holdings Corporation on July 26, 2018 to reflect the Company's strategic decision to focus the business on becoming a major hemp cannabidiol ("CBD") cultivator and processor.

Future Plans & Market Outlook

Since 2017 Sweet Earth has been establishing itself as major hemp CBD grower in Applegate Oregon. The company presently has 100 acres of outdoor growing and access to six, 6,552 sq. ft. of indoor greenhouse space. Sweet Earth has been focused on being self-reliant and vertically integrated in its operations.

For the past year Sweet Earth's in-house genetics team has been working on Sweet Earths' own proprietary strain. This strain has been grown in their indoor greenhouse resulting in high yielding CBD rich flower. They are excited to begin growing this strain outdoor for the 2020 season.

Equipment for extraction has been purchased and Sweet Earth will be applying for extraction licenses to extract its own CBD, CBG and CBN cannabinoids. This next phase in their CBG and CBN research will help Sweet Earth keep pace with the expanding medical discoveries and natural healing properties of this plant. From seed development, growing, harvesting, drying, extracting and packaging Sweet Earth has vertical integration to everything in place to make it a significant company in the hemp segment.

Current Projects

Applegate Oregon: Sweet Earth presently has 100 acres of outdoor growing and access to six greenhouse totaling 6,552 sq. ft. of indoor greenhouse space. Sweet Earth has their own genetics division constantly breeding and developing new strains for specific applications. It is this quality and attention to detail that will help Sweet Earth produce a better end product.

The field was planted in May 2019 and the Company completed harvesting in October 2019. By the end of December 2019, the drying and bagging process was completed. Currently the inventory of hemp from the harvest is stored in the greenhouses on the Applegate property. The company is actively pursuing the sale of its hemp to different industry purchasers.

A new drying building is being constructed and should be complete by the end of February 2020.

The Company is currently working on developing new product lines which include hemp oil based products and dog treats.

Medford Oregon: Sweet Earth is in the process of building out its production facility which will allow it to produce and package consumer-based products such as tinctures, capsules and topical retail products.

Management's determination of the present market outlook in the sector is very positive as the industrial hemp market is projected to grow at a rate of 13.7% in terms of value, from 2019 to reach USD 13.03 Billion by 2026.

RESULTS OF OPERATIONS

This review of the results of operations should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended March 31, 2020 and the audited consolidated financial statements for the year ended June 30, 2019:

Financial Results

Nine months ended March 31, 2020

The Company had no revenue from operations for the nine months ended March 31, 2020. For the nine months ended March 31, 2020, the Company incurred net loss of $2,333,693 (2019 – $775,131) . The net loss is comprised of net of capitalized operating expenses of $143,965 (2019 - $139,495) and administrative expenses of $2,189,728 (2019 - $635,403).

During the nine months ended March 31, 2020, net operating expenses of $143,965 (2019 - $139,495) consisted of depreciation of $143,965 (2019 - $46,400), interest on leases (equipment and building) of $43,586 (2019 - $5,735), management supervision of $76,360 (2019 - $9,296), repairs and maintenance of $205,801 (2019 - $3,818), rent and operating leases of $72,567 (2019 - $10,460), utilities of $149,702 (2019 - $nil) and wages and salaries of $445,119 (2019 - $63,787), less amounts capitalized as biological assets of $993,135 (2019 - $nil).

During the nine months ended March 31, 2020, significant administrative expenses of $2,189,728 (2019 - $635,403) consisted of consulting fees of $449,590 (2019 - $250,308), corporate development of $180,321 (2019 - $249,602), management fees of $274,781 (2019 - $nil), marketing and promotion of $66,262 (2019 - $nil), office and general expenses of $83,145 (2019 - $27,424), professional fees of $192,983 (2019 - $39,929), share-based compensation of $884,436 (2019 - $Nil), and travel cost of $61,840 (2019 - $35,879). The administrative expenses during this period were significant as a result of the extra field labor and consultants that were hired to harvest the 100 acres.

Three months ended March 31, 2020

The Company had no revenue from operations for the three months ended March 31, 2020. For the three months ended March 31, 2020, the Company incurred net loss of $1,101,440 (2019 – $504,115). The net loss is comprised of net of capitalized operating expenses of $40,681 (2019 - $120,901) and administrative expenses of $1,060,759 (2019 - $383,214) .

During the three months ended March 31, 2020, net operating expenses of $40,681 (2019 - $120,901) consisted of interest on leases (equipment and building) of $16,101 (2019 - $1,912), management supervision of $30,153 (2019 - $9,296), repairs and maintenance of $1,210 (2019 - $nil) , rent and operating leases of $12,352 (2019 - $5,646), utilities of $34,303 (2019 - $nil) and wages and salaries of $94,557 (2019 - $63,787), less amounts capitalized as biological assets of $188,676 (2019 - $nil).

During the three months ended March 31, 2020, significant administrative expenses of $1,060,759 (2019 - $383,214) consisted of consulting fees of $26,239 (2019 - $231,194), corporate development of $4,438 (2019 - $49,602), management fees of $78,075 (2019 - $nil), marketing and promotion of $10,225 (2019 - $19,761), office and general expenses of $34,826 (2019 - $26,387), professional fees of $26,142 (2019 - $32,210), and share-based compensation of $884,436 (2019 - $Nil). The administrative expenses during this period were significant as a result of the extra field labor and consultants that were hired to harvest the 100 acres.

SUMMARY OF QUARTERLY RESULTS

Selected financial indicators for the past four quarterly periods are shown in the following table:

	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	1,101,440	606,584	625,669	1,446,561
Loss per share – basic & diluted	0.04	$0.01	0.01	0.01
Total assets	4,726,052	3,121,933	4,095,408	2,762,456
Total liabilities	3,254,265	1,684,250	1,929,399	1,380,786

	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2018
Revenue	$ Nil	$ Nil	$ Nil
Loss for the period	504,115	271,016	Nil
Loss per share – basic & diluted	0.03	$0.00	$0.00
Total assets	2,543,477	1,189,642	Nil
Total liabilities	1,298,948	953,065	Nil

Operations for the Company did not commence until November 18, 2018, therefore the comparative for the same period ended September 30, 2018 is nil.

PLANT AND EQUIPMENT

	Building	Computer	Equipment	Vehicle	Right to Use Assets	Total
As at March 31, 2020						
Costs						
Balance, June 30, 2019	$ 104,094	$ 2,470	$ 860,137	$ 44,496	$ 956,514	$ 1,967,711
Additions	709,446	-	211,793	-	404,710	1,325,949
Balance, March 31, 2020	$ 813,540	$ 2,470	$ 1,071,930	$ 44,496	$ 1,361,224	$ 3,293,660
Depreciation						
Balance, June 30, 2019	$ -	$ -	$ 3,324	$ 2,220	$ 56,323	$ 61,867
Additions	-	186	70,015	1,099	72,665	143,965
Balance, March 31, 2020	$ -	$ 186	$ 73,339	$ 3,319	$ 128,988	$ 205,832
Net Book Value March 31, 2020	$ 813,540	$ 2,284	$ 998,596	$ 41,172	$ 1,232,236	$ 3,087,828

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

As at March 31, 2020, the Company had a cash balance of $19,533 (June 30, 2019 - $352,004) to settle current liabilities of $2,082,444 (June 30, 2019 - $556,031). The Company expects to fund these liabilities and its operational activities and through the issuance of capital stock and, or through operational revenues over the coming year.

As at March 31, 2020, the Company's cash used in operating activities was $1,858,107 (2019 - $690,662), cash used in investing activities $679,996 (2019 – $440,876) and cash provided by financing activities of $2,205,632 (2019 - $1,200,777). Operations for the Company did not commence until November 18, 2018.

During the nine months ended March 31, 2020, cash used in operating activities was $1,858,107 (2019 - $264,654). Cash used during the nine months consists primarily of operating and administrative expenditures of $2,333,693 (2019 - $271,016), depreciation of $143,965 (2019 - $46,400), interest on leases of $45,586 (2019 - $5,735), share-based compensation of $884,436 (2019 - $nil) and change in non-cash operating working capital of $598,401 (2019 - $32,334).

During the nine months ended March 31, 2020, cash used in investing activities was $679,996 (2019 – $440,876). Equipment purchases of $687,117 (2019 - $585,616) and cash received on purchase of TSN Agricorp Ld of $nil (2019 - $144,740).

During the nine months ended March 31, 2020, cash provided by financing activities was $22,05,632 (2019 - $1,200,777). Financing activities included issuance of common shares net of issuing costs of $1,511,321 (2019- $nil), share issuance costs, of $5,250, share subscriptions received of $nil (2019 - $1,215,720), lease payments of $43,261 (2019 - $14,943), loans payable of $590,000 (2019 - $nil) and loans from related party of $124,322 (2019 - $nil).

RELATED PARTY TRANSACTIONS

As at March 31, 2020, $199,540 (June 30, 2019 – due from $60,837) is due to directors and officers of the Company. The amounts were non-interest bearing, unsecured, with no stated terms of repayment.

As at March 31, 2020, $124,322 (June 30, 2019 - $Nil) is due to a director of the Company as a loan payable. was converted to a convertible debenture.

The Company considers officers and members of the Board of Directors as related parties. Payments and accruals were made to the following officers and directors, or to companies controlled by these officers and directors were allocated as follows, according to the services provided:

For the period ended March 31, 2020		Management fees		Consulting fees		Supervisory fees		Share-based compensation
CEO and director	$	55,549	$	-	$	-	$	287,166
CFO and director		46,250		-		-		143,582
Former CEO and director		117,206		-		-		143,582
Directors		55,776		19,002		76,360		179,478
Total	$	274,781	$	19,002	$	76,360	$	753,808

FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At March 31, 2020, management considers the Company’s exposure to credit risk is minimal.

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 has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at March 31, 2020, the Company had a cash balance of $19,533 to settle current liabilities of $2,082,444. So far, the Company's sole source of funding has been the issuance of equity securities for cash through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

   The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At March 31, 2020, the Company was not exposed to significant interest rate risk.

b) Price risk

   The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

COMMITMENTS

a) At the beginning of the period, the Company leased 23 acres on a yearly basis at the rate of $48,000 US per year, paid annually at the beginning of each renewal period. During the period, the lease was amended to include use of buildings on the premises. Lease payments are now $6,242US per month. The lease is renewable at the Company's option and has been classified as a right-to-use asset.

b) The Company leases property that includes 60 acres of farmable land that is leased on a monthly basis at $6,250 US per month. The lease is renewable with both parties' approval required in order to so do. Accordingly, this lease has not been classified as a right-to-use asset.

c) On April 1, 2019, the Company entered an amalgamation agreement with Seaway Energy Services Inc. ("Seaway"), a Company listed on the TSX Venture Exchange. Under the terms of the Agreement, 1199900 B.C Ltd., a wholly owned subsidiary of Seaway, and the Company will amalgamate and continue as one corporation ("Amalco"). In conjunction with the amalgamation, the Company will receive shares of Seaway on a 1:1 proportion of the number of shares of Seaway outstanding at the date of closing. Additionally, in conjunction with the amalgamation, Amalco will apply to delist from the TSXV and apply to list on the Canadian Stock Exchange ("CSE"). Upon closing, Seaway will consolidate its shares on the basis of 1 post-consolidation share for every 2.5 pre-consolidation shares. The transaction was completed on May 15, 2020.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated 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 the date of the financial statements and reported amounts of revenues and expenses during the 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.

Critical judgments

The preparation of our consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary has been determined to be the Canadian dollar.

Key sources of estimation uncertainty

Significant estimates made by management affecting our consolidated financial statements include:

Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in Note 12 of the Company's audited consolidated financial statements.

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Recoverability of exploration & evaluation assets

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report, and were not applied in preparing the audited financial statements. None of these are expected to have a material effect on the financial statements of the Company.

CAPITAL COMMITMENTS

The Company has no commitments for equipment expenditures for 2019. The Company has forecasted that any property and equipment expenditures based on future needs will be funded from working capital and/or from operating or capital leases.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

SHARES AND SHARE-BASED UNITS

The Company has the following common shares, stock options, and share purchase warrants outstanding:

Common shares

As at July 15, 2020 (date of report), the issued and outstanding share capital is comprised of 80,251,882 common shares.

Warrants

As at July 15, 2020, the following warrants were outstanding:

Expiry date	Number of warrants	Exercise price
March 22, 2021	86,400	$0.20
May 1, 2021	10,000	$0.20
February 26, 2022	31,250	$0.60
February 26, 2022	4,375	$0.60
	132,025	

Share Options

As at July 15, 2020, the following options were outstanding:

Expiry date	Number of options	Exercisable	Exercise price
June 26, 2023	1,945,000	1,945,000	$0.20
February 7, 2025	1,300,000	1,300,000	$0.20
February 19, 2025	400,000	400,000	$0.40
	3,645,000	**3,645,000**	

GOING CONCERN

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at March 31, 2020, the Company incurred a loss of $34,555,385 to date. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

RISK FACTORS

The Company's principal activity is becoming a major hemp cannabidiol ("CBD") cultivator and processor.

In addition to the other information included in this report, you should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. These risks include, but are not limited to: limited operating history; reliance on management; additional financing; profitability; ongoing costs and obligations; competition; future acquisition or disposition; product liability; product recalls; product approvals; promotion and maintenance of brands; dependence on suppliers and skilled labour; management of growth; intellectual property risks; security breaches; client acquisitions; changes in laws, regulations and guidelines; constraints on marketing products and management's success in anticipating and managing the foregoing factors.

These risk factors are not intended to represent a complete list of the risk factors that could affect the Company, many factors could cause actual actions, events or results to differ materially from those described in the forward looking statements included herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, and there can be no assurance that the forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements in this document. All of the forward-looking statements made in this document are qualified by these cautionary statements.

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements contained or incorporated by reference in this management discussion and analysis are forward-looking statements, including, but not limited to other statements that are not historical facts. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including Sweet Earth's experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of the Company, including but not limited to those statements under the headings "General Development of the Business", "Narrative Description of the Business", and "Risk Factors". Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "pro forma", "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Examples of the assumptions underlying the forward-looking statements contained herein include, but are not limited to those related to: the ability to obtain necessary financing to pursue its business plans, the achievement of goals, the obtaining of all necessary permits and governmental approvals, as well as expectations regarding availability of equipment, skilled labour and services needed for operations, intellectual property rights, development, operating or regulatory risks, trends and developments in the hemp industry, business strategy and outlook, expansion and growth of business and operations: the timing and amount of capital expenditures, future exchange rates, the impact of increasing competition, conditions in general economic and financial markets, access to capital, future operating costs, government regulations, including future legislative and regulatory developments involving medical and recreational marijuana and the timing thereto, the effects of regulation by governmental agencies, the anticipated changes to laws regarding the recreational use of hemp, the demand for hemp products and corresponding forecasted increase in revenues and the size of the medical marijuana market and the recreational marijuana market.