Sweet Earth Holdings Corporation
Management Discussion & Analysis

SWEET
EARTH

For the Year Ended June 30, 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 financial statements for the year ended June 30, 2020 and 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 October 28, 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, Sweet Earth Holdings Corp. S.L.

On May 19, 2020, the Company completed a reverse takeover transaction ("RTO") of Seaway Energy Services Inc., the effective of which was to become a listed entity on the Canadian Securities Exchange ("CSE") under the ticker symbol SE.

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 a 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 2021 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

Sweet Earth is a vertically integrated "farm to shelf" hemp grower with a farm in Applegate, Oregon, that maintains a full line of hemp and CBD products for the US and global market. Its products combine CBD with herbal and organic ingredients, all of which are selected for their beneficial properties to soothe, rejuvenate, and reduce inflammation. In addition to high-end finished products, Sweet Earth prides itself on sustainability by minimizing the use of plastics in both production and packaging.

In December of 2019, the Company was awarded "BEST CBD PRODUCTS" award at 2019 Global MJBiz Conference.[1] During 2020, the Company introduced several new products, including:

- Sweet Earth Hand and Body Sanitizers: as announced on June 8, 2020, helps kill the COVID-19 virus and provides ingredients with anti-inflammatory and skin care;
- Complete hemp line (non-CBD) for US internet sales;
- Two additions, CBD-infused cooling gel and a hot cold muscle rub, to its Muscle Recovery Line of CBD infused products:
- Line of dog treats that are sold on the Company's shopping portal www.sweetearthpets.com and through an agreement with Thoughtful Brands Inc. (CSE: TBI). Pet treats are made from high-quality ingredients, which are further enriched with CBD and Vitamin E.

The Company announced that Shark Discoveries2 and Kevin Harrington 3 ("Shark Discoveries") selected Sweet Earth to be featured in its retail partner network, which includes magazines and the "As Seen On TV" network. In October of 2020 Sweet Earth announced that it would commence trading on the he United States' Over-The-Counter Bulletin ("**OTCQB**").

Sweet Earth is actively expanding into foreign markets, including Central and South America, Europe and, most recently, Asia.

RESULTS OF OPERATIONS

This review of the results of operations should be read in conjunction with the Company's financial statements for the year ended June 30, 2020 and 2019:

Financial Results

Year ended June 30, 2020

The Company had no revenue from operations for the year ended June 30, 2020. For the year ended June 30, 2020, the Company incurred net loss of $3,3,340,039 (2019 – $2,198,308) . The net loss is comprised of an unrealized gain on the growth of biological assets of $583,089 after capitalizing operating expenses of $1,752,528 (2019 - $371,094 operating expenses not capitalized), administrative expenses of $2,780,668 (2019 - $1,827,214) and other expenses of $1,142,460.

During the year ended June 30, 2020, net operating expenses of $Nil (2019 - $371,094) consisted of depreciation of $231,812 (2019 - $61,867), interest on leases (equipment and building) of $66,606 (2019 - $26,762), management supervision of $80,556 (2019 - $Nil), repairs and maintenance of $100,853 (2019 - $11,701), rent and operating leases of $86,650 (2019 - $32,658), seed and fertilizer and nutrients of $335,663 (2019 - $78,549), utilities of $154,748 (2019 - $nil), and wages and salaries of $695,640 (2019 - $159,557), less amounts capitalized as biological assets of $1,752,258 (2019 - $nil).

During the year ended June 30, 2020, significant administrative expenses of $2,780,668 (2019 - $1,827,214) consisted of advertising and promotion of $126,366 (2019 - $13,500), consulting fees of $422,559 (2019 - $638,936), interest on debentures and loan of $73,398 (2019 - $nil), marketing and investor relations of $229,700 (2019 - $357,125), office and general expenses of $105,083 (2019 - $11,493), professional fees of $305,177 (2019 - $158,286), rent of $49,423 (2019 - $nil), share-based compensation of $884,436 (2019 - $Nil), and travel cost of $60,956 (2019 - $74,549). The administrative

[1] Source: https://maryjaneexperience.com/best-of-mjbizcon-2019
[2] https://www.khbrandresponse.tv/
[3] https://www.thesharkgroup.com/speaking/kevin-harrington/

expenses during this period were significant as a result of the extra field labor and consultants that were hired to harvest the 100 acres.

ANNUAL SELECTED INFORMATION

	For the year ended June 30, 2020	For the period June 13, 2018 to June 30, 2019
Revenue	$ -	$ -
Unrealized gain on growth of biological assets	583,088	-
Operating expenses	-	(371,094)
Administrative expenses	(2780,668)	(1,827,214)
Other income (expenses)	(1,142,460)	-
Net loss	(3,340,039)	(2,221,692)
Basic/Diluted loss per share	(0.05)	(0.12)
Total assets	6,295,095	2,762,456
Total liabilities	3,454,387	1,380,786

SUMMARY OF QUARTERLY RESULTS

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

	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	1,006,346	1,101,440	606,584	625,669
Loss per share – basic & diluted	0.01	0.04	$0.01	0.01
Total assets	6,295,095	4,726,052	3,121,933	4,095,408
Total liabilities	3,454,387	3,254,265	1,684,250	1,929,399

	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2018
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	1,446,561	504,115	271,016	Nil
Loss per share – basic & diluted	0.01	0.03	$0.00	$0.00
Total assets	2,762,456	2,543,477	1,189,642	Nil
Total liabilities	1,380,786	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.

FOURTH QUARTER

The Company did not have any significant events or transactions in the quarter of June 30, 2020 to report.

PLANT AND EQUIPMENT

	Building	Computer	Equipment	Vehicle	Right to Use Assets	Total
	$	$	$	$	$	$
Costs						
Balance, June 30, 2019	104,094	2,470	860,137	44,496	956,514	1,967,711
Additions	717,249	-	269,216	-	523,483	1,509,948
Translation	17,495	-	8,205	1,973	56,192	83,865
June 30, 2020 Balance	838,838	2,470	1,137,558	46,469	1,536,189	3,561,524
Depreciation						
Balance, June 30, 2019	-	-	3,319	2,225	56,323	61,867
Additions	-	247	109,234	2,282	120,049	231,812
Translation	-	-	538	140	4,439	5,117
June 30, 2020 Balance	-	247	113,091	4,647	180,811	298,796
Net Book Value June 30, 2020	838,838	2,223	1,024,467	41,822	1,355,378	3,262,728

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

As at June 30, 2020, the Company had a cash balance of $21,215 (2019 - $352,004) to settle current liabilities of 2,200,421 (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 June 30, 2020, the Company's cash used in operating activities was $2,045,388 (2019 - $2,321,415), cash used in investing activities $851,170 (2019 – $870,926) and cash provided by financing activities of $2,558,599 (2019 - $3,569,134). Operations for the Company did not commence until November 18, 2018.

During the year ended June 30, 2020, cash used in operating activities was $2,045,388 (2019 - $2,321,415). Cash used during the year consists primarily of operating and administrative expenditures of $3,340,039- (2019 - $2,198,308), less adjustments for depreciation of $231,812 (2019 - $61,827), interest on leases of $66,606 (2019 - $26,762), share-based compensation of $884,436 (2019 - $nil), listing costs on reverse take over of $1,151,722 (2019 - $nil), and unrealized gain on growth of biological assets of $583,088 (2019 - $nil), Change in non-cash operating working capital of $456,836 (2019 - $211,736).

During the year ended June 30, 2020, cash used in investing activities was $851,170 (2019 – $870,926). Equipment purchases of $851,170 (2019 - $692,116), cash received on purchase of TSN Agricorp Ltd. of $nil (2019 - $144,740), and cash advanced to TSN Agricorp Ltd. on acquisition of $nil (2019 - $323,550).

During the year ended June 30, 2020, cash provided by financing activities was $2,558,599 (2019 - $3,569,134). Financing activities included issuance of common shares net of issuing costs of $1,647,586 (2019- $3,603,347), cash received on reverse takeover transaction of $1,075,685 (2019 - $Nil) and less lease payments of $164,672 (2019 - $34,213).

RELATED PARTY TRANSACTIONS

The Company considers officers and members of the Board of Directors as related parties. Key Management costs for the year ended June 30, 2019 is $1,308,751 (2019 - $573,315). Payments and accruals were made to the following officers and directors, or to companies controlled by these officers and directors:

	For the Year Ended June 30, 2020				For the year ended June 30, 2019
	Management Fees	Consulting Fees	Share-based Compensation	Total	Management Fees
CEO and director	$ 170,500	$ -	$ 283,019	$ 453,519	$ 312,244
CFO and director	132,625	-	141,510	274,135	52,350
Former CEO and director	220,445	-	141,510	361,955	188,721
Directors	-	35,255	176,887	212,142	20,000
Total	$ 523,570	$ 35,255	$ 742,926	$ 1,301,751	$ 573,315

Due to related parties represents advances made by officers and directors. The amounts are non-interest bearing, due on demand and bear no specific terms of repayment.

Included in Convertible Debentures Payable is $179,322 owing to officers and directors.

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 June 30, 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 June 30, 2020, the Company had a cash balance of $21,215 to settle current liabilities of $2,200,421. 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 June 30, 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) Upon the purchase of TSN, the Company took over a lease of 23 acres in Appleton Oregon at the rate of $48,000 US ($65,603 CDN) per year, paid annually at the beginning of each renewal period. Starting July 1, 2019, the Company recognized the lease as a right to own asset as the lease was renewable at the Company's option. In August, 2019, the lease was amended to include the use of buildings on the premises. Lease payments are now $6,242US ($8,531 CDN) per month.

b) The Company leases property that includes 60 acres of farmable land that is leased on a monthly basis at $6,250 US ($8,542 CDN) 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) Effective December 31, 2019, the Company leased property in Los Barrios, Spain that includes 9 hectares of irrigable land. The lease is for 5 years at €18,000 ($27,669 CDN) per year, increasing by 5% every year.

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.

Management must make significant judgments or assessments as to how financial assets and liabilities are categorized. The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

b) *Functional currency*

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar, which is also the reporting currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21. An entity considers the following factors in determining the functional currency of entities under its control:
i) the currency that mainly influences sales prices for goods and services,
ii) the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and
iii) the currency that mainly influences labour, material and other costs of providing goods or services.
The Company has determined that the function currency of TSN and LLC is the US dollar and for SE Spain is the European dollar (the "Euro").

c) *Estimated useful life and residual value of equipment*

The calculation of depreciation involves estimates concerning the economic life and salvage value of equipment.

d) *Fair value of share-based payments*

The fair value of share-based payments is calculated using a Bloch Scholes option-pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of underlying security, which can vary from actual future events. The factors applied in the calculation are management's best estimate based on historical information and future forecasts.

e) *Leases*

The Company applies judgement to determine whether an arrangement contains a lease. The evaluation requires the Company to determine whether a contract conveys the right to direct the use of an identified asset, the supplier has a substantive substitution right, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period and whether renewal options are reasonably certain of being exercised. For those arrangements considered to be a lease, further judgement is required to determine the lease term and the rate implicit in the lease.

f) Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make several estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged

g) *Convertible Debt*

The Company bifurcates proceeds from convertible debt into two components, a liability contract and a conversion feature that may or may not be equity. In the process of valuing the conversion feature, the Company must use judgment in estimating what the interest rate would be of a similar debenture, which is then used in calculating a present value calculation of future cash flows.

h) *Taxation*

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statements of financial position date and the likelihood of deferred tax assets being realized.

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 2020. 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 October 28, 2020 (date of report), the issued and outstanding share capital is comprised of 93,661,881 common shares.

Warrants

As at October 28, 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
August 21, 2021	13,409,999	$0.20
August 21, 2021	21,000	$0.25
October 17,2021	77,500	$0.60
February 26, 2022	31,250	$0.60
February 26, 2022	4,375	$0.60
	13,640,524	

Share Options

As at October 28, 2020, the following options were outstanding:

Expiry date	Number of options	Exercisable	Exercise price
February 7, 2025	1,300,000	13,000,000	$0.20
February 19, 2025	400,000	400,000	$0.40
	1,700,000	**1,700,000**	

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 June 30, 2020, the Company has incurred an accumulated loss of $5,538,347 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.