



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

This "Management's Discussion and Analysis" ("MD&A") has been prepared as of April 26, 2019 and should be read in conjunction with the audited consolidated financial statements of Mezzotin Minerals Inc. (the "Company" or "MMI"), for the years ended December 31, 2018 and 2017. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which are generally accepted accounting principles in Canada for reporting issuers and are reported in Canadian dollars unless otherwise stated.

Unless otherwise stated, all financial analysis, data and information set out in this MD&A are unaudited.

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with the Company's business, and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward-looking statements are not historical facts but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below. Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

### **Overview of the Business**

The Company was incorporated on October 27, 2005 and became a reporting issuer as a Capital Pool Company on March 17, 2006. On May 10, 2011, Zoolander completed its Qualifying Transaction with the acquisition of Adsani Explorations (Pty) Ltd. ("Adsani"), a South African registered company, and its wholly-owned Zimbabwean subsidiary Mezzotin Investments (Private) Limited ("Mezzotin"). The acquisition constituted a reverse acquisition for accounting purposes.

Mezzotin's common shares are listed on NEX board of the TSX Venture Exchange under the symbol "MEZZ.H". The Company is a reporting issuer in British Columbia, Alberta and Ontario. As of April 29, 2019 Mezzotin shares will be delisted as the company does a reverse takeover with Indus Holdings and the current shareholders of Mezzotin will become shareholders in a new public company Indus Holdings, Inc.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

The Company previously held mining claims known as the Sabi Star Property ("Sabi Star"). Sabi Star is comprised of 30 rare earth exploration permits covering a total of 2,348 hectares. The property is located in Eastern Zimbabwe approximately 150 kilometres from Harare, the capital of Zimbabwe, and approximately 250 kilometres from the border of South Africa. The property is located on the Odzi Gold Belt, a known mineralization belt having historically produced gold, copper, tin, tantalum, niobium and diamonds.

The Company received approval from the shareholders at its Annual General Meeting in June 2018 to sell the mining claims and in November entered into a binding letter with a vertically integrated cannabis producer to enter into a reverse takeover of Mezzotin by the security holders of the target company.

As of the date of this MD&A, the directors and officers of the Company were:

Paul Ekon	President, CEO and Director
Christine He	Director
Shawn Mace	Director
Jason Chen, PhD	Director
Lawrence Schreiner, CPA, CA	CFO

## **Highlights and Summary**

In the three months and year ended December 31, 2018 the Company had a net profit (loss) of \$69,366 and (\$518,833), respectively, compared with a net loss of (\$33,629) and (\$206,186) respectively in the corresponding periods of 2017. On a per share basis, in the three months and year ended December 31, 2018 the Company had a profit (loss) per share of \$0.001 and (\$0.010), respectively, compared with a loss per share of (\$0.018) and (\$0.011) in the corresponding periods of the prior year.

On April 11, 2018 the Company announced that, subject to regulatory approval, it had agreed to issue 8,014,969 common shares at a deemed price of \$0.05 per share to Hong Kong-based Max Mind Investment Limited ("Max Mind") to settle indebtedness owing to Max Mind. Max Mind, through a Zimbabwean subsidiary, holds the rights to develop the Company's Sabi Star rare earth project located in Eastern Zimbabwe through a Tribute Agreement signed in December 2015. On May 25, 2018 the Company received the requisite approvals and settled the debt, which included principal and accrued interest in the amount of \$400,748 (US\$314,831) which had been loaned to the Company pursuant to a Loan Agreement dated December 2015. Upon completion of the debt settlement, Max Mind owns approximately 14.1% of the outstanding common shares of the Company. All shares issued under the debt settlement transaction are subject to a 4-month hold period.

On May 9, 2018 the Company announced that a definitive agreement has been entered into by the Company's Zimbabwean subsidiary for the sale of its Sabi Star rare earth property (the "Property Sale") to a Zimbabwean subsidiary (the "Purchaser") of Hong-Kong based Max Mind Investment Limited ("Max Mind") for US\$125,000.

Neither the property sale nor the debt settlement is conditional upon the completion of the other transaction.

By virtue of the debt settlement, Max Mind is considered to be a "related party" of the Company under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (the "Rule") and TSX Venture Exchange Policy 5.9 (the "Policy") and the proposed Property Sale is considered to be a "related party transaction" under the Rule and Policy. The Property Sale is however, exempt from the formal valuation requirements of the Rule and Policy as the Company's common shares are not listed on a specified stock exchange or market. In addition, the proposed Property Sale is exempt from the minority approval requirements of the Rule and Policy as the proposed transaction is supported by Paul Ekon, President and Chief Executive Officer of the Company and beneficial owner of approximately 52.6% of the outstanding common shares of the Company.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

As the sale of the Sabi Star property constituted the indirect sale of substantially all of property and assets of the Company, the proposed transaction was subject to the approval of shareholders holding not less than two-thirds of the common shares of the Company voting on the matter. An annual and special meeting of shareholders was held on June 25, 2018 at which time the shareholders voted in favor of the sale.

The sale of the property closed on September 28, 2018 and the proceeds from the sale were used to retire debt owing to Max Mind Investment Limited.

At the June 25, 2018 meeting, the shareholders, in addition to approving the sale of the properties, elected the directors put forth in the information circular and approved a 10% "rolling incentive stock option plan. The shareholders also voted in favor of authorizing the Directors of the Company to affect a name change and to consolidate the number of shares outstanding only in the event of Mezzotin Minerals being reactivated through a reactivation transaction. Further information on these resolutions are available in the Information Circular which can be found at [www.sedar.com](http://www.sedar.com).

Since the decision was made to sell the mining properties, the Company has been searching for assets or businesses in a broad range of sectors and industries to merge with or acquire to reactivate the Company and maximize value for shareholders. On November 13, 2018, the Company announced that it has entered into a binding letter agreement dated as of November 12, 2018 (the "Letter Agreement") with Salinas, California-based Indus Holding Company ("Indus"), a vertically integrated cannabis company with production capabilities, including cultivation, extraction, manufacturing, brand sales and marketing, and distribution. The Letter Agreement outlines the proposed terms and conditions pursuant to which Mezzotin and Indus will affect a business combination that will result in a reverse takeover of Mezzotin by the security holders of Indus.

At a shareholders meeting on January 16, 2019, the shareholders of Mezzotin Minerals were presented with a number of resolutions to review and approve related to the Indus transaction. The resolutions, including the appointment of a new board of directors, new auditors, new class of shares, name change, continuance as a corporation under the laws of British Columbia, delisting from TSX and relisting on the CSE and a new equity incentive plan, were necessary to set the groundwork for the transaction. The shareholders approved all the resolutions, which are subject to the completion of the transaction.

On April 2, 2019, Indus and the Company announced the signing of the Definitive Agreement detailing the terms of the business transaction. In general terms, the current Mezzotin shareholders will exchange their Mezzotin shares for approximately \$2.25 million in value of Indus shares, less any working capital deficiency, exclusive of certain transaction costs and liabilities. The Mezzotin/Indus transaction closed on April 26, 2019 and effective Tuesday May 30, the shares will be trading as Indus Holdings, Inc. on the Canadian Stock Exchange.

All matters of a material nature are made available at [www.sedar.com](http://www.sedar.com).



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

## Selected Financial Information

The following table sets out selected financial information for the three most recently completed financial years.

(audited)	Years ended December 31		
	2018	2017	2016
Loss before income taxes	<b>\$ (518,833)</b>	\$ (206,186)	\$ (256,594)
Net loss	<b>\$ (518,833)</b>	\$ (206,186)	\$ (256,594)
Weighted average number of shares outstanding	<b>53,810,040</b>	48,979,100	48,979,100
Loss per share (basic and fully diluted)	<b>\$ (0.01)</b>	\$ (0.00)	\$ (0.01)
Cash	<b>\$ 5,903</b>	\$ 63,269	\$ 60,979
Working capital (deficiency)	<b>\$ (215,286)</b>	\$ (229,207)	\$ (203,904)
Total assets	<b>\$ 18,152</b>	\$ 791,925	\$ 880,621

In the three months and year ended December 31, 2018 the Company recorded a profit (loss) of \$69,366 and (\$518,833) respectively. The profit in the quarter included a gain on the disposal of vehicles and equipment in November 2018 of \$156,408, a loss on the sale of the Adsani and Mezzotin ZIM subsidiaries in December 2018 of \$82,892 and the recognition of a gain on foreign exchange reserves of \$156,408 brought to income as a result of the disposals of foreign properties and subsidiaries. The loss for the year included a loss on the disposal of the mineral rights at the end of Q3, 2018.

At December 31, 2018, the company had disposed of all its operating assets and subsidiaries and was effectively a shell corporation.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

## Discussion of Operating Results

The following table summarizes the Company's operating results for the three months and years ended December 31, 2018 and 2017:

	Three months ended December 31 (unaudited)		Year ended December 31 (audited)	
	<b>2017</b>	2017	<b>2018</b>	2017
Consulting fees	<b>\$ 30,500</b>	\$ 10,500	<b>69,000</b>	45,500
Professional fees	<b>4,056</b>	(4,199)	<b>74,034</b>	30,890
Salaries and wages	<b>78,260</b>	5,651	<b>101,626</b>	23,044
Shareholder communications	<b>2,269</b>	3,222	<b>23,290</b>	28,473
General and administrative	<b>24,693</b>	10,290	<b>47,379</b>	43,371
Depreciation	<b>6,236</b>	9,595	<b>32,675</b>	42,481
Loss on disposal of exploration and evaluation assets	-	-	<b>380,537</b>	-
Gain on disposal of property and equipment	<b>(156,408)</b>	-	<b>(156,408)</b>	-
Loss on sale of subsidiaries	<b>82,892</b>	-	<b>82,892</b>	-
Foreign exchange (gain) loss	<b>(142,298)</b>	-	<b>(142,298)</b>	-
Rental income	-	(2,865)	-	(11,687)
Interest expense	<b>434</b>	1,435	<b>6,106</b>	4,114
<b>Net income (loss)</b>	<b>\$ 69,366</b>	\$ (33,629)	<b>\$ (518,833)</b>	\$ (206,186)



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

### Consulting fees

In the three months and year ended December 31, 2018 the Company incurred costs of \$30,500 and \$69,000, respectively (2017 - \$10,500 and \$45,500). The consulting fees include amounts paid to a company controlled by an officer of the Company for management services including accounting, CFO and corporate secretarial services and in the three-month period ended December 31, 2018 includes a bonus of \$20,000. (see – “Related Party Transactions”). Included in the total for 2017 is a fee of \$3,500 paid to third parties for consulting services related to valuation services.

### Professional fees

Professional fees include amounts paid for legal, audit and other professional services. The following table sets out the professional fees by category:

(Unaudited)	Three months ended December 31		Year ended December 31	
	2018	2017	2018	2017
Legal	<b>\$ 2,667</b>	\$ 14,909	<b>\$ 49,519</b>	\$ 29,496
Reversal of legal accrual	-	(26,806)	-	(26,806)
Audit and accounting	<b>1,389</b>	6,000	<b>24,515</b>	26,500
Other professional fees	-	1,700	-	1,700
Total	<b>\$ 4,056</b>	\$ (4,199)	<b>\$ 74,034</b>	\$ 30,890

In the three months and year ended December 31, 2018, the Company recorded legal fees of \$2,667 and \$49,519, respectively compared with \$14,909 and \$29,496, respectively in the corresponding periods of the prior year. The legal fees for 2018 are higher due to the number of transactions in the year including debt conversion and sale of various assets.

In the three months and year ended December 31, 2017, the Company reversed accrued legal fees made in prior years having determined that the original accrual was in excess of the final fees billed.

Audit fees include fees for audit and tax preparation services and are accrued on a quarterly basis.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

### Salaries and wages

For the three months and year ended December 31, 2018 the Company incurred salary and related cost of \$78,260 and \$101,626 respectively (2017 - \$5,651 and \$23,044, respectively). Included in the salaries and wages expense for the three months ended December 31, 2018 are severance costs of \$22,260 related to the termination of employment of the security personnel at the mining sites in Zimbabwe, and a bonus amount of \$55,000 accrued for board members for their services.

### Shareholder Communications

This category of expense includes regulatory fees, filing fees, costs associated with the annual general meeting, press releases and transfer agent fees and board and committee fees.

In the three months and year ended December 31, 2018, the Company incurred costs of \$2,269 and \$23,290, respectively, compared with \$3,222 and \$28,473, respectively in the corresponding periods of the prior year.

### General and administrative

General and administrative costs include office related costs such as rent, telephone, insurance, supplies as well as cost associated with general operations, repairs and maintenance at the properties. The following table sets out the costs in the major categories:

(Unaudited)	Three months ended December 31		Year ended December 31	
	2018	2017	2018	2017
Rent, telephone, supplies	<b>\$ 1,800</b>	\$ 4,665	<b>\$ 7,200</b>	\$ 18,887
Insurance	<b>5,620</b>	4,672	<b>19,912</b>	19,375
Repairs and maintenance	<b>12,504</b>	-	<b>12,504</b>	-
Other costs	<b>4,769</b>	953	<b>7,763</b>	5,108
Total	<b>\$ 24,693</b>	\$ 10,290	<b>\$ 47,379</b>	\$ 43,371

Rent, telephone, supplies include office rent in Toronto as well as rent in Harare for the periods in 2017. Repairs and maintenance includes expenses related to updated registrations of the vehicles sold in November 2018.

### Depreciation

The Company records depreciation on its Property and Equipment fixed assets whether or not the asset was in use. The depreciation charge is intended to reflect the deterioration over time of the nature of the assets. In the three months and year ended December 31, 2018, the Company recorded depreciation of \$6,236 and \$32,675, respectively (2017 - \$9,595 and \$42,481, respectively) on its Property and Equipment assets.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

#### Loss on disposal of exploration and evaluation assets

The Company owned a 100% interest in the Sabi Star Property held by Mezzotin ZIM, through its wholly-owned subsidiary, Adsani. The property is comprised of 30 rare earth exploration permits covering a total of 2,348 hectares located in Eastern Zimbabwe, approximately 180 kilometers from Harare, Zimbabwe, approximately 250 kilometers from the border of South Africa. The property is located on the Odzi Gold Belt, a known mineralization belt having historically produced gold, copper, tin, tantalum, niobium and diamonds.

On May 9, 2018 the Company announced a definitive agreement for the sale of the Sabi Star properties to a Zimbabwean subsidiary of Max Mind Investment Limited for \$160,038. The transaction was subject to a number of conditions including regulatory approvals, independent valuation and approval by the shareholders of Mezzotin Minerals Inc.

As at September 28, 2018, the Company had satisfied all the conditions and received the requisite approvals and the transfer was completed. The Company recorded a loss on the disposal of the properties of \$380,537 being the difference between the carrying value of the asset and the sales proceeds, expressed in Canadian dollars. The proceed from the sale were applied against amounts owing to Max Mind under the loan agreement signed in December 2015.

#### Gain on disposal of property and equipment

On November 30, 2018 Mezzotin ZIM sold its property and equipment related to its mining activities for gross proceeds of \$317,328. The Company recorded a gain of \$156,408 on the sale of the assets. The proceeds were used to retire all third-party debts in Zimbabwe. The excess of proceeds over the retired local debt remained as an asset in Zimbabwe and were subject to currency controls. As such, the Company was unable to repatriate the excess cash prior to the sale of the subsidiaries.

#### Loss on sale of subsidiaries

On December 31, 2018, the Company concluded the sale of its Adsani subsidiary, and in turn its subsidiary Mezzotin Investments in Zimbabwe, to a third party for nominal consideration of \$1. The intention was to clear the Company of any foreign subsidiaries prior to concluding the transaction with Indus Holdings. After the sale of the exploration properties and the vehicles and equipment, the Company's subsidiaries were only shell corporations with few tangible assets. The Company recorded a loss of \$82,892 on the sale of the subsidiaries, representing the value of the tangible assets in excess of the proceeds. As part of the sales transaction, the Company entered into a mutual release agreement with the buyer.

#### Rental income

In the three months and year ended December 31, 2017 the company recorded other income of \$nil and \$nil, respectively (2017 - \$2,998 and \$11,687, respectively) from the rental of vehicles to a company whose CEO is a director of the Company's subsidiary (see "Related Party Transactions"). The lease expired December 31, 2013 and has carried on month to month basis subsequent to that time. Effective December 31, 2017 the vehicle was no longer rented to the related party.





**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

## Deferred costs

In the three months and years ended December 31, 2018 and 2017 the Company did not defer any development charges. Under the terms of the Tribute Agreement, the developer company is responsible for all development charges as well as payment of land claim license fees which would otherwise be paid by the Company.

## Quarterly Financial Information

The following table sets out the operating results for the last eight quarters:

	Revenue	Net Profit (Loss)	Earnings (Loss) per share
December 31, 2018	Nil	\$69,366	\$0.001
September 30, 2018	Nil	(\$431,261)	(\$0.008)
June 30, 2018	Nil	(\$99,142)	(\$0.002)
March 31, 2018	Nil	(\$57,796)	(\$0.001)
December 31, 2017	Nil	(\$33,629)	(\$0.000)
September 30, 2017	Nil	(\$62,751)	(\$0.001)
June 30, 2017	Nil	(\$58,828)	(\$0.001)
March 31, 2017	Nil	(\$50,978)	(\$0.001)

In the three months ended December 31, 2018 the Company recorded a profit of \$69,366 primarily on the one-time disposal of assets as the Company exited the mining business. Included in the profit in the quarter are the foreign exchange gains, gains on sale of property and equipment and a loss on the sale of the subsidiaries.

In the three months ended September 30, 2018 the Company recorded a loss of \$431,261. Included in this amount is the loss of \$380,537 on the sale of the Sabi Star Properties. The loss in the period, excluding the loss on the sale of the properties would be consistent with prior periods.

In the three months ended June 30, 2018, the Company incurred a loss of \$99,142. The increase in the loss is primarily attributable to an increase in professional fees related to the debt settlement and property sale agreements as well as costs related to the shareholders' meeting in June 2018.

In the three months ended March 31, 2018, the Company incurred a loss of \$57,796. The increase in the loss is primarily attributable to an increase in professional fees related to the debt settlement and property sale agreements.

In the three months ended December 31, 2017, the Company incurred a loss of \$33,629. In the period, the Company reversed an accrued expense of \$26,806 originally booked in a prior year and reducing the current quarter's loss.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

In the three months ended September 30, 2017, the Company incurred a net loss of \$62,751. The loss is higher than the previous quarter because of increased professional and consulting fees, as well as expenses related to the AGM held in July.

In the three months ended June 30, 2017, the Company incurred a net loss of \$49,440. The loss reflects the ongoing costs of operations. There was no development activity on the Sabi Star properties by Max Mind in the quarter.

In the three months ended March 31, 2017, the Company incurred a net loss of \$50,978. The loss reflects the ongoing costs of operations. There was no development activity on the Sabi Star properties while the developer is still working on its development plans.

### **Liquidity and Capital Resources**

At December 31, 2018, the Company's cash balance was \$5,903 (2017 - \$63,269). At December 31, 2018, the Company had a working capital deficit of \$215,286 compared with a deficit of \$229,207 at the corresponding date in the prior year.

The Company's financial liquidity has been supported primarily by loans from Max Mind Investment Limited. The Company has sold assets and paid down debt with the proceeds. Management has undertaken a number of steps in the past year to revert Mezzotin to a public shell and seek an operating company for amalgamation purposes.

The Company has also negotiated a conversion of debt to common shares (see "Share Capital") in order to improve its balance sheet. On November 13, 2018 the Company announced it had entered into a binding letter agreement with Indus Holding Company to affect such a business combination.

The Company's investment practice may include investing cash balances in term deposits and bankers' acceptances. Any investment in short-term investments would be high quality instruments of financial institutions, providing the Company with very low levels of liquidity risk on its invested financial instruments.

### **Notes Payable**

As at December 31, 2018 the Company has issued two promissory notes to Max Mind Investment Limited on March 6, 2018 and June 11, 2018 in the amount of US\$50,000 and US\$60,000, respectively. The notes are unsecured, payable on demand and bears interest at 5% per annum.

The proceeds of US\$125,000 from the sale of the Sabi Star properties was applied against the balance of US\$40,000 Loan Payable outstanding under the Loan Agreement and the balance of US\$85,000 against the Notes Payable. As of December 31, 2018, the balance remaining owing on the Notes Payable was US\$25,000 or \$34,105 plus accrued interest of \$5,949.

On January 14, 2019 the Company issued another promissory note to Max Mind Investment Ltd. in the amount of US\$25,000 under the same terms and conditions.

In conjunction with the closing of the Indus transaction, the Notes Payable were paid in full.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

## **Long Term Debt**

On December 31, 2015 the Company entered into a Loan Agreement with Max Mind Investment Limited, ("Max Mind") a Hong Kong based investment company, for a loan up to US\$500,000. At the same time, the Company entered into a Tribute Agreement whereby a subsidiary of Max Mind would develop the Mezzotin properties and pay a royalty of 20% of pre-tax profits. The royalty payments were to be applied to the outstanding principal and interest outstanding under the Loan Agreement.

On April 11, 2018, the Company announced it has agreed to issue common shares to Max Mind Investment Limited, a Hong Kong investment company, to settle a portion of the indebtedness owing to Max Mind.

On May 25, 2018 the Company issued 8,014,969 common shares at a deemed price of \$0.05 per share to Max Mind. The shares were issued as settlement for \$400,748 of debt advanced to the Company under the December 31, 2015 Loan Agreement. The issue price was in excess of the market value but represents the minimum issue price under the TSX-V's debt settlement rules.

The balance of US\$40,000 outstanding under the Loan Agreement was retired on September 28, 2018 from the proceeds of the sale of the exploration properties.

## **Share Capital**

On May 25, 2018 the Company issued 8,014,969 common shares to Max Mind Investment Limited in conjunction with a debt settlement arrangement. Upon issue of the shares, Max Mind became a 14.1% owner of the company and is now considered a related party. As of the date of this MD&A, there were a total of 56,994,069 common shares outstanding.

As at December 31, 2018 and the date of this MD&A, there were no options pursuant to the Employee Stock Option Plan or warrants issued or outstanding.

## **Capital Commitments**

The Company does not have any material commitments for capital assets as of December 31, 2017 or as of the date of this MD&A.

## **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as of the date of this MD&A.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

## **Related Party Transactions**

Related parties include the Board of Directors and officers of the Company and its subsidiaries including close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Following is a summary of the related party transactions:

- a) During the year ended December 31, 2018, the Company recorded rental income of \$nil (2017 – \$11,687) related to the rental of a vehicle to a company where the director of the Company's subsidiary was an officer.
- b) During the year ended December 31, 2018 the Company incurred costs of \$nil, (2017 – \$11,687) for office rent paid to a company where a Mezzotin ZIM Director was a senior officer. In 2017, the rental costs are included in General and Administrative expenses.
- c) During the year ended December 31, 2018 the Company incurred costs of \$69,000 (2017 - \$42,000) for executive and management services to a company controlled by an officer of the Company. The amounts are included in consulting fees.
- d) On September 28, 2018 the Company concluded a transaction whereby the mineral rights were sold for gross proceeds of \$160,038 to Max Mind, a company holding an interest greater than 10% of the common shares of Mezzotin Minerals. Sale of the mineral rights constituted a material asset and was subject to the review and approval of the TSX and other regulatory bodies. The transaction was also approved by the shareholders of Mezzotin Minerals at the Company's annual general meeting on June 25, 2018.
- e) In the year ended December 31, 2018 the Company recorded interest expense of \$3,862 on the notes payable described in note 10.
- f) In the year ended December 31, 2018 the Company recorded interest expense of \$2,488 (2017- \$4,114) on the loans payable described in note 9.
- g) The loan payable described in note 9 and the notes payable described in note 10 are due to a related party, Max Mind. Subsequent to the year end, the Company issued another promissory note to Max Mind for US\$25,000.
- h) At December 31, 2018, the Company accrued \$75,000 in bonus compensation to the senior officers and Board members.

## **Indus Transaction**

On November 13, 2018, the Company announced that it has entered into a binding letter agreement dated as of November 12, 2018 (the "Letter Agreement") with Salinas, California-based Indus Holding Company ("Indus"), a vertically integrated cannabis company with world-class production capabilities, including cultivation, extraction, manufacturing, brand sales & marketing, and distribution. The Letter Agreement outlines the proposed terms and conditions pursuant to which Mezzotin and Indus will effect a business combination that will result in a reverse takeover of Mezzotin by the security holders of Indus.

Completion of the Proposed Transaction is subject to a number of conditions, including, without limitation, receipt of all necessary shareholder, third party and regulatory approvals, satisfactory completion of due diligence, the execution of definitive transaction documents, the delisting of the common shares of Mezzotin from the NEX Board of the TSX Venture Exchange and conditional approval to list the equity shares (the "Resulting Issuer Shares") of the issuer resulting from the Proposed Transaction (the "Resulting Issuer") on the Canadian Securities Exchange (the "CSE").

On April 2, 2019, Indus and the Company announced the signing of the Definitive Agreement detailing the terms of the business transaction. In general terms, the current Mezzotin shareholders will exchange their Mezzotin shares



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

for approximately \$2.25 million in value of Indus shares, less any working capital deficiency, exclusive of certain transaction costs and liabilities.

On April 26, 2018, Indus and the Company completed the reverse takeover transaction. The shareholders of Mezzotin Minerals will have their shares converted to shares in Indus Holdings, Inc. and will commence trading on the Canadian Securities Exchange ("CSE") on April 30, 2019. The transaction is still subject to a number of conditions including necessary third party and regulatory approvals.

Additional information and filings related to this proposed transaction can be found at [www.sedar.com](http://www.sedar.com)

## **Financial Instruments**

### **Fair Value of Financial Instruments**

The Company has designated its cash as held for trading, which is measured at fair value. Fair value of marketable securities is determined based on transaction value and is categorized as Level 1 measurement. HST recoverable and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which approximates fair value. Accounts payable and accrued liabilities and property options payable are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also approximates fair value. Fair value of accounts payable and accrued liabilities and property options payable are determined from transaction values which were derived from observable market inputs. Fair values of accounts payable and accrued liabilities and property options payable are based on Level 2 measurements.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate fluctuations on its Loan Payable, where interest is expressed in relation to the prevailing LIBOR rate.

### **Foreign Exchange Risk**

The Company has exposure to foreign risk primarily with respect to the US Dollar. The Company's promissory notes are expressed in US Dollars. The Company does not hedge its foreign exchange risks.

### **Liquidity Risk**

The Company manages liquidity risk by ensuring that all near cash and short-term investments are in secure, high quality instruments with short term maturity dates to ensure that it will be able to meet liabilities when due.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

## **New and Future Accounting Pronouncements**

The following amendments were adopted by the Company in the fiscal years ending December 31, 2018 and 2017:

### *IFRS 9, Financial Instruments*

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39") for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 was effective as at January 1, 2018, with early adoption permitted. The implementation of this standard did not have a material impact on the financial reporting of the Company.

### *IFRS 15, Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 to replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple element arrangements. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it was effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The implementation of this standard did not have a material impact on the financial reporting of the Company.

### *IFRS 2, Share-based Payment*

In June 2016, the IASB issued amendments to IFRS 2, which expands upon the guidance for recognizing a liability for cash-settlement of a share-based payment as well as transactions with a net settlement feature for withholding tax obligations. These amendments are effective for annual periods beginning on or after January 1, 2018.

### *IFRS 4, Insurance Contracts*

In September 2016, the IASB issued amendments to IFRS 4, which permits insurers to apply the overlay approach to designated financial assets and to reclassify in specified circumstances some or all of their financial assets so that the assets are measured at fair value through profit or loss. These amendments are effective for periods beginning on or after January 1, 2018.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

The following accounting pronouncements have been issued but are not yet effective. The Company has not early adopted these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

*IFRS 16, Leases*

IFRS 16 was issued in January 2016, replaces IAS 17, Leases. IFRS 16 results in most leases being reported on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease and is effective for annual periods beginning on or after January 1, 2019. Under IFRS 16, all operating leases, except for short term and low value leases, are expected to be accounted for as finance leases. IFRS 16 also does not apply to leases to explore for or use mineral, oil, natural gas and similar non-regenerative resources. The Company does not believe IFRS 16 will have a material impact on the financial reporting of the Company.

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRS. These amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

IFRS 3, *Business Combinations* ("IFRS 3") and IFRS 11, *Joint Arrangements* ("IFRS 11") – The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12, *Income Taxes* – The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

IAS 23, *Borrowing Costs* – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements

## **Risks and Uncertainties**

An investment in the Company's shares should be considered highly speculative. An investor should carefully consider each of, and the cumulative effect of, the following risks and uncertainties.

### **Financing Requirements**

Should the Indus transaction not conclude, or if there are delays in the conclusion, the Company may require additional financing to meet current obligations. When such additional capital is required, the Company may pursue sources of such capital through various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all, may not obtain the capital required by other means and failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations.



**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

**Dilution Risk**

To finance future operations and development efforts, the Company may raise funds through the issue of Company Shares or securities convertible into Company Shares. The constating documents of the Company will allow it to issue, among other things, an unlimited number of Company shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The size of future issues of Company shares or securities convertible into Company shares or the effect, if any, that future issues and sales of the Company shares will have on the price of the Company shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued Company shares or securities convertible into Company Shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

**Additional disclosure for Venture Issuers without Significant Revenue**

The requisite disclosure for Venture issuers without significant revenue has been addressed in the Discussion of Operations section.

**Subsequent Event**

On November 13, 2018, the Company announced that it has entered into a binding letter agreement (the "Letter Agreement") with Salinas, California-based Indus Holding Company ("Indus"), a vertically integrated cannabis company with world-class production capabilities, including cultivation, extraction, manufacturing, brand sales & marketing, and distribution. The Letter Agreement outlines the proposed terms and conditions pursuant to which Mezzotin and Indus will affect a business combination that will result in a reverse takeover of Mezzotin by the security holders of Indus.

On March 29, 2019, Indus and the Company announced the signing of the Definitive Agreement detailing the terms of the business transaction. In general terms, the current Mezzotin shareholders will exchange their Mezzotin shares for approximately \$2.25 million in value of Indus shares, less any working capital deficiency, exclusive of certain transaction costs and liabilities.

The transaction closed on April 26, 2019. The new Company will trade under the name Indus Holdings, Inc. and commence trading on the CSE on April 30<sup>th</sup> 2019. As part of the transaction, the Mezzotin shares were consolidated in a ratio of 485.3 Mezzotin shares for one Indus Holdings, Inc. share. Additional information on this transaction can be found at [www.sedar.com](http://www.sedar.com).





**Mezzotin Minerals Inc.**  
**Management's Discussion and Analysis**  
**For the Three Months and Year Ended**  
**December 31, 2018**

### **Outstanding Shares**

The following table outlines the equity securities of the Company and all other securities of the Company which are convertible into, exercisable or exchangeable for voting or equity securities as of the date of this MD&A:

	Number
Shares outstanding January 1, 2018	48,979,100
Issued May 25, 2018 re: debt settlement	<u>8,014,969</u>
Total shares outstanding as of this date	56,994,069
Issuable under warrants and options	<u>nil</u>
Total diluted common shares	<u>56,994,069</u>

### **Additional Information**

Additional information relating to the Company including the Company's proposed transaction with Indus Holdings can be found on SEDAR at [www.sedar.com](http://www.sedar.com).