PURE EXTRACTS TECHNOLOGIES CORPORATION (FORMERLY BIG SKY PETROLEUM CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Pure Extracts Technologies Corporation (formerly Big Sky Petroleum Corporation) ("Big Sky" or the "Company") and has been prepared based on information known to management as of November 30, 2020. This MD&A is intended to help the reader understand the financial statements of Big Sky.

The following information should be read in conjunction with the reviewed quarterly financial statements for the nine-month period ended September 30, 2020 and audited financial statements for the year ended December 31, 2019 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The MD&A provides a review of the performance of the Company for the nine-month ended September 30, 2020. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the financial statements and MD&A, 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 regularly to review the financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

CHANGE IN PRESENTATION CURRENCY

On January 1, 2020, the Company changed its presentation currency from the U.S. dollar to the Canadian dollar. This change in presentation currency is to better reflect the Company's business activities, comprised primarily of Canadian dollar transactions as it provides more relevant presentation of the Company's financial position, financial performance and its cash flows. The Company's functional currency remains as Canadian dollar. The condensed interim financial statements for all periods presented have been translated into the new presentation currency in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates.* As the change in presentation currency represents a change in accounting policy, the Company applies the change retrospectively and makes a retrospective restatement of items in its condensed interim financial statements and presents a third statement of financial position as at the beginning of the preceding period to comply with the provisions of IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The condensed interim financial statements have been restated to reflect the Company's results as if they had been historically presented in CAD. The currency translation reserve was reset to $Nil as at January 1, 2020 and share capital and other reserves were translated at the historic rates prevailing at the dates of underlying transactions. As a practical measure, the comparative shareholders' deficit balances were translated at the January 1, 2019 exchange rate.

The change in presentation currency resulted in the following impact on the January 1, 2019 opening condensed interim statement of financial position:

	Reported at January 1, 2019 in USD ($)	**Presentation currency change ($)**	**January 1, 2019 in CAD ($) (Restated)**
Total assets	41,654	15,173	56,827
Total liabilities	133,314	48,567	181,881
Total shareholders' deficiency	(91,660)	(33,394)	(125,054)

The change in presentation currency resulted in the following impact on the December 31, 2019 condensed interim statement of financial position:

	Reported at December 31, 2019 in USD ($)	**Presentation currency change ($)**	**December 31, 2019 in CAD ($) (Restated)**
Total assets	24,921	7,449	32,370
Total liabilities	179,794	53,741	233,535
Total shareholders' deficiency	(154,873)	(46,292)	(201,165)

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

The following forward-looking statements have been made in this MD&A:

- Future budgets and how long the Company expects its working capital to last; and
- Management expectations of future activities and results.

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1. Background

The Company was incorporated under the Canada Business Corporations Act on February 3, 2006 and, effective July 6, 2009, changed its continuance out of the federal jurisdiction into the British Columbia jurisdiction under the Business Corporations Act (British Columbia). The Company has been listed on the TSX Venture Exchange (the “TSX-V” or “Exchange”) since May 5, 2006. Its shares began trading under the symbol “BSP” effective December 5, 2011. On December 3, 2013, the Company consolidated its share capital on the basis of one new share for every 10 old shares.

On October 28, 2020, the Company consolidated its shares on a 6:1 basis pursuant to the transaction with Pure Extract Manufacturing Corp. (formerly Pure Extract Technologies Inc.) (“Pure”) described below (See Note 7, Note 8 to the condensed interim financial statements for the nine months ended September 30, 2020 and 2019). As a result, all share and per share information have been restated to reflect the completion of the share consolidation. The exercise price of, and the number of common shares issuable under any securities of the Company has also been proportionally adjusted.

2. Overview

The Company signed a letter of intent on February 18, 2020 with Pure in relation to a proposed business combination (the “Acquisition”).

Pure has a fully built carbon dioxide extraction facility in Pemberton, British Columbia and has received the standard processing license from Health Canada.

On October 20, 2020, the Company entered into an Amalgamation Agreement with a newly incorporated wholly owned subsidiary (“Acquireco”) and Pure, pursuant to which the Company acquired all of the issued and outstanding shares of Pure (“Pure Shares”) by way of a “three-cornered” amalgamation (“Transaction”) whereby:

(1) Acquireco and Pure amalgamated, thereby forming Amalco;

(2) each shareholder of Pure (“Pure Shareholder”) transferred their Pure Shares to the Company in exchange for common shares on the basis of 2.6666666 common shares for each Pure Share, resulting in an aggregate of 63,621,026 common shares being issued to the former Pure Shareholders;

(3) the Company received one fully paid and non-assessable common share of Amalco for each common share of Acquireco held by the Company, following which all such common shares of Acquireco were cancelled;

(4) the Company received, for each common share issued in the Amalgamation, one common share of Amalco and Amalco became a wholly-owned subsidiary of the Company; and

(5) 10,596,676 options, 12,464,992 warrants and 12,000,000 performance securities of the Company were issued to the holders of the Pure options, Pure warrants and Pure performance securities, respectively, in exchange and replacement for, on an equivalent basis, such Pure options, Pure warrants and Pure performance securities, which were then cancelled.

(6) The Company issued 5,000,000 common shares for finder's fees associated with this Transaction.

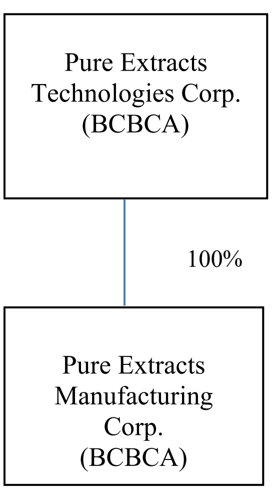
On October 28, 2020, prior to Amalgamation, the Company rolled back its shares on a six to one basis.

The Amalgamation resulted in Amalco becoming a wholly-owned subsidiary of the Company. On October 28, 2020, concurrently with the completion of the Amalgamation, the Company changed its name to "Pure Extracts Technologies Corp." and Amalco continued under the name "Pure Extracts Manufacturing Corp." On November 5, 2020, the Company's stock commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "PULL".

The Amalgamation was approved by the written consent of all of the Pure Shareholders and by the Company, in its capacity as sole shareholder of Acquireco. The Amalgamation was approved, pursuant to CSE Policies, by the written consent of greater than 50% of the Company's pre-Amalgamation shareholders.

Going forward, it is intended that the combined company will be a multifaceted company engaged in processing, extraction and sale of various branded products incorporating its full spectrum THC and CBD based oils. Additionally, the Company intends to obtain approval of the production and sale of its products into the European Union, as Pure's Pemberton facility has been built to European Union good manufacturing practice standards.

The following chart illustrates the intercorporate relationships that exist as of the date of the MD&A:



3. **Risks and Uncertainties**

Covid -19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods and effect on Company's operations.. Further restrictions may affect the Company's ability to keep the facility open and staffed to operate at full capacity and company may experience delay in receiving supplies and materials required for production.

Additional Funding Requirements

The Company has no sources of operating income at present.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain alternative financing, in which it has been successful in the past but there can be no assurance that additional debt or equity financing will be available on terms acceptable to the Company.

Reliance on Key Personnel

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not have key person insurance in effect for management. The contributions of these individuals to the Company's immediate operations are likely to be of central importance. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the Company's management.

Conflicts of Interest

Certain of the Company's directors are also directors of other companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the *Business Corporations Act* (British Columbia).

Regulatory Risks

The business and activities of the Company will be heavily regulated in all jurisdictions where it will carry on business of the extraction and processing of cannabis and hemp as a third-party service to licensed producers for toll processing or white-label processing and for its own private label of products incorporating its full spectrum THC- and CBD-based extracted oils. The proposed activities of the Company will be subject to various laws, regulations and guidelines by governmental authorities, including, but not limited to, Health Canada. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products and/or provision of its services. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products and services, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Regulatory Approvals, Permits and Licenses

If obtained, any licenses the Company or its subsidiaries (if any) obtain in Canada and/or abroad are expected to be subject to ongoing compliance and reporting requirements. Although the Company believes it and its subsidiaries (if any) will meet the requirements for their applications and future renewals for their licenses (if awarded), there can be no guarantee that government bodies will award or renew any applicable licenses or, if renewed, that such licenses will be renewed on the same or similar terms or that regulatory authorities will not revoke any licenses. Failure by the Company or any of its subsidiaries to comply with the requirements of their licenses or any failure to maintain such licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any jurisdiction in which the Company considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses to other businesses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

Government licenses are currently, and in the future may be, required in connection with the Company's and its subsidiaries' operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, for example, the Cannabis Act research license and hemp production license that have been applied for but not yet obtained, the Company and its subsidiaries may be prevented from operating and/or expanding their business, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements both in Canada and potentially abroad. The Company is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition. In particular, any amendment to or replacement of the Cannabis Act, may cause adverse effects to the Company's operations.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic.

Factors related to the Company's Facilities which may prevent realization of business objectives

Any adverse changes affecting the development or construction of a facility and commencement of analytical and research services could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that these changes or developments could adversely affect the Company's facilities by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;

(b) plant design errors;

(c) environmental pollution;

(d) non-performance by third party contractors;

(e) increases in materials or labour costs;

(f) construction performance falling below expected levels of output or efficiency;

(g) breakdown, aging or failure of equipment or processes;

(h) contractor or operator errors;

(i) labour disputes, disruptions or declines in productivity;

(j) inability to attract sufficient numbers of qualified workers;

(k) disruption in the supply of energy and utilities; or

(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

Environmental Risk and Regulation

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates or intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non- compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations.

The Canadian Medical and Recreational Cannabis Markets are Relatively New and these Markets may not Continue or Grow as Anticipated

As an anticipated license holder under the Cannabis Act, the Company will be operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry and market could have a material adverse effect on the Company's business, financial conditions and results of operations.

Limited Operating History

Pure was incorporated and began carrying on business in May 2018. It is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the combined company carrying on Pure's business will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Additional Financing

There is no guarantee that the Company will be able to execute on its business strategy. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the fair value of the common shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources of the Company.

Risks Related to the Cannabis Industry

The Company may not be able to develop its brands, products and services, which could prevent it from ever becoming profitable

If the Company cannot successfully develop, manufacture, distribute and provide its brands, products and services (as applicable) or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop successful brands, market-ready commercial products at acceptable costs, or provide sufficient services, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in its manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

The Company's directors, officers, employees and investors may be subject to entry bans into the United States

Cannabis is illegal under United States (U.S.) federal law. Individuals employed at or investing in cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with cannabis businesses. Entry to the U.S. is granted at the sole discretion of Customs and Border Protection ("**CBP**") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers that previous use of cannabis, or any substance prohibited by U.S. federal laws, could result in denial of entry to the U.S. business or financial involvement in the cannabis industry in Canada or in the U.S. could also be reason enough for CBP officers to deny entry. On September 21, 2018, CBP released a statement outlining its position with respect to enforcement of the laws of the U.S. It stated that Canada's legalization of cannabis will not change CBP enforcement of U.S. laws regarding controlled substances and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the cannabis industry in U.S. states or Canada may affect admissibility to the U.S. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the U.S. for reasons unrelated to the cannabis industry will generally be admissible to the U.S.; however, if such person is found to be coming into the U.S. for reasons related to the cannabis industry, such person may be deemed inadmissible. Employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the U.S. or Canada (such as the Company), who are not U.S. citizens, face the risk of being barred from entry into the U.S. for life.

If any of the Company's directors, officers and employees are determined to be inadmissible to enter the United States, this could have a negative impact on the Company's ability to operate in the U.S. In addition, the perception that involvement in the cannabis industry could lead to inadmissibility to the U.S. could make it more difficult for the Company to continue to retain and engage qualified directors, officers and employees in the future.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

There is potential for the Company to face intense competition from other companies, some of which have longer operating histories and more financial resources, industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger and better-financed competitors with geographic and other structural advantages could materially and adversely affect the proposed business, financial condition and results of operations of the Company. To date, the application process to secure a license under the Cannabis Act has remained rigorous and highly competitive. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. The current number of licenses granted and the rigorous regulatory landscape could hinder the Company's ability to secure a license, thereby having a negative impact on the operations of the Company.

If the number of users of medical and/or recreational cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of the Company.

Client Acquisition and Retention

The Company's success will depend to a substantial extent on the willingness of new customers to try or migrate to its service and/or products. If customers do not perceive the benefits of the Company's products and/or services, then the market for these products and/or services may not develop at all, or it may develop more slowly than expected, either of which would significantly adversely affect operating results. In addition, as a new company in this competitive market, the Company has limited insight into trends that may develop and affect its business. The Company may make errors in predicting and reacting to relevant economic and currency-related trends, which could harm its business.

There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to, the Company's ability to provide desirable and effective products and/or services, the Company's ability to successfully implement a customer-acquisition plan, continued growth in the number of medical and recreational cannabis users and the number of competitors providing similar products and/or services.

Transportation Risks

Due to the perishable nature of its proposed products, the Company will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the financial condition and results of operations of the Company.

4. Material Financial and Operations Information

(a) Review of Operations and Financial Results

For the three months ended September 30, 2020 compared to the three months ended September 30, 2019

During the three months ended September 30, 2020, the Company had a net loss of $17,030 ($0.00 loss per share) as compared to a net loss of $5,120 ($0.00 loss per share) for the same period in 2019. The increase in net loss is due to increased legal and accounting fees associated with the Transaction with Pure.

The Company's general and administrative expenses amounted to $17,030, (2019 - $5,297), an increase of $11,733. As discussed above, the increase is primarily due to increased professional fees associated with the Transaction with Pure.

For the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019

During the nine months ended September 30, 2020, the Company had a net loss from continuing operations of $41,498 ($0.00 loss per share) as compared to a net loss from continuing operations of $51,663 ($0.00 loss per share) for the same period in 2019. The decrease in net loss is due to the Company writing off $12,879 of accounts payable during the nine months ended September 30, 2020 in addition to a decrease in consulting fees of $36,000. This was offset by increased professional fess as a result of the Transaction with Pure during the nine months ended September 30, 2020.

The Company's general and administrative expenses amounted to $54,489, (2019 - $52,288), an increase of $2,201. Increase is due to the increase in professional fees associated with the Transaction with Pure. This is offset by a decrease in consulting fees of $36,000. The Company stopped paying consulting fees to CFO and CEO starting July 2019 to lower costs and conserve cash.

(b) Liquidity and Capital Resources

The Company had a working capital deficiency of $242,663 as at September 30, 2020 (December 31, 2019 –$201,165). Cash totaled $11,259 as at September 30, 2020, a decrease of $18,357 from $29,616 as at December 31, 2019.

As at September 30, 2020, the Company has no other outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Management estimates that the current cash position and future cash flows from operations will not be sufficient for the Company to carry out its operating plans through 2020. The Company will therefore rely on debt or equity financing in 2020 to continue with its operating plans.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

At September 30, 2020, the Pure had working capital deficiency of $5,310,761 (June 20, 2020 – $3,842,341). Cash totaled to $15,823 as at September 30, 2020 (June 30, 2020 – $134,395).

Management estimates that the current cash position may not be sufficient for Pure to carry out its operating plans through the fiscal year ended June 30, 2021. The Company will therefore rely on debt or equity financing to continue with its operating plans.

As at September 30, 2020, the Company had several loans, convertible debentures and a promissory note outstanding for the total amount of $6,130,752 which were secured by a general security agreement over all the Company's assets. Subsequent to September 30, 2020, these liabilities were converted to common shares of the Company.

(c) Disclosure of Outstanding Share Data

<u>Shares</u>

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

The Company did not issue any shares during the nine months ended September 30, 2020.

Subsequent to the nine months ended September 30, 2020, the Company issued:

- 63,621,026 common shares to Pure shareholders for the transaction;
- 5,000,000 common shares for finder’s fees related to the Pure transaction;
- 400,000 common shares for the exercise of 400,000 warrants;
- 1,200,000 common shares for the exercise of 1,200,000 performance securities; and
- 1,650,000 common shares for the exercise of 1,650,000 options.

As of the date of this MD&A, there were 73,950,537common shares issued and outstanding.

Options

The Company did not grant any options during the nine months ended September 30, 2020.

Subsequent to the nine months ended September 30, 2020:

- The Company granted 10,595,676 options for the Transaction with Pure; and
- Issued 1,650,000 common shares for the exercise of 1,650,000 options.

As of the date of this MD&A, there were 8,986,676 options outstanding. The following table summarizes the stock options outstanding and exercisable at as at the date of this MD&A:

Number of options outstanding	**Exercisable**	**Exercise price**	**Expiry date**
33,333	33,333	$0.075	November 5, 2021
100,003	12,500	$0.075	May 30, 2022
600,000	600,000	$0.30	November 5, 2022
40,000	40,000	$0.53	June 22, 2023
4,063,340	2,539,586	$0.075	November 1, 2024
500,000	250,000	$0.02	December 30, 2024
850,000	531,250	$0.02	March 1, 2025
500,000	166,666	$0.075	June 16, 2025
200,000	33,332	$0.30	June 16, 2025
750,000	750,000	$0.075	October 28, 2025
1,350,000	975,000	$0.30	October 28, 2025

Warrants

The Company did not grant any warrants during the nine months ended September 30, 2020.

Subsequent to the nine months ended September 30, 2020:

- The Company granted 12,464,992 in relation to the Transaction with Pure; and
- Issued 400,000 common shares for the exercise of 400,000 warrants.

As of the date of this MD&A, there were 12,064,992 warrants outstanding. The following table summarizes the warrants outstanding and exercisable at as at the date of this MD&A:

Number of warrants outstanding	**Exercise price**	**Expiry date**
11,600,000	$0.05	October 28, 2022
464,992	$0.50	October 28, 2022

Performance securities

The Company did not grant any performance securities during the nine months ended September 30, 2020.

Subsequent to the nine months ended September 30, 2020:

- The Company granted 12,000,000 performance securities in relation to the Transaction with Pure; and
- Issued 1,200,000 common shares for the exercise of 1,200,000 performance securities.

As of the date of this MD&A, there were 10,800,000,000 performance securities outstanding with an exercise price of $0.02 and expiring on October 16, 2025.

(d) Commitment and Contingency

None.

(e) Off-Balance Sheet Arrangements

None.

(f) Transactions with Related Parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments.

a) Included in accounts payable were the following amounts owed to related parties:

	September 30, 2020	December 31, 2019	January 1, 2019
A company affiliated with Yana Popova, the CFO of the Company	$ 37,800	$ 37,800	$ 24,150
A company affiliated with Sean Bromley, the CEO of the Company	$ 46,200	$ 46,200	$ 18,900
A company affiliated with Desmond Balakrishnan, a former director of the Company	$ 82,666	$ 71,474	$ 62,203

b) Transactions with related parties for the nine months ended September 30, 2020 and 2019 were as follows:

	September 30, 2020	December 31, 2019
Consulting fees paid to a company affiliated with Yana Popova, the CFO of the Company	$ -	$ 18,000
Consulting fees paid to a company affiliated with Sean Bromley, the CEO of the Company	$ -	$ 18,000

(g) Financial Instruments

The fair values of the Company's accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments. The Company's cash is valued based on quoted market prices. Amounts due to related parties approximate their fair value, as they are due on demand.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

- **Foreign currency risk**

  The Company is not exposed to significant interest rate risk.

- **Credit risk**

  Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's cash is held with a major Canadian-based financial institution. The carrying amount of financial assets represents the maximum credit exposure.

- **Liquidity risk**

  Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt and equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company.

  Accounts payable and accrued liabilities and amounts due to related parties are due within twelve months of the statement of financial position date.

- **Interest rate risk**

  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because they are generally held to maturity. The Company is not exposed to significant interest rate risk.

(h) Management of Capital Risk

The Company‘s capital is comprised of amounts in shareholders' deficiency.

The Company manages the capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. There were no changes to the Company's approach to capital management during the year ended December 31, 2019 and the Company is not subject to any externally imposed capital requirements.

3. Changes in Internal Control Over Financial Reporting ("ICFR")

Changes in Internal Control Over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.