OSOYOOS CANNABIS INC.
(Formerly LKP Solutions Inc).

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months and nine months ended January 31, 2020

Cautionary Statements

Forward-Looking Information

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in commodity prices and currency exchange rates; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; uncertainty related to the completion of the amalgamation.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward- looking statements contained herein are as of January 31, 2020 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to raise additional funds, results of the research and development performed in relation to the products and services of the Company, positive result due to the change in business model, possibility of entering into strategic alliance, distribution agreements and other arrangements to market their products and services and possibility of producing viable products through the use of the new technologies purchased and developed.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

SUBSEQUENT EVENT

Since December 31, 2019, the break of the novel strain of coronavirus, specially 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 social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. 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 Corporation and its operating subsidiaries in future periods.

INTRODUCTION

The following provides Management's Discussion and Analysis of the condensed interim consolidated financial position of OSO and the results of operations of the Company for the three and nine months ended January 31, 2020. Management's Discussion and Analysis was prepared by Company management and approved by the Board of Directors on March 26, 2020.

All figures are presented in Canadian dollars (unless otherwise indicated) and are in accordance with International Financial Reporting Standards ("IFRS"). These statements together with the following Management Discussion and Analysis dated March 26, 2020, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance. OSO's condensed interim consolidated financial statements were prepared in accordance with IFRS. All amounts in this MD&A are expressed in Canadian dollars ("CAD"), unless otherwise noted.

NATURE OF OPERATIONS

Corporate summary

LKP Solutions Inc. ("LKP") was incorporated as Red Ore Gold Inc. under the name "Red Ore Gold Inc." under the laws of the Province of British Columbia by Articles of Incorporation dated January 13, 2011.

Effective April 27, 2017, LKP completed a Common Share Exchange between LKP and Pueblo Lithium Inc. (a combination of Pueblo Potash Inc. ("PLK") and Agr-O Phosphate Inc, ("AOP"). Each Pueblo shareholder received one new LKP share for each four (4) Pueblo shares, and each Agr-O shareholder received one new LKP share for each two (2) Agr-O share).

On October 31, 2018, LKP completed a share consolidation of 1 new share for every 2.5 shares of LKP outstanding. The outcome of this consolidation was to leave 6,662,796 shares outstanding.

Effective October 31, 2018 the Company was part of a three-cornered amalgamation among the Company, 1160516 B.C. Ltd. (a wholly owned subsidiary of LKP) and LKP. The result of the transactions was that LKP acquired all of the issued and outstanding securities of former OSO on the basis of one share of LKP for each share of former Osoyoos Cannabis Inc. ("OSO"). OSO. All outstanding warrants to purchase OSO shares were exchanged, on an equivalent basis, for warrants to purchase OSO (formerly LKP) shares. At completion of the transactions, LKP changed its name to Osoyoos Cannabis Inc. and former OSO was amalgamated into 1160516 B.C. Ltd.

Under IFRS, this was considered to be a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or "RTO") and is accounted for as the acquisition of LKP by the Company. Pursuant to IFRS requirements, prior period information has not been prepared in a basis consistent with the preceding interim information.

The office of the Company is located at #703 – 45 Shepherd Ave East, Toronto, Ontario.

Highlights

In early June 2018, the Company determined that it would change its focus from constructing a building to cultivate cannabis to going into the business of processing cannabis to extract the valuable oils. In Q1, the Company entered into detailed planning to affect this changed focus.

In 2018, the Company executed a lease on real property and paid a rental deposit of $64,817. The triple net lease expires on August 31, 2023, subject to a 5- year renewal option at fair value rent. In years 1 and 2, the monthly rent (including additional rent) is $10,714, for years 3 and 4 $11,581 and year 5 $12,449. The common area cost will be increased to reflect cost increases. The Company has the option to acquire the property for $1,500,000. The option may be exercised at the end of the initial lease term on giving prior notice of at least six (6) months prior to the end of the initial lease term. This facility is a former storage warehouse with dimensions to allow for a phased retrofit. Phase One of the retrofit is approximately 4,000 square feet. The initial architectural designs have been completed and the Company is advancing to build out.

To implement the operating model, the Company purchased and has taken possession of four Vitalis supercritical CO2 extraction systems.

The ongoing execution of our plan will allow the Company to pursue four core business lines:

1) Contract processing for third-party licensed producers, by performing tolling services for the extraction of pharmaceutical-grade, purified oil from cannabis or hemp;

2) Extraction and production of oils to be sold through wholesale contracts to third-party licensed producers;

3) Leverage our extraction expertise for the development of cannabis concentrates, product formulations and processing and packaging for ready to sell white-labelled products for third-party licensed producers; and

4) Manufacturing and distribution of our own proprietary Osoyoos Cannabis branded products for retail, allowing us to create greater margins upon sale and to build a lifestyle brand along the way.

In Q2 and Q3 of 2019, the Company entered into various contracts (1) to provide assistance with acquisition of a Cannabis Act license from Health Canada to process cannabis. Work is ongoing in pursuing completion of the license; (2) for services relating to site design and design of security procedures to process cannabis' (3) for personnel recruiting assistance.; and (4) preparation of drawings to support the application for a federal government license to process cannabis.

Effective October 31, 2018 the Company was part of a three-cornered amalgamation among the Company, 1160516 B.C. Ltd. (a wholly-owned subsidiary of LKP) and LKP. The result of the transactions was that LKP acquired all of the issued and outstanding securities of former OSO on the basis of one share of LKP for each share of former OSO). All outstanding warrants to purchase OSO shares were exchanged, on an equivalent basis, for warrants to purchase OSO (formerly LKP) shares. At completion of the transactions, LKP changed its name to Osoyoos Cannabis Inc. and former OSO was amalgamated into 1160516 B.C. Ltd.

Under IFRS, this was considered to be a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or "RTO") and is accounted for as the acquisition of LKP by the Company. Pursuant to IFRS requirements, information presented is for the former OSO and is therefore not consistent with the preceding periods interim information.

The Company commenced trading on the Canadian Stock Exchange ('CSE') on February 21, 2019 under the symbol "OSO". The Company amended its original application for the Cultivation License under the ACMPR, to a Standard Processor License under the Cannabis Act. This application has been submitted through the Indigenous Navigator Program, which is expected to expedite the licensing process. The application is in the review stage.

SELECTED FINANCIAL INFORMATION

As the amalgamation resulted in a Reverse Merger and Recapitalization (commonly referred to as an RTO), the presentation of financial information (including comparative information) is that of 1160546 B.C. Ltd. (formerly OSO)

The following table contains selected consolidated financial information of the Osoyoos Cannabis Inc. (formerly LKP Solutions Inc.) for the 3 and 9 months ended January 31, 2020 and 2019.

	3 months ended January 31, 2020	*3 months ended January 31, 2019*	*9 months ended January 31, 2020*	*9 months ended January 31, 2019*
Gain on restructuring of debt	-	-	645,000	-
Total expenses	(246,678)	(455,288)	(1,009,962)	(1,631,415)
Loss from acquisition of subsidiary	-	-	-	(2,506,084)
Net loss and comprehensive loss	(246,678)	(475,288)	(364,962)	(4,137,499)
Loss per common share – basic and diluted	(0.01)	(0.02	(0.01)	(0.16)
Weighted average number of common shares outstanding-	36,538,346	30,892,146	35,628,454	26,429,739

The chart below presents the summary financial information of Osoyoos Cannabis Inc.: (formerly LKP Solutions Inc.)

	As at January 31, 2020	*As at April 30, 2019*
Current assets	967,643	1,992,654
Non- current assets	2,621,070	2,115,659
Total assets	3,588,713	4,108,313
Current liabilities	449,051	462,461
Total long-term liabilities	711,543	1,007,771
Shareholders' equity	2,428,119	2,638,081
Cash dividends per common share	-	-

The chart below presents the summary financial information of Osoyoos Cannabis Inc. (formerly LKP Solutions Inc.) for the three and nine months ended January 31, 2020 and 2019. The Company was incorporated on August 11, 2017.

	3 months ended January 31, 2020	*3 months ended January 31, 2019*	*9 months ended January 31, 2020*	*9 months ended January 31, 2019*
Operating expenses	(246,678)	(455,288)	(1,009,962)	(1,631,415)
NET LOSS	(246,678)	(475,288)	(364,962)	(4,137,499)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Expenses and Net Loss

Total expenses for the three months ended January 31, 2020, were $246,678 (January 31, 2019- $455,288) and for the nine months ended January 31, 2020 were 1,009,962 (January 31, 2019- $1,631,415)

<u>Significant variances</u>

Accretion of $175,643 for current nine months ended January 31, 2020 and $166,246 for prior period ended January 31, 2019, related to recognition of costs deferred related to convertible debentures and the discounting of the loan payable to the former CEO. In addition, the Company expensed accretion cost on lease obligation for $18,003 on adoption of IFRS 16 "Leases" during the current nine- month period.

Consulting fees for $102,521 for nine months of current period includes payment for $75,000 paid to a corporation owned by a director. The said director resigned during the quarter ended July 31, 2019.

Professional fees of $138,550 for nine months of current period ended January 31, 2020 (January 31, 2019: $150,228) were largely related to legal fees on the aborted Anahit transaction.

During the nine-month period ended January 31, 2020, the Company reported a gain of $645,000 on restructuring of debt due to a former CEO of the Company. On September 23, 2019, the Company announced that in final settlement of the debt of $1,000,000. The Company has issued the creditor 1,500,000 shares of the Company fair valued at $105,000, paid cash of $125,000 and executed a promissory note in the principal amount of $125,000, which accrues interest at 5% per annum and is due May 31, 2020. The settlement resulted in a gain on restructuring of debt in the amount of $645,000.

No cash dividends have been paid by the Company. The Company has no present intention of paying cash dividends on its common shares as it anticipates that all available funds will be invested in completion of the leasehold improvements, completion of the license acquisition and ultimately commencement of operations.

Quarterly results

Quarter	Net Income (Loss) including acquisition of subsidiary ($)	Income (Loss)/ Share ($)	Total Assets ($)	Shareholder's Equity ($)
Q3 2020	(246,678)	(0.01)	3,588,713	2,428,119
Q2 2020	412,202	0.01	3,794,812	2,674,797
Q1 2020	(530,486)	(0.02)	4,138,119	2,157,595
Q4 2019	(796,154)	(0.04)	4,108,313	2,638,081
Q3 2019	(455,288)	(0.02)	4,658,258	2,751,393
Q2 2019	(3,290,868)	(0.14)	5,073,525	3,171,681
Q1 2019	(371,343)	(0.02)	50,283	(404,521)

The Company became a Registered Issuer (as defined in the BC Securities AC) in mid-January 2018 and the first quarter would have been April 30, 2018 which is coincident with the year- end; hence there is no quarterly information for periods prior to Q1 of 2019.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported.

Critical Judgements

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

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

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

Share-based Payments

Estimating fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Deferred Tax Assets & Liabilities

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

Carrying values of tangible assets

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumption and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

Discount rates used in convertible debentures

The Company calculates the liability portion of convertible debentures by calculating the present value of the loan and related interest, using a discount rate equal to the market rate that would be given for similar debt, without a conversion feature. Management determines this rate by assessing what rate the Company could borrow funds at from an unrelated party.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

ACQUISITIONS

Effective October 31, 2018 the Company was part of a three-cornered amalgamation among the Company, 1160516 B.C. Ltd. (a wholly owned subsidiary of LKP) and LKP. The result of the transactions was that LKP acquired all of the issued and outstanding securities of former OSO on the basis of one share of LKP for each share of former OSO (24,172,361 LKP shares issued). All outstanding warrants to purchase OSO shares were exchanged, on an equivalent basis, for warrants to purchase OSO (formerly LKP) shares. At completion of the transactions, LKP changed its name to Osoyoos Cannabis Inc. and former OSO was amalgamated into 1160516 B.C. Ltd.

Under IFRS, this was considered to be a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or “RTO”) and is accounted for as the acquisition of LKP by the Company.

The Company issued 6,662,796 shares to the shareholders of former OSO valued at $0.30 per share, with a total value of $1,998,839 for the acquisition.

The fair value of the acquired assets and liabilities assumed is as follows:

		October 31, 2018
Assets acquired by the Company:		
Cash	$	1,757
Accounts receivable		17,340
Liabilities assumed by the Company:		
Accounts payable		(40,800)
Amount due to related party		(450,519)
Share subscriptions received in advance		(35,015)
Net liabilities assumed		(507,237)
Fair value of equity surrendered to former LKP shareholders at acquisition		(1,998,839)
Loss on acquisition	$	(2,506,076)

New standards adopted

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity’s lease obligations.

At May 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

-Lease payments made at or before commencement of the lease;

- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

The Company adopted this standard and the impact on the Company's unaudited condensed interim consolidated financial statements are disclosed in note 13 and 14 of the financial statements.

(a) Uncertainty over Income Tax Treatments: On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after May 1, 2019. The Company adopted this standard at May 1, 2019 and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

    Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's financial statements.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2020, the Company had cash and cash equivalents of $450,240. For the nine months ended January 31, 2020, the Company used cash of $857,712 in operating activities, $189,778 in investing activities and $125,000 in financing activities.

The Company has financed its operations from inception to date through the issuance of equity securities and convertible debentures. The Company currently has no source of revenues; as such, administrative and other expenses may exceed available cash resources and additional funding may be required to further its projects and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, development of its projects and generation of profitable operations in the future.

The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations.

Based on available funds, the Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above as well as support future business opportunities.

To manage the capital structure, the Company may adjust its project plans, operating expenditure plans, or issue new common shares and warrants. The Company monitors its capital structure using annual forecasted cash flows, expenditure budgets and targets for the year as well as corporate capitalization schedules. This is achieved by the Board of Directors' review and acceptance of expenditure budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other funding.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements or covenants.

OUTSTANDING SHARE DATA

Information with respect to outstanding common shares and warrants as at January 31, 2020:

	January 31, 2020
Common shares	36,681,824
Warrants	17,467,451
Fully diluted shares outstanding	54,149,275

Share Issuances

Nine months ended January 31, 2020

During the nine-month period ended January 31, 2020, the Company had the following share issuances:

- On May 23, 2019, the Company issued 125,000 common shares to the former CEO for loan settlement.
- On August 15, 2019, the Company issued 166,667 shares to repay interest accrued for $25,000 on convertible debentures.
- On September 23, 2019, the Company issued 1,500,000 common shares to the former CEO for loan settlement.
- On October 22, 2019, the Company issued 20,000 common shares being settlement with a plaintiff with regard to share issuance relating to the prior year reverse merger.
- On January 6, 2020, the Company issued 200,000 common shares being settlement with a plaintiff with regard to share issuance relating to the prior year reverse merger.

Warrants

As at January 31, 2020, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
2,650,000	$0.50	0.17	March 14, 2020*
10,559,051	$0.75	0.15	March 23, 2020*
80,400	$0.50	0.48	July 21, 2020
357,000	$0.25	0.67	October 1, 2020
226,000	$0.50	0.92	December 31, 2020
20,000	$0.50	1.75	October 21, 2021
200,000	$0.50	2.00	January 5, 2022
1,500,000	$0.25	3.12	March 14, 2023
1,100,000	$0.45	3.12	March 14, 2023
575,000	$0.25	4.20	April 8, 2024
200,000	$0.45	4.20	April 8, 2024
17,467,451	$0.61	0.51	

*Subsequent to the quarter, these warrants expired on their expiry dates.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, due from related party, rental deposit, accounts payable, loan payable, and convertible debentures.

The Company's cash and cash equivalents is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The presentation of the Company's due from related party and accounts payable is fair value, taking into account their short-term nature. The fair value of rental deposit and loan payable approximates fair value. The fair value of convertible debentures are measured on the statement of financial position using level 3 of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Financial risk management and objectives

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk and market risk

<u>Credit risk</u>

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements as well as, in certain cases, to pay the outstanding balances owed in shares of the Company rather than in cash.

As at January 31, 2020, the Company had cash and cash equivalent of $450,240 and current liabilities of $449,051.

The Company considers expected cash flow from financial assets in managing liquidity risk. The Company's existing cash resources currently do not meet the current cash outflow requirements.

As a result, the Company is at a risk of not being a going concern if management is unable to raise the appropriate funds prior to the maturity of the financial liabilities. Appropriate going concern disclosures have been made in Note 1 to the financial statements.

Market Risk

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

(a) 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 not exposed to significant interest rate risk.

(b) Price risk

The Company is not exposed to significant price risk as it does not possess investments in publicly traded securities.

(c) Currency risk

The Company is not exposed to significant foreign exchange risk as all its operations are in Canada.

CONTINGENCIES AND COMMITMENTS

The Company's operations were governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to both predict and identify, in terms of level, impact or timeline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at the time.

On September 1, 2018, the Company executed a lease on real property and paid a rental deposit of $64,817. The triple net lease expires on August 31, 2023, subject to a 5-year renewal option at fair value rent. In years 1 and 2, the monthly rent (including common area cost) is $10,714, for years 3 and 4 $11,581 and year 5 $12,449. The common area cost will be increased to reflect cost increases. The Company has the option to acquire the property for $1,500,000. The option may be exercised at the end of the initial lease term on giving prior notice of at least six (6) months prior to the end of the initial lease term.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Key management of the Company are members of the Board of Directors, the Chief Executive Officer (“CEO”) , the Chief Financial Officer (“CFO”) and Chief Executive Officer (“COO”)

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

Key management remuneration includes the following:

		Three months January 31, 2020	Nine months January 31, 2020
Contract fees for CEO services	$	27,500	87,500
Contract fees to CFO services		7,500	22,500
Contract fees for COO services		30,000	90,000
	$	65,000	200,000
Consulting fees paid to directors		-	84,000
	$	65,000	284,000

On January 20, 2020, the Company announced today that the board of directors accepted the resignation of Ernie Eves as a director of the Company and appointed Graham Simmonds, Tyler Devenyi and Larry Horwitz to serve as directors of the Company, all effective January 16, 2020. The Company also appointed Graham Simmonds to serve as the Company’s new CEO, effective January 16, 2020. Gerry Goldberg, who previously served as Interim CEO and Executive Chairman, will continue to serve as the Company’s Executive Chairman.

		Three months January 31, 2019		Nine months January 31, 2019
Management fees to the former CEO*	$	55,000	$	98,750
Contract fees to the former CFO	$	11,750		57,500
Contract fees to the COO	$	22,500		30,000
Management fees to a director or to a company controlled by the director and CEO	$	30,000		90,000
Contract fees to CFO or a company controlled by the CFO	$	5,000		5,000
Contract fees to the corporate secretary	$	22,200		82,200
		146,450	$	363,450
Consulting fees paid to a director		-		20,000
Share-based compensation to directors from warrants issued		-		396,994
Office and rent expense paid to the former CEO		-		500
		146,450	$	780,944

* Includes severance expense for $45,000

As at January 31, 2020, the Company had the following balances with related parties:

- Included in due from related parties is $18,500 (April 30, 2019: $18,500) owed by the former CEO and director of the Company, and companies with management and directors in common with the Company.
- Included in accounts payable and accrued liabilities is $Nil (April 30, 2019: 11,300) due to related parties.

SEGMENTED INFORMATION
The Company operates in a single reportable operating segment in Canada.

BOARD PURPOSE AND FUNCTION

The directors and management of the company have extensive experience in taking projects through to various stages of development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The Board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. Except as disclosed below, Osoyoos Cannabis Inc. (formerly LKP Solutions Inc.) is not aware of any director or of the families of any directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with the Company which has affected or will materially affect the Company other than those that may be disclosed in the above discussion about related party transactions

OTHER INFORMATION

Other information and additional disclosure of the Company's technical reports, material change reports, news releases, and other information may be found on SEDAR.

CORPORATE INFORMATION

Directors and Officers
Gerry Goldberg –Director and Executive Chairman
Graham Simmonds- CEO and Director
Larry Horwitz, Director
Michael Ash, Director
Sara Lee Irwin, Director
Tyler Devenyi, COO and Director
Rakesh Malhotra, CPA, CA – CFO

Corporate Office
#703 – 45 Shepherd Ave East, Toronto, Ontario

Independent Auditor
Buckley Dodds Parker LLP, Vancouver

Corporate Banker
Alterna Savings and Credit Union, Toronto

Transfer Agent
Capital Transfer Agency Inc., Toronto