LEVIATHAN NATURAL PRODUCTS INC.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2021

FORWARD-LOOKING INFORMATION

The following Management Discussion and Analysis provides a review of the financial condition and disclosures of the operations for Leviathan Natural Products Inc. ("**Leviathan**" or the "**Company**") for the three months ended November 30, 2021 (the "**MD&A**"). This MD&A should be read in conjunction with the Company's unaudited consolidated financial statements and relevant notes for the three months ended November 30, 2021. The financial information presented in this MD&A is derived from the Financial Statements.

This MD&A contains certain information regarding the Company that may constitute "*forward- looking information*" within the meaning of applicable securities laws. Forward-looking information and statements include all information and statements regarding the Company's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "*believe*", "*estimate*", "*expect*", "*intend*", "*anticipate*", "*foresee*", "*plan*", "*predict*", "*project*", "*aim*", "*seek*", "*strive*", "*potential*", "*continue*", "*target*", "*may*", "*might*", "*could*", "*should*", and similar expressions and variations thereof.

Forward-looking information and statements included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's intentions to execute strategic acquisitions extending across various vertical markets in Canada and international markets to support the Company's cultivation, processing and proprietary branding strategies as opportunities arise;
- the Company's intentions to produce crude oil, distillate and other extracts as well as branded finished products through its 90% owned subsidiary, Leviathan US, Inc., in Smith County, Tennessee, US, and its 65% owned subsidiary, LCG Holdings Inc. in Carmen de Viboral, Antioquia Colombia;
- management's belief that developing relationships with end users will improve the stability of the Company's revenue model through the sale of branded extracted products and supplemental revenues through the marketing / brand development corporate subsidiary, Jekyll + Hyde;
- the Company's plans on re-paying the Medical Saints' initial investment depending on the revenue streams in Woodstock;
- the Company's plans to introduce branded gummies in the 2nd calendar quarter of 2022;
- the Company's beliefs that commercial production at the Tennessee facility will continue to ramp up in the 2022 calendar year;
- the Company's plans with respect to its operations with LCG Holdings Inc., which includes

management's expectations to complete Phase 1 in the 2nd calendar quarter of 2022, to cultivate through LCG Holdings Inc., specialized strains of hemp with high concentrations of CBD, CBG, CBN, for extract and manufacturing of cannabinoid products, and to cultivate medicinal mushrooms for nutraceutical uses and for medical R&D and plans to sell to authorized biotechs and other research groups around the world; and
- the Company's plans to acquire all of the issued and outstanding shares of Tirthankar Ltd. and related companies.

Forward-looking information and statements included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and market conditions;
- the Company's ability to execute on its business plan, and secure any licenses, permits, and authorizations which may from time to time become necessary to execute on its business plan;
- the Company's financial condition for the reasonably foreseeable future and its ability to carry out its development plans;
- the demand, and market opportunity, for the Company's product offerings;
- the Company's ability to establish, preserve and develop its brand, and attract and retain required personnel;
- the impact of COVID-19 on the market demand for the Company's product offerings;
- the impact of current and future social and economic conditions (including, not limited to, global pandemics) on the business and operations of the Company, and the Company's ability to capitalize on anticipated business opportunities;
- the Company's ability to execute strategic acquisitions extending across various vertical markets in Canada and international markets to support the Company's cultivation, processing and proprietary branding strategies;
- the Company's ability to produce crude oil, distillate and other extracts as well as branded finished products through its 90% owned subsidiary, Leviathan US, Inc., in Smith County, Tennessee, US,;
- the Company's ability to evaluate and execute on alternate plans for its 65% owned subsidiary, LCG Holdings Inc. in Carmen de Viboral, Antioquia Colombia, which include M&A, joint ventures, or a spin-off of LCG into an independent company;
- the Company having the financial resource to re-pay the Medical Saints' initial investment, and there being a revenue stream in Woodstock;
- the Company's ability to introduce branded gummies in the 2nd calendar quarter of 2022;
- the Company's ability to have the Tennessee facility remain operational in the 2022 calendar year;
- the Company's plans ability to complete the acquisition of Tirthankar Ltd. and related companies.

Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements are based on our perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that we believe are appropriate in the circumstances. Such information and statements are, however, by their very nature, subject to inherent risks and uncertainties, of which many are beyond the control of the Company, and which give rise to the possibility that actual results could differ materially from our expectations expressed in, or implied by, such forward-looking information or forward-looking statements.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions that actual performance will be affected by several factors, many of which are beyond the Company's control, and that future events and results may vary substantially from what the Company currently foresees. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward- looking information. The forward-looking statements contained in this document speak only as of the date of this document; in addition, the Company expressly disclaims any obligation to publicly update or alter its previously issued forward-looking information, unless required to do so under applicable securities law.

In this document and in the Company's condensed consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts, unless specifically identified as otherwise, both in the consolidated financial statements and in the MD&A, are expressed in Canadian dollars. The discussion and analysis in this MD&A are based on information available to management as of January 27, 2022.

CORPORATE SUMMARY

Leviathan is a publicly traded company, incorporated in the Province of Ontario and domiciled in Canada. The Company's registered office is located at Suite 116, 250 The Esplanade, Toronto, Ontario, M5A 4J6. Leviathan's common shares are traded on the Canadian Securities Exchange under the symbol "**EPIC**" and on the OTCQB under the symbol "**LVCNF**".

Leviathan is primarily focused on the production and distribution of non-psychoactive, hemp-derived cannabinoid products for the health and wellness market. The Company intends to produce crude oil, distillate and other extracts as well as branded finished products through its 90% owned subsidiary, Leviathan US, Inc. ("**Leviathan US**") in Smith County, Tennessee, US, and its 65% owned subsidiary, LCG Holdings Inc. ("**LCG Holdings**") in Carmen de Viboral, Antioquia Colombia. The Company has a wholly owned subsidiary, Woodstock Biomed Inc. ("**Woodstock**"), which owns a 30-acre property with greenhouse infrastructure in Pelham, Ontario, Canada. The Woodstock property operates under a lease agreement with Medical Saints Ltd. ("**Medical Saints**"), a Health Canada regulated licensed producer of industrial hemp.

The Company has a wholly owned branding / marketing agency, Jekyll + Hyde Brand Builders Inc. ("**Jekyll + Hyde**") that specializes in cannabis-focused marketing but also provides marketing / brand development services to non-cannabis companies.

The Company has a wholly owned subsidiary, Bathurst Resources Corp. ("**Bathurst**"), which is a dormant, non-operating entity.

BUSINESS STRATEGY

Leviathan's business strategy is to extract and process bulk cannabinoid products from hemp biomass at the Company's Tennessee facility and cultivate and process hemp at the Company's Colombian facility. Additionally, the Company has a lease agreement with Medical Saints to allow for research and development ("**R&D**") in industrial hemp and to participate in a revenue sharing arrangement with Medical Saints at Woodstock's greenhouse facility located in Pelham, Ontario.

Concurrent with the development of production facilities, the Company is researching and developing branded products that utilize cannabinoid extracts. While there is an active market for bulk derivates, Management believes that developing relationships with end users will improve the stability of the Company's revenue model through the sale of branded extracted products and supplemental revenues through the marketing / brand development corporate subsidiary, Jekyll + Hyde.

The Company intends to execute strategic acquisitions extending across various vertical markets in Canada and international markets to support the Company's cultivation, processing and proprietary branding strategies as opportunities arise.

The Company is focused on creating a proprietary portfolio of health and wellness focused cannabinoid brands leveraging the Company's production and brand development expertise. By building a presence in markets in Canada, and around the world where opportunities arise, the Company expects to generate a sustained and suitable rate of return on equity for current and prospective investors.

CORPORATE STRUCTURAL HISTORY

The Company was originally incorporated as Gideon Capital Corp. pursuant to the provisions of the *Business Corporations* Act (Ontario) on June 15, 2011, and classified as a capital pool company as defined in Policy 2.4 of TSX Venture Exchange Inc. ("**TSX-V**").

On December 31, 2013, the Company, 2396933 Ontario Inc. ("**2396933 Ontario**"), a wholly owned subsidiary of the Company and Bathurst Resources Corp. ("**Bathurst**") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 Ontario. The Company issued one common share for each common share of Bathurst outstanding ("**Amalgamation**"). The Amalgamation constituted the Company's Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, the Company changed its name from Gideon Capital Corp. to Morgan Resources Corp.

From 2013 to 2016, the Company, as Morgan Resources Corp., was a mining exploration company with an option on certain volcanic-hosted sulphide properties in the Province of New Brunswick known as the Gloucester Project.

On October 12, 2017, the Company executed an agreement for a business combination with Jekyll + Hyde Brand Builders Inc., a private Ontario corporation. Jekyll + Hyde was incorporated in Ontario on August 30, 2017.

On December 22, 2017, the Company completed the acquisition of Jekyll + Hyde after the Company delisted from the NEX Board of the TSX Venture Exchange. The Company then initiated a three-cornered amalgamation of Jekyll + Hyde, Morgan Resources and Bathurst Resources Corp., a wholly owned subsidiary of Morgan Resources. Under the terms of the acquisition, the Company issued 12,166,667 common shares to the shareholders of Jekyll + Hyde.

On January 23, 2018, the Company commenced trading on the Canadian Securities Exchange under the ticker symbol CSE: JH.

On March 28, 2018, the Company amended its articles to change its name to Leviathan Cannabis Group Inc. and shares began trading under the new name and symbol CSE: EPIC on April 15, 2018.

On July 21, 2020, the Company amended it articles and changed its name to Leviathan Natural Products Inc. after receiving shareholder approval, by way of a special resolution, at the Company's Annual and Special Meeting of Shareholders held on June 23, 2020. The Company continues to trade under the symbol CSE: EPIC.

WOODSTOCK TRANSACTION

On June 18, 2018, the Company agreed to acquire Woodstock Biomed Inc. Woodstock was in the process of securing a license to grow medical marijuana and, as such, was a late-stage Access to Cannabis for Medical Purposes Regulations applicant ("**ACMPR**"). At the time of the acquisition, Woodstock had received its Confirmation of Readiness from Health Canada's Office of Medical Cannabis and was preparing to submit plans for the development of a medical marijuana facility in accordance with the ACMPR regulations in force at that point in time. (Subsequent to this date, Health Canada repealed the ACMPR program and introduced the *Cannabis Act* on October 17, 2018, which proscribes the approval and development of cannabis growing operations process.)

At the time of the proposed transaction, Woodstock owned a prime greenhouse production facility in Pelham, Ontario. This 29.5-acre property (the "**Property**") was intended to serve as the Company's cornerstone for medicinal and adult recreational cannabis cultivation operations in Canada. Once the retrofit was completed, the cultivation facility was expected to produce high-yield, pharma-grade, and competitively priced medicinal and adult recreational cannabis. Management's internal valuations estimated the cost of the acquisition at $15,750,000. This amount was based on cash consideration of $750,000 in cash and the issuance of 30,000,000 common shares valued at $0.50 per common share. The specific terms of the proposed purchase were:

Woodstock Transaction Terms

A. $750,000 in cash, payable upon receipt of the cultivation license;

B. 20,000,000 common shares of the Company subject to an escrow agreement to be released as follows:

   a. 3,000,000 (15%) 6 months from closing
   b. 3,000,000 (15%) 12 months from closing
   c. 3,000,000 (15%) 18 months from closing
   d. 3,000,000 (15%) 24 months from closing
   e. 3,000,000 (15%) 30 months from closing
   f. 5,000,000 (25%) 36 months from closing.

C. 10,000,000 common shares of the Company subject to an escrow agreement to be released if Woodstock receives its cultivation license prior to August 14, 2019. If the license is not received before August 14, 2019, these shares will be returned tothe Company for cancellation.

Management's estimate of the transaction was significantly different than the value recorded in the Company's financial statements for the year ending August 31, 2018. The primary reason is due to the fact that when the transaction closed on June 18, 2018, the Company's stock was trading at $1.97 / share. Under IFRS rules, since the transaction did not meet the guidance as a business combination under IFRS 3, the transaction was accounted for as an *asset acquisition*. Consequently, the common share component was based on $1.97 per share and not $0.50 as envisioned by Management. Fair value of the transaction was first assigned to the physical assets at Woodstock (i.e. land, buildings) based on an independent appraisal by Colliers International, the fair value of other identified assets and liabilities, and finally to License-in-Progress. The excess over the fair value of other assets and liabilities was recorded as $36,597,192 in the financial statements for the Company for the year ending August 31, 2018.

On October 15, 2018, the Company announced that Pelham Town Council passed an interim control by-law (the "**By-law**") which placed a one-year moratorium on new cannabis facility developments and the expansion of cannabis related facilities in the Town of Pelham. The By-law stemmed from first generation cannabis facilities in the region which produced light and odour pollution angering the residents. Despite the passing of the By-law, the Company submitted its interim By-law exemption application to the Town of Pelham on December 11, 2018, and presented its case to the Planning Department and Town Council at a public meeting on February 25, 2019. On March 20, 2019, Leviathan completed the process of responding to comments and concerns received from residents of Pelham and Niagara Region, and additional questions from the Pelham Planning Department. The Town Council of Pelham addressed the Company's application for an exemption to its interim cannabis By-law on April 15, 2019, by deferring the decision to the Town of Pelham's legal counsel. On May 23, 2019, the Company announced its intention to initiate legal action against the Town of Pelham, Ontario following Town Council's vote to deny the Company an exemption to its interim control by-law on May 21, 2019.

On September 9, 2019, the Company initiated legal proceedings against The Corporation of the Town of Pelham. This litigation, filed through the Ontario Superior Court of Justice, followed Town Council's decision to deny the Company an exemption to is Interim Control By-law (4046), which placed a one-year moratorium on the building of new cannabis facilities and the expansion of existing operations. The decision by Leviathan's management team to initiate legal action was done to protect the interests of shareholders.

On September 23, 2019, the Town of Pelham Council voted to extend the Interim Control By-law to July 15, 2020.

On July 13, 2020, the Town of Pelham Council passed by-laws to amend the Official Plan By-Law (4251(2020)) and Zoning By-Law (4252(2020)) that may restrict cannabis and hemp operations. The amendments replace the Interim Control By-law (4046).

On August 20, 2020, the Company announced that it will continue to challenge the legal and procedural roadblocks implemented by the Town of Pelham. The most recent roadblock follows a charge under the Provincial Offences Act for allegedly failing to comply with the Town's Cannabis Interim Control By-law. However, the Town ignored the fact that no cannabis is being grown at the Woodstock site, which is being utilized solely in accordance with Medical Saints' Health Canada license to research and grow industrial hemp. The Company's legal representatives attended a preliminary hearing on November 27, 2020, with Pelham's counsel. No significant issues arose or were resolved, and the case was subsequently adjourned until February 16, 2021. Procedural and scheduling matters were discussed with Pelham's counsel on February 16, 2021, and the case was adjourned until March 26, 2021. A judicial pre-trial conference occurred June 9, 2021. Judicial pre-trial conferences occurred in June, September and November 2021. The next court date is on January 28, 2022, during which it is expected further scheduling matters will be dealt with. The Company remains committed to protecting its stakeholders' interests by pursuing legal remedies against the Town of Pelham.

On November 26, 2020, the Company announced that Woodstock finalized a three-year lease agreement (the "**MS Agreement**") with Medical Saints, a Health Canada regulated licensed producer of industrial hemp. The MS Agreement was entered into pursuant to the previously announced joint venture between Woodstock and Medical Saints. The MS Agreement allows for important research and development ("**R&D**") in the industrial hemp sector at Woodstock's greenhouse facility located in Pelham, Ontario. The R&D focuses on the development of superior strains of hemp, distinct from the cannabis plant category, owing to the absence of material amounts of THC. The process involves the examination of various cultivation methods, analyzing soil conditions, studying the speed of plant maturation, and identifying the best retention methods of desirable terpenes. A test crop was planted in the summer of 2020 and the harvest of this test crop was completed. Medical Saints invested a total of $655,000 in Woodstock's Pelham property and the R&D project for security fencing and modest repairs to existing soft-sided greenhouse structures necessary to maintain operational functionality. Depending on the success of this project, and if revenue streams are ultimately realized, Medical Saints will recoup its original investment based on a revenue sharing arrangement with Woodstock. If revenues are realized, 100% of net revenues will be used to repay Medical Saints' initial investment, and then Medical Saints and Woodstock will share revenues on a 50-50 basis with respect to any ongoing proceeds.

Medical Saints invested an additional $281,000 to improve the Woodstock property during fiscal 2021. A crop was planted in the summer of 2021 and the harvest of this crop was recently completed. If revenues are realized, 100% of net revenues will be used to repay Medical Saints' full investment prior to sharing revenues from any ongoing proceeds.

Concurrent with the acquisition of Woodstock on June 18, 2018, the Company inherited two mortgages with a maturity date of February 22, 2021. On March 31, 2021, the mortgage holders agreed to extend the maturity date to September 1, 2022, and the principal balance and any accrued interest to be due and payable in full on September 1, 2022. Commencing February 22, 2021, Woodstock shall pay interest on the total outstanding principal and accrued and capitalized interest in the amount of $4,248,905 at the rate of 7.00% per annum, calculated and compounded monthly, on the first day of each and every month, in arrears, with the first interest payment payable on March 22, 2021. The monthly interest payments due March 2021 through December 2021 remain outstanding.

As part of Management's obligations under IFRS for the year ending August 31, 2019, Management conducted an impairment test of the intangible assets of $36,597,192 recorded in the financial statements of the Company for the year ended August 31, 2018. Given the complexity and uncertainties associated with the on-going litigation with Pelham Council, the uncertainty surrounding an expected start of construction, the securing of a cannabis cultivation license, Management engaged an independent consultant, BDO Canada LLP ("**BDO**"), to undertake a 2019 IFRS Impairment Test.

Management received BDO's report on November 28, 2019 and circulated the report to the Board of Directors and the Company's auditors. BDO's recommendation was to write down the license-in-progress to a nominal value. Management concurred with this assessment and wrote down the intangible assets. As noted in the financial statements for the year ending August 31, 2019, an impairment charge of $23,901,970 was recorded. This amount is comprised of the write down of the intangible assets of approximately $36.6 million and partially offset by the recovery, approximately $12.6 million, of the expense previously recorded and associated with the 10,000,000 of escrowed shares to be issued if Woodstock received a cannabis cultivation license by August 14, 2019. (See Clause C in the Woodstock Proposed Transaction Terms above.) The Company did not secure a cannabis cultivation license; consequently, the contingent expense was recovered, and 10,000,000 shares of the Company were cancelled during the year ended August 31, 2019 (See Consolidated Statements of Changes in Shareholders Equity (Deficit) for the Years Ended August 31, 2019, and 2018.)

LEVIATHAN US – TENNESSEE

On July 25, 2019, the Company's subsidiary Leviathan US, Inc. purchased a 9.75-acre property with a 37,000 square foot vacant industrial building in Carthage, Tennessee, USA for US$312,148 in cash.

The renovation has primarily involved replacing the roof, repairing floors, walls, upgrading electrical, HVAC and plumbing systems and building out new offices. An extensive clean-up of the 9.75-acre property was also undertaken.

The facility features a unique ethanol processing technique. This process involves chilling the ethanol and plant biomass to -80°C with liquid nitrogen. The ultra-low temperatures produce derivates with superior potency and purity. The state-of-the-art facility includes 2,500 square feet of custom C1D2 extraction clean room space with foam fire suppression systems, security cameras and precision air handling. Leviathan US is selling the following hemp-derived extracts for wholesale distribution in the United States: crude oil, THC-free crude, distillate and THC-free distillate. In addition, the

Company utilizes its leading-edge processes to produce highly sought after and valuable crystal- resistant distillate ("**CRD**"). Crystallization is unwanted in vape cartridges as suspended crystals can make the product difficult to use.

The Company announced by press release on June 16, 2021, that Leviathan US secured a supply agreement (the "**Supply Agreement**") with Colorado based Veridia USA LLC ("**Veridia USA**") to supply full spectrum cannabidiol ("**CBD**") crude hemp oil ("**Product**"), serving as Veridia USA's primary supplier of this Product. Pursuant to the terms and conditions of the Supply Agreement, Leviathan US had expected to initially sell Veridia USA 2,000-3,000 kilograms of the Product per month to incorporate into its wholesale supply chain with an intention to increase production capacity in order to meet Veridia USA's demand. Veridia USA has recently updated its operational business status to Leviathan US and has informed Management that its rollout of isolate and distillate manufacturing and sales has been slower than originally anticipated. Consequently, Leviathan US is establishing supplementary sales relationships with other business partners to supply its crude hemp oil.

As Leviathan US moves forward, its business strategy will also focus on the highest margin products in the cannabinoid extraction segment through the manufacturing of finished products for the Company's own brands and through white labeling formulations for select customers. The Company has recently launched a proprietary portfolio of health and wellness-focused cannabinoid products consisting of tinctures and vape pens. The introduction of branded gummies is planned for the 2nd calendar quarter of 2022.

The sales team continues to successfully negotiate split toll processing agreements with local hemp farmers for harvested hemp crops. Under these agreements Leviathan US processes the farmers' biomass and in exchange for this service retains half of the extracted product. Currently, the facility has approximately 31,793 pounds of biomass on hand under split toll arrangements. This inventory allows the facility to build its own inventory of crude oil, which can be further processed and used for bulk cannabinoid sales or to produce higher margin finished products without incurring the cost of purchasing hemp biomass. If required, the Company also has access to high quality, well-priced hemp on the spot market. With respect to branded proprietary products, the sales team is establishing relationships with distributors, brokers, dispensaries, and other retail channels. At the same time, the marketing team has focused on developing strong, differentiated brands, and has built an online marketing platform.

In terms of municipal and state regulations, Leviathan US obtained a building permit for the office construction, an initial hemp processing permit from the State of Tennessee and a facility certificate of occupancy from the Town of Carthage, Tennessee. Currently, the State of Tennessee no longer requires industrial hemp processors to register or apply for a permit. Management is not aware of any other special regulatory requirements, other than ordinary course operational permits to produce bulk cannabinoid products from hemp.

On January 21, 2022 Leviathan received its Consumer and Industry Services permit from State of Tennessee Department of Agriculture, a requirement for the distribution of ingestible finished products.

The budget for the project was initially US$2.9 million. Approximately US$3.0M of costs have been incurred as of November 30, 2021, broken down as follows: Property/Building/Renovations US$1.5M and Extraction and Product Manufacturing Equipment US$1.5M.

At the time of Management's acquisition of the Tennessee facility, the Company had negotiated a 75% interest in Leviathan US, Inc. The remaining interest was held by an American, Greg Pilant, with construction facility building experience and knowledge of cannabinoid derivatives and healthcare industries. However, Management was able to successfully renegotiate the Company's interest from 75% to 90% in December 2019 because of Management's increased role in managing the project buildout and Management's ability in securing financing to carry the project forward in an environment where cannabis financing has become extremely difficult.

Management secured a $5.5 million debt facility on October 15, 2019, from a current shareholder which was to be drawn down, as required, to facilitate the final buildout of the Leviathan US facility in Tennessee. The debt facility does not have any covenants and pays an interest charge of 10% on amounts drawn down. Interest payments are due three times per year, April 30, August 31, and December 31. The debt facility matures on October 15, 2021. The Company may, at its discretion, repay the balance of principal and / or interest owing at any time without penalty. This financing is meant to be non-dilutive. Pursuant to the loan agreement, interest was paid on December 31, 2019, and on April 30, 2020. The interest payment due on December 31, 2020, was deferred to the first calendar quarter of 2021.

On October 5, 2020, the value of the credit facility was increased to $7,500,000 at the same terms and conditions as the original agreement.

On February 18, 2021, the Company announced that it had amended the terms of its $7,500,000 unsecured, term loan credit facility to extend the maturity date, reduce the frequency of interest payments, and to capitalize certain interest payments into the principal amount of the credit facility. The maturity date of the credit facility has been extended to December 31, 2023 (from October 15, 2021); interest payments are only to be payable on December 31 of each year during the term (from once every four months); and the interest payments due August 31, 2020, and December 31, 2020, have been capitalized into the principal amount of the credit facility. The terms of the credit facility otherwise remain the same.

On April 8, 2021, the Company made a $100,000 draw against the $7.5M loan facility. An additional draw against the loan facility of $150,000 was made on June 2, 2021, bringing balance drawn to $7,473,603 as of November 30, 2021. The Company will use the funding to provide working capital for its operations. The annual interest payment due December 31, 2021 remains outstanding.

The Company announced on March 5, 2021, that Leviathan US entered into a loan and security agreement with an arm's-length lender (the "**Lender**") whereby the Lender has loaned Leviathan US US$499,000 on a secured basis (the "**Loan**"). The Loan bears interest at a rate of 12.99% per annum, paid monthly, and is secured against certain assets of Leviathan US. The Loan comes due and payable in full on March 1, 2023. Partially-amortized payments are payable in consecutive monthly installments of US$5,432.62 on the first day of each month, beginning April 1, 2021. No common shares of the Company were issued in connection with the Loan. The Company intends to use the proceeds from the Loan to provide working capital for its operations.

Despite the challenging conditions of the COVID-19 pandemic, the Company managed to start generating revenues in the solid crude oil business segment and the Company's line of branded products segment.

Moving forward, the Company will continue to carefully monitor the evolving conditions presented by the pandemic to best manage resources. However, the safety and protection of staff will remain a top priority. The Issuer believes commercial production at the Tennessee facility will continue to ramp up in the 2022 calendar year.

LCG HOLDINGS - COLOMBIA

Colombian Regulatory Regime

In 2016, Colombia implemented a legal framework for the regulated cultivation and manufacture of medical cannabis for domestic use and exportation. In addition, the government of Colombia identified the cultivation of medical cannabis as an important source of legitimate income for farmers and a potential boost to the national economy.

In 2017, President Juan Manual Santos signed the decree 613 of 2017, permitting individuals and businesses to engage with the cannabis industry. To support this, 4 types of licenses were established for producing cannabis:

- Cultivation of psychoactive cannabis plants
- Cultivation of non-psychoactive cannabis plants
- Use of cannabis seeds to sow
- Manufacture of cannabis derivatives

The Government of Colombia also published five resolutions, for the process of defining the rules for the production and processing of cannabis for medical and scientific purposes.

The resolutions defined who will be considered small and medium growers. They also established the technical requirements and the tariffs for the cultivation of the plant and its processing into medicinal, phototherapeutic and homeopathic products.

As established in Resolution 579, 2017, issued by the Ministries of Health, Justice and Agriculture, growers that cultivate on a half a hectare area (5,000 square meters) or less are considered small and medium growers and, therefore, may access technical advice, priority allocation of quotas and purchase of their production by the processor. The regulation, in effect, establishes that 10 percent of the total production of the processor must come from a small and medium producer.

The resolutions issued by the Ministry of Health establish the fees to be paid by firms that carry out plant transformation processes (Resolution 2891, 2017), as well as the technical standards to be followed (Resolution 2892, 2017).

Among other aspects, the latter defines the safety protocol to be implemented in the facilities where cannabis is researched and processed, the requirements to act as technical director of these facilities, the conditions for transportation, and the maximum authorized amounts of processing (quotas).

Resolutions issued by the Ministry of Justice (577 and 578) technically regulate the evaluation and follow-up of the licensing modalities that are to be delivered to this entity (psychoactive cannabis, non-psychoactive cannabis and seed use) and establish the fees that must be paid to obtain these licenses.

4 TYPES OF LICENSES

Manufacture of cannabis derivatives	For national use For scientific research For export	Ministry of Health and Social Welfare
Cultivation of psychoactive cannabis	For seed production for planting For grain production For the manufacture of derivatives For scientific purposes For storage For final disposal	Ministry of Justice and Law
Non-psychoactive cannabis cultivation	For seed production for planting For grain production For the manufacture of derivatives For scientific purposes For storage For final disposal	Ministry of Justice and Law
Use of cannabis seeds to sow	Marketing or delivery Scientific purposes	Ministry of Justice and Law

On July 23, 2021, the Ministry of Health and Social Welfare issued Decree 811 of 2021 modifying various aspects of the previous decrees. Among the most important modifications were the extension of license length from five to ten years (with completion of the necessary application and payment) and elimination of the prohibition on the export of "cannabis, dried cannabis flower, or unprocessed cannabis". Full regulation for the export of dry flower is still pending.

Colombian Operations

Management viewed the changes in the Colombian legal landscape as an opportunity to continue its business objectives of developing cannabinoid oil / distillate production facilities in key locations. Consequently, Management formed LCG Holdings Inc. ("**LCG**"), 65% owned by the Company, and with localpartners to operate the Company's Colombian corporate platform.

LCG is in the process of acquiring an unused Hydrangea farm, Las Piedras, encompassing approximately 23 acres and on which are located several buildings. The 35% minority ownership interest is held in equal parts by LCG's co-CEOs Bob Neill and Roy Ostrom, III. Mr. Neill and Mr. Ostrom are American expatriates who have lived and worked in Colombia for many years building and operating significant mining companies. Mr. Neill and Mr. Ostrom are arm's length to the Company.

Leviathan has agreed to contribute all necessary working capital to LCG by way of credit facility that will be drawn down as required. Amounts drawn down pursuant to the facility are subject to an 8% annual interest rate. Mr. Neill and Mr. Ostrom are contributing their IP (intellectual property), which allows LCG to access their business network, operational expertise, and local knowledge regarding hemp and cannabis opportunities in Colombia.

LCG originally intended to cultivate specialized strains of hemp with high concentrations of CBD, CBG & CBN, for extract and manufacturing of cannabinoid products. In addition, LCG planned on cultivating medicinal mushrooms for nutraceutical uses and for medical R&D. Given market conditions, Management is currently analyzing its original plan and evaluating several options for LCG including M&A, joint ventures, or a spin-off of LCG into an independent company.

Originally, the Company had entered a lease to own property in Rio Negro with a view of creating a hemp cultivation and processing facility with an expected buildout budget of US$5M (C$6.57M). However, that transaction was terminated by the contracting parties in Colombia. As referenced earlier, Management entered into a new agreement to purchase a 22.43-acre hydrangea facility again located in Carmen de Viboral for C$1,251,900. The Company had planned to make five installment payments over eighteen months; however, the schedule was modified as noted below. In addition to the land, the Company will be acquiring the facilities located on the property which includes office space, workers' quarters, and drying rooms. Management's anticipated budget for the buildout of the facility is US$3.9 million (C$5.26M).

Payment Schedule – Hydrangea Facility

Payment Reference	Date	Amount	Status
Initial	November 2019	C$78,000	Paid
2nd	January 2020	C$175,500	Paid
3rd	May 2020	C$175,500	Paid
4th	June 2021	C$275,200	Outstanding
Final	July 2021	C$400,000	Outstanding

Approximately C$675,200 in property payments remain outstanding.

As part of the property purchase, the Company had been assigned the final Hydrangea crop from the vendors, which was expected to generate approximately US$100,000 in revenues. However, once the crop was ready for harvesting it was determined that the cost to harvest and to sell the crop was greater than the expected revenues; consequently, the harvest was ploughed under.

On August 17, 2021 the Company announced that LCG Holdings completed an acquisition of all of the issued and outstanding shares (the "**Acquisition**") of Natural Origins SAS ("**Natural Origins**"), a Colombian company licensed for growing, processing, and exporting psychoactive and non-psychoactive cannabis (the "**Licenses**").

Pursuant to a share purchase agreement dated December 7, 2020 (the "**Agreement**"), as amended, entered between LCG and Natural Origins, LCG acquired all of the issued and outstanding shares in the capital of Natural Origins ("**Origins Shares**") in consideration of total of 486,511,000 COP at the exchange rate of 3,842 COP per US$1 (US$129,629) (the "**Consideration Price**") paid to all shareholders of the Origin Shares ("**Origins Shareholders**") on the following payment schedule: (i) 70,442,000 COP of the Consideration Price were paid at the time of signing the Agreement; (ii) 110,000,000 COP of the Consideration Price were paid on January 25, 2021 plus 1,820,379 COP of late interest; (iii) 209,157,500 COP of the Consideration Price were paid on April 9, 2021 to purchase 50% of Origins Shares plus 9,486,701 COP of late interest; and (iv) 96,911,500 COP of the Consideration Price were paid on August 6, 2021 to purchase remaining 50% of Origins Shares. The acquisition closed on August 13, 2021. Each Origins Shareholder received a portion of the Consideration Price in proportion to the number of Origins Shares held by each. No securities of the Company were issued under the terms of the Agreement.

Colombian Cannabis Licenses

With the closing of the Natural Origins acquisition, Leviathan has acquired Colombian cannabis licenses in the following areas outlined below.

Colombian cannabis licenses received from the Colombian Ministry of Health and Social Welfare:

Manufacture cannabis derivatives for the following modalities:

- For national use: Ranging from the reception of the harvest in the manufacturing area, to the delivery of cannabis derivatives to any third party, or for him/herself, in order to proceed with the production of a finished product from cannabis. this includes activities for the acquisition of any kind of cannabis, the manufacturing of derivatives, the storage of cannabis and its derivatives, the transport of cannabis and its derivatives, and the use, distribution or commercialization of derivatives in the national territory.
- For export: Ranging from the reception of the harvest in the manufacturing area to the direct export of cannabis derivatives. this includes activities for the acquisition of cannabis, the manufacturing of cannabis derivatives, the storage of cannabis or its derivatives, the transport of cannabis or its derivatives, and the export of cannabis derivates.
- For scientific purposes: ranging from the receipt of the harvest at the facilities, to the manufacture of cannabis derivatives for scientific purposes for its study. this includes activities for the acquisition of cannabis, the manufacturing of cannabis derivatives, the storage of cannabis and its derivatives, the transport of cannabis and its derivatives, and research on cannabis and / or its derivatives.

Colombian cannabis licenses received from the Colombian Ministry of Justice and Law:

Grow psychoactive cannabis plants for the following modalities:

- For seed production for sowing includes the cultivation of psychoactive cannabis seeds to produce seeds for planting, screens and / or vivarium production, storage, marketing, distribution, export and final disposal.
- For the manufacturing of derivatives includes the cultivation of psychoactive cannabis plants, from planting to the delivery or use of the crop for the manufacturing of derivatives for medical and scientific purposes. this includes sowing, storage, marketing, transportation, distribution and final disposal activities.
- For scientific purposes includes the cultivation of psychoactive cannabis plants, from

planting to the use of the crop for scientific purposes, either on cannabis plant or its parts, without involving activities of industrial manufacturing of derivatives.

- For production of grain includes the cultivation of psychoactive cannabis plants to produce grain.

Grow non-psychoactive cannabis plants at the Ministry of Justice and Law for the following modalities:

- For grain and seed production for sowing includes the cultivation of non-psychoactive cannabis plants to produce grain or seeds for sowing.
- For the manufacturing of derivatives includes the cultivation of non-psychoactive cannabis plants, from planting to the delivery of the crop for the manufacturing of derivatives for medical and scientific purposes.
- For industrial purposes includes the cultivation of non-psychoactive cannabis plants, from planting to the delivery of the crop for industrial uses.
- For scientific purposes includes the cultivation of non-psychoactive cannabis plants, from planting to the harvesting, for scientific purposes, in each of its parts or of the non-psychoactive cannabis, without it involving activities for the manufacturing of derivatives.

Management's Comments Regarding Operations in Colombia

Management recognizes that operating a business in Colombia, an emerging market, can pose significant challenges. Colombia has had a history of significant political violence since becoming a republic in 1819. In the last 50 years, the inequitable distribution of wealth has fueled "left vs. right" civil wars. This sectarian violence created a weakened government that allowed various drug cartels to impose their will over various sections of the country. However, the government finally reached a peace agreement with the largest rebel group in 2016 and has actively reasserted legitimate civil control over the country. Concurrent with the re-establishment of civil authority, the government introduced market friendly economic policies in 2000 such as fiscal discipline, inflation control, competitive tax rates, and targeted economic reforms to address poverty and land restitution issues. Consequently, the country has become increasing stable[1] and amenable to business and international trade over the last 10 years.

Because of the challenges of operating in Colombia, Management has undertaken several actions to ensure that the Company's resources are properly safeguarded. Firstly, Management utilizes well established / recognized advisors with domestic and international branches in Colombia. Management believes it will have increased influence over advisors with offices in Canada and Colombia. Secondly, Management has engaged independent local representatives who are knowledgeable of the Colombian business environment. As noted previously, the co-CEOs of LCG Holdings are Bob Neill and Roy Ostrom, III, who have had significant experience operating in the Colombian marketplace. Thirdly, Management has made several trips to Colombia to physically inspect, speak with local persons, and verify the facilities as this will reduce the possibility of fraud. Finally, Management continues to monitor political and economic developments in Colombia through their existing network of contacts, local and international, and through various publications.

Fitch Ratings service has confirmed Colombia's Long-Term Foreign and Local Currency Issuer Default Ratings (IDR) at 'BB+" and considers their outlook to be stable[2]. There are several contributing factors;

however, the primary reasons were the high commodity dependence and rising government debt due to the coronavirus pandemic.

[1] Colombia has moved up the rankings to 148 in 2000 from 163 in 2019.
https://www.theglobaleconomy.com/rankings/wb_political_stability/#Colombia (the Global Economy.com)

[2] Fitch Affirms Colombia at 'BB+"-'; Outlook is Stable
Fitch Downgrades Colombia's Ratings to 'BB+' from 'BBB-'; Outlook Revised to Stable (fitchratings.com)

Acquisition of Tirthankar Entities

On October 25, 2021 the Company announced that it entered into a definitive agreement (the **"Tirthankar Agreement"**) to acquire all of the issued and outstanding shares of Tirthankar Ltd. and related companies (the **"Tirthankar Entities"**), which operate 10 retail cannabis stores in Ontario, and have 5 more locations in development.

Pursuant to the Tirthankar Agreement, Leviathan will acquire all of the issued and outstanding shares of the Tirthankar Entities in consideration for $1.8 million cash and 15,750,000 common shares of Leviathan. Leviathan will also issue 250,000 common shares to certain employees of the Tirthankar Entities as a retention bonus. All the common shares of Leviathan issuable under the Tirthankar Agreement will be subject to contractual restrictions on trading.

In connection with the transaction, the Company announced that Tanvi Bhandari, founder and senior officer of the Tirthankar Entities, will join the board of directors of Leviathan. Ms. Bhandari will contribute to the integration of the new stores into the Company and will use her expertise to assist Leviathan in managing its retail cannabis division.

The Company intends to furnish the Tirthankar Entities with the necessary capital to expand its retail platform to up to 75 dispensaries in Ontario and other provinces. It is estimated that each new dispensary will cost approximately $200,000 to launch, including initial inventory, leasehold improvements and marketing.

The Tirthankar Entities' stores operate under its retail brands "T CANNABIS" and "COST CANNABIS" offering a wide variety of cannabis brands and products, including flower, pre-rolls, concentrates, edibles, beverages, vapes, topicals, seeds, and accessories. These retail outlets are located in the following Ontario municipalities:

- Acton (opened)
- Beamsville (opened)
- Cochrane (opened)
- Hearst (in development)
- Fort Frances (opened)
- Kenora (opened)
- Kirkland Lake (in development)
- Manitouwadge (in development)
- New Liskeard (opened)
- Peterborough (in development)
- Renfrew (opened)
- Rockland (opened)
- Scarborough (opened)
- Smith Falls (opened)
- Wawa (in development)

Leviathan previously announced its expectation to complete the acquisition of the Tirthankar Entities by December 31, 2021. However, the parties to the Tirthankar Agreement are still in the process of obtaining regulatory approval (the "**AGCO Approval**") from the Alcohol and Gaming Commission of Ontario (the "**AGCO**"). To allow time for AGCO Approval, the parties to the Tirthankar Agreement signed an amending agreement on December 30, 2021 and intend to close the transaction by January 31, 2022, unless AGCO Approval is pending on January 31, 2022, then the closing shall be delayed to February 28, 2022. In addition to AGCO Approval, the closing of the transactions under the Tirthankar Agreement is subject to the satisfaction of certain closing conditions.

CORPORATE DEVELOPMENTS

Personnel

On March 20, 2019, the Company appointed Jayne Beckwith and Luvlina Sanghera as officers of the Company. Ms. Beckwith took on the role of Chief Communications Officer and Ms. Sanghera took on the responsibilities of Chief Marketing Officer. Both are members of the core group that founded Leviathan. Ms. Beckwith has 25 years of experience in a broad range of industries. As a trusted advisor to executive teams both nationally and internationally, she has spearheaded strategic planning, research, brand development, design and communications programs. Before Leviathan, she served as an executive with an international branding firm and was a co-founder / principal of a branding and communications agency. Ms. Sanghera is a former founder / CEO of a branding agency as well as a former professor at The Art Institute of Vancouver. Prior to the creation of her own company, Ms. Sanghera served as an executive with a retailer and manufacturer that distributed and launched consumer products worldwide. Ms. Sanghera has also worked extensively in the North American cannabis market as an experienced and highly valued consultant. On February 22, 2019, the Company appointed Martin Doane as interim Chief Financial Officer. On April 25, 2019, Jayne Beckwith replaced Martin Doane as interim Chief Financial Officer and Luvlina Sanghera was appointment Corporate Secretary to the Company.

Private Share Transaction

On April 29, 2019, Renny Bidinot and Joseph Bidinot, as insiders of Leviathan, entered into Share Purchase Agreements with third party, arms-length purchasers to sell 20,000,000 million issued and outstanding fully paid and non-assessable common shares in the capital of Leviathan. Subject to the terms and conditions set out in an agreement between Renny Bidinot, Joseph Bidinot, Leviathan, Woodstock, and Computershare Trust Company of Canada dated June 14, 2018 (the "**Escrow Agreement**"), the Bidinots agreed to assign and transfer their rights pursuant to the Escrow Agreement, including the contingent 10,000,000 escrowed shares (See Woodstock Proposed Transaction Terms above) to third party, arms-length purchasers. This transaction closed on May 3, 2019. No officers or other insiders of Leviathan were involved in the private transactions.

On April 29, 2019, Renny Bidinot resigned as director, Chairman, President, Treasurer and Secretary of Woodstock, a wholly owned subsidiary of Leviathan. Martin J. Doane, Luvlina Sanghera and Paul Gri were elected as directors of Woodstock. Additionally, Martin J. Doane was appointed as President of Woodstock, Luvlina Sanghera was appointed as Chief Operating Officer of Woodstock, and Paul Gri was appointed as Vice-President of Woodstock.

COVID – 19 Government of Canada Programs

CEBA Loan

On March 11, 2020, the World Health Organization declared the spread of COVID-19 a pandemic. The Government of Canada has introduced several programs to support individuals and companies. The Company determined that they were eligible for the Canadian Emergency Benefit Account ("**CEBA**"). This program provides up to a $40,000 interest free loan to a company to assist in covering eligible expenses. The Company received the loan during the fiscal quarter ended May 31, 2020. If the loan is repaid in full on or before December 31, 2022 25% ($10,000) of the loan will be forgiven. CEBA was subsequently expanded to include an additional interest-free $20,000 loan, 50% ($10,000) of which would be forgivable if repaid by December 31, 2022. The Company received the supplementary $20,000 on March 9, 2021.

In addition, the Company qualified for a $60,000 CEBA loan for Jekyll + Hyde. The loan was received on June 9, 2021. If $40,000 is repaid on or before December 31, 2022, $20,000 would be forgivable.

On January 12, 2022, the Canadian Government extended the due date from December 31, 2022 to December 31, 2023 on all CEBA loans.

For additional information on this program please see https://ceba-cuec.ca/

CECRA Rent Reduction Program

The Company has applied for and received rent reduction under CECRA (Canadian Emergency Commercial Rent Assistance). Over the course of the program, property owners reduced rent by 75% for the months of April through September 2020 for their small business tenants. CECRA covered 50% of the rent, with the tenant paying up to 25% and the property owner forgiving at 25%.

For additional information on this program please see https://www.canada.ca/en/departmentfinance/economic-response- plan.html

COVID – 19 CERS Rent Reduction Program

The Government of Canada has implemented a rent subsidy program, Canada Emergency Rent Subsidy (CERS). CERS picks up where the previous program left off, delivering direct rent support to qualifying organizations without the need to work through their landlords. Management has reviewed all program details and determined it does not meet the application for criteria.

For additional information please see https://www.canada.ca/en/revenueagency/services/subsidy/emergency-rent-subsidy.html

The Company will continue to monitor and review if new programs become available that are suitable for it in any of the jurisdictions in which it operates.

RESULTS OF OPERATIONS

Overview of Operations

The operations for the three months ended November 30, 2021 consists of the activities of Leviathan Natural Products, Woodstock, Leviathan US, Jekyll + Hyde, LCG Holdings Inc. and Grupo LCG SAS.

RESULTS OF OPERATIONS

For the Three Months Ended November 30, 2021

Revenues

Revenue for the three months ended November 30, 2021 was $228,137 (three months ended November 30, 2020 – $55,196) pertaining to the rental of the Woodstock property and sales generated by Leviathan US. None of the other entities within the Leviathan group generated any revenues. The cost of sales on the revenue was $170,719 (three months ended November 30, 2020 - $Nil).

Expenses

Expenditures during the three months ended November 30, 2021 were $1,112,337 (three months ended November 30, 2020 – $1,027,953). These expenditures included:

Professional Fees of $52,273 (three months ended November 30, 2020 – $53,076). The costs were higher in the previous year because of the extensive legal work associated with potential and actual business acquisitions that Management examined / transacted in Colombia and Tennessee, and other legal work associated with domestic issues, including the lawsuit brought against the Town of Pelham in the previous Year. The reduced expenditures were consistent with Management's expectations.

Salaries, Wages & Consulting Fees $304,246 (three months ended November 30, 2020 – $351,990). Costs have decreased over the prior year due to a cost minimization program as well as deferred payments relating to consulting fees. Management has and plans to continue to engage consultants on an "as needed" basis until the Company generates revenues on a consistent basis. Management expects higher levels of expenditure for fiscal 2022 as the business grows and requires additional personnel.

Office & General Expenses $67,452 (three months ended November 30, 2020 – $104,515). Costs have decreased over the prior year as Management implemented an expense minimization program; however, Management expects these expenses to rise as activity in Tennessee increases.

Investor Relations & Fees $15,774 (three months ended November 30, 2020 – $14,696). Similar costs over the prior period are consistent with Management expectations. Management expects higher levels of expenditure in 2022.

Share Based Compensation $59,159 (three months ended November 30, 2020 – $1,164). Share-based compensation is higher pursuant to a contractual arrangement with the firm managing the Company's investor relations activities and options issued to officers, directors, and consultants. Management plans to use share-based incentive compensation arrangements to recruit key persons as needed and expects higher levels of share-based compensation in 2022 as the business grows and requires additional skilled personnel.

Interest Expense, net of fair value discount, $465,380 (three months ended November 30, 2020 – $300,265). Interest expense includes accretion of a discount due to the fair value of the cash flows of a modified loan. Actual interest has risen because of the interest incurred on the $7.5 million debt facility that has been drawn down. Management expects that interest expenses will continue to rise in fiscal 2022 based on the interest on $7.5 million revolving facility, interest on the US$499,000 Leviathan US loan and security agreement, and interest on the $4.2 million Woodstock Biomed mortgages.

Net loss and comprehensive loss for the quarter was $1,054,920 (three months ended November 30, 2020 – $972,756) or a loss of $0.01 per share (three months ended November 30, 2020 - $0.01).

Summary of Quarterly Financial Information

For the three months ended	$ Q1FY22	$ Q4FY21	$ Q3FY21	$ Q2FY21
Revenues	228,137	288,707	165,966	104,224
Expenses & cost of sales	1,283,056	1,712,210	1,162,085	1,137,685
Net &Comprehensive Loss	(1,050,901)	(1,933,232)	(996,119)	(1,033,461)
Basic & Diluted Loss per Share	(0.01)	(0.02)	(0.01)	(0.01)

For the three months ended	$ Q1FY21	$ Q4FY20	$ Q3FY20	$ Q2FY20
Revenues	55,196	Nil	Nil	Nil
Expenses & cost of sales	1,027,952	1,164,558	555,958	611,288
Net and Comprehensive Loss	(972,756)	(1,079,478)	(690,356)	(739,706)
Basic & Diluted Loss per Share	(0.01)	(0.01)	(0.01)	(0.01)

TRENDS AND OTHER INFORMATION

The Company has limited financial resources. Consequently, Management secured a short-term revolving credit facility for up to $7,500,000 to fund the buildout of facilities in Tennessee and Colombia and to provide working capital to the Company. Outstanding drawdowns bear an interest charge 10% per annum from the date of each advance. The maturity date of the credit facility has been extended to December 31, 2023 (from October 15, 2021); interest payments are only to be payable on December 31 of each year during the term (from once every four months); and the interest payments due August 31, 2020, and December 31, 2020, has been capitalized into the principal amount of the credit facility. The Company may at its discretion repay the balance of principal and / or interest owing at any time without penalty. There are no assurances that additional funding will be available for working capital purposes if the Company is not successful in its efforts to generate revenues and / or secure additional financing through other debt facilities or equity capital raises. For the three months ended November 30, 2021 the Company has taken a total draw of $7.5M (August 31, 2021 – $7.5M). The annual interest payment due December 31, 2021 remains outstanding.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit of approximately $6,526,825 as at November 30, 2021 (August 31, 2021 – $2,389,872). The Company had cash of $97,457 (August 31, 2021 – $162,459).

Currently, the Company has limited working capital resources to finance operations and expected program buildouts in Tennessee and Colombia.

Location	Budget – US $	Completion Date
Tennessee (Leviathan US)	$2,937,071	Phase I Complete
Antioquia (Leviathan Colombia)	$3,905,200	TBD

In order to realize on the Company's buildout and operation of cannabinoid processing facilities, the Company is intending to utilize the following sources of funding:

- Warrant Exercise
    - Received proceeds of $450,999 for 751,666 share purchase warrants exercised at $0.60 per warrant during the three months ended November 30, 2021. The remaining 14,248,334 share purchase warrants expired on December 31, 2021.
- Operating Revenues
    - Management believes that the Company will have operating revenues to partially fund out liability obligations (See chart – Payment Schedule, Hydrangea Facility above).
- Private Placement Financing
    - Management is currently evaluating the merits of raising additional funds through equity financing to support acquisitions and provide working capital.

With respect to the $7.5 million Revolving Credit Facility, the facility would become immediately payable by the Company if the Company triggered an "event of default" unless waived by the Lender. Triggering events, from Management's perspective, are not considered onerous and are standard in similar types of credit facilities. Specific triggering events would include, (a) failure to pay interest on a due date; (b) the Company becomes insolvent or admits in writing that it is unable to pay its debts; (c) seeks any form of creditor protection; (d) initiates a corporate liquidation, winding up etc.; and (e) appointment of a receiver or its equivalent. The Revolving Credit Facility is not dependent upon any earnings per share, cash flow, or share price metrics.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

None.

SUBSEQUENT EVENTS

During the three months ended November 30, 2021 the Company received proceeds of $450,999 from 751,666 share purchase warrants exercised at $0.60 per warrant. 15,000,000 warrants were originally issued pursuant to a private placement financing that closed in several tranches in July 2018. The initial expiry date of the warrants was July 2020. The warrants were extended and repriced on June 19, 2020. On December 8, 2020, the CSE granted Leviathan an exemption which allowed the Company to conduct a second repricing and extension of the warrants. The warrants were repriced from $0.75 to $0.60 and the expiry date extended to December 31, 2021. As of December 31, 2021 14,248,334 warrants expired.

On January 12, 2022, the Canadian Government extended the due date on the Company's $120,000 CEBA loan from December 31, 2022 to December 31, 2023.

On January 21, 2022 Leviathan received its Consumer and Industry Services permit from State of Tennessee Department of Agriculture, a requirement for the distribution of ingestible finished products.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

SHARE CAPITAL OUTSTANDING	Aug 31, 2021	Nov 30, 2021	Jan x, 2022
Shares	84,743,603	85,495,269	85,495,269
Options [(a)]	7,000,000	6,900,000	6,900,000
Warrants[(b)]	15,000,000	14,428,334	-
(a)			
$0.60 options expiring Nov 2020-Aug 2022	300,000	225,000	225,000
$0.60 options expiring May 2021 – Feb 2023	150,000	125,000	125,000
$0.60 options expiring Mar 21, 2024	1,000,000	1,000,000	1,000,000
$0.65 options expiring August 27, 2024	5,550,000	5,550,000	5,550,000
Total	7,000,000	6,900,000	6,900,000

(b) Each warrant was exercisable at $0.60 per share until December 31, 2021. As of December 31, 2021 14,248,334 warrants expired.

LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended November 30, 2021 was based on the net loss and comprehensive loss attributable to common shareholders of $0.01 (three months ended November 30, 2020 – $0.01) and the weighted average number of common shares outstanding of 85,092,284 (November 30, 2020 – 84,743,603).

RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2021 the Company entered into transactions and had outstanding balances with various related parties. The details of the related party transactions are summarized as follows:

Compensation to Management, Directors, and other Key Personnel

The remuneration of directors and other members of key management personnel, or companies under their control, during the three months ended November 30, 2021 and 2020 was:

	Nov 30 2021	Nov 30 2020
Salaries, consulting and benefits	$ 168,000	$ 156,000
Share based compensation	-	1,164
	$ 168,000	**$ 157,164**

As at November 30, 2021, $124,924 (August 31, 2021 - $156,150) due to directors, officers and shareholders is included in accounts payable and accrued liabilities.

RISKS AND UNCERTAINTIES

Risks Arising from Financial Instruments and Risk Management:

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company identifies, evaluates and, where appropriate, mitigates financial risks. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board is responsible to review the Company's risk management policies.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates equity prices and wholesale price of biomass (hemp) and selling price of the finished material will affect the Company's income or the value of its holdings or financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Exchange Risk

The Company operates in Canada, the United States and Colombia. A portion of the Company's expenses are incurred in other countries primarily the United States dollars ("**US dollar**"). Foreign exchange risk arises because the cost of transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company has not entered any foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have a significant effect on the Company's results of operations, financial position or cash flows.

Interest Rate Risk

The Company is subject to interest rate risk on its cash and cash equivalents and long-term debt. The Company believes that interest rate risk is low as the Company does not hold any term deposits and interest earned on cash equivalents is variable.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company believes there is insignificant credit risk associated with its accounts receivable based on the nature of the counterparties.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs.

Liquidity and Funding Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. The Company manages its funding risk by forecasting its cash needs on a regular basis and continuously monitoring the stock price and other market conditions.

Investments in Colombia

Operating a business in Colombia, an emerging market, can pose significant challenges. Colombia has had a history of significant political violence since becoming a republic in 1819. In the last 50 years, the inequitable distribution of wealth has fueled "left vs. right" civil wars. This sectarian violence created a weakened government that allowed various drug cartels to impose their will over various sections of the country. While the government finally reached a peace agreement with the largest rebel group in 2016 and has actively reasserted legitimate civil control over the country there is no guarantee that Colombia will not return to its earlier state of political instability resulting in the breakdown of the rule of law.

Capital Management

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and to provide an adequate return to shareholders commensurate with the level of risk associated with an early-stage company.

The capital structure of the Company consists of cash, long-term debt and equity comprising, issued capital, contributed surplus, warrants, and stock options.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

Other Risks and Uncertainty

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control, which could have a material adverse effect upon the Company, its business and prospects. Investors should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not exhaustive. There may be risks and uncertainties not presently known to the Company or that the Company believes to be immaterial, which could adversely affect the Company and its business in the future.

Risks Related to the Company's Financial Condition

The Company has mainly relied on equity and debt financing to support operations and will continue to need significant amounts of additional capital. The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, and through equity and / or debt financing. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favourable terms. The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates. The availability of financing will be affected by the results of scientific and clinical research, the Company's ability to attain regulatory approvals, the market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, and other relevant commercial considerations. Any future equity financing could result in significant dilution to existing shareholders.

Risks Related to the Company's Businesses and Operations Regulatory

Changes to government policies, whether in Canada, the United States or Colombia, and the current regulatory framework is outside of the Company's control and hence, the Company is subject to any changes in the regulatory framework, which may cause the Company to adjust its operations or impact the Company's profit margins.

Limited Operating History

The Company's subsidiary Jekyll + Hyde commenced operations on August 31, 2017. Woodstock, Leviathan US, and LCG Holdings Inc. currently have not commenced operations, and as such, they are early-stage businesses, subject to the risks any early-stage business faces. The Company has incurred operating losses since commencing operations. The success, among other things, is dependent on profitability of operations, ability to raise funds when necessary in a timely manner, and senior management's ability to execute on its strategy. The Company may incur losses in the future and may never achieve profitability.

Reliance on Management

The Company is reliant on senior management's ability to execute on its strategy. This exposes the Company to management's ability to perform, and as well the risk of management leaving the Company. To mitigate this risk, the Company has implemented incentive plans for all members of the senior management team.

Risks Relating to the Cannabis Industry Change in Law, Regulations and Guidelines

The cannabis industry in Canada, the hemp industry in the United States, and the cannabis industry in Colombia are all highly regulated at all levels of government (i.e. Federal, Provincial, State, Municipal) and are subject to a wide and onerous variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medicinal, adult recreational cannabis, and hemp oil / distillates.in Canada, the United States and Colombia. Changes in such laws, regulations and guidelines may cause adverse effects on the Company's operations. On February 24, 2016, the Federal Court of Canada released its decision in the case of Allard et al v. Canada, declaring that the MMPR, as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section7 of the Charter of Rights and Freedoms. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime, which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. On October 17, 2018, Canada legalized the cultivation and sale of adult recreational cannabis nationally introducing a new national cannabis reporting and tracking systemlaunched concurrently with the coming into force of the national Cannabis Act. Beginning October 17, 2018, the Cannabis Tracking and Licensing System applies to all public and private parties licensed by Health Canada to sell medicinal and/or adult recreational cannabis under the various provincial regulations to consumers or other Federally licensed cannabis companies.

On December 12, 2018, Congress passed the U.S. Farm Bill and it became law on December 20, 2018. This legislation exempts hemp from the Controlled Substances Act and allows the import and export of hemp-derived products across U.S. state lines.

In 2016, Colombia proposed a legal framework for the regulated cultivation and manufacture of medical cannabis for domestic use and exportation. In 2017, President Juan Manual Santos signed into law, a regulatory framework that permitted individuals and businesses to engage in the cannabis industry through a licensing framework (4 qualifying licenses) for cannabis production.

Regulatory Risk

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada, and US and Colombian regulators, as enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of the Company's products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation, which may be required by government authorities. Any delaysin 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 Company's business, results of operation and financial condition.

Unfavourable Publicity or Consumer Perception

The success of the medical and non-medical cannabis and hemp industries may be significantly influenced by the public's perception of cannabis' and hemp's medicinal applications. Cannabis is a controversial topic and there is no guarantee that future scientific research, publicity, regulations, medical and public opinion relating to medicinal and/or adult recreational cannabis or medicinal hemp will be favourable. The medical and non-medical cannabis and hemp industries are early-stage businesses, which are constantly evolving with no guarantee of viability. The market for medical and non-medical cannabis and hemp is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical and public opinions relating to the consumption of medical and non-medical cannabis and hemp may have a material adverse effect on operational results, consumer base and financial results.

Competition

The market for the medical and non-medical cannabis in Canada and medical hemp in the USA products appear to be sizeable. As a result, the Company expects significant competition from other companies both domestically and abroad. Many companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Should the size of the medical and non-medical cannabis and hemp markets increase as projected, the demand for products will increase as well, and in order for the Company to be competitive, it will need to invest significantly in research and development, marketing, production, distribution, expansion, new client identification and customer support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

Risks Relating to COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization in 2020. The situation continues to be dynamic with no visibility on the ultimate duration and magnitude of the impact on the economy presently. Consequently, the pandemic could affect the Company's ability to maintain operations, to obtain debt and equity financing, result in the impairment of investments, the impairment in the value of the Company's long-lived assets, or adversely affect the revenue or the profitability of ongoing operations.

Risks Relating to the Company's Common Shares

The Company has not paid any cash dividends on its common shares and, for the foreseeable future, the Company does not intend to pay any cash dividends on its common shares and therefore, its shareholders may not be able to receive a return on their shares unless they are able to sell their shares. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time-to- time. Any decision to pay dividends on the common shares of the Leviathan Group will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

The market price and trading volume of the Company's common shares is volatile and may continue to be volatile in the future. Variations in earnings estimates by securities analysts and the market prices of the securities of competitors may also lead to fluctuations in the trading price of the common shares. In addition, the financial markets may experience significant price and volume fluctuations that affect the market price of the Company's common shares that are not related to the Company's operating performance. Broad market fluctuation and economic conditions generally, and in the cannabis and hemp sectors specifically, may adversely affect the market price of the Company's common shares.

The significant costs that the Company will incur as a result of being a public company in Canada could also adversely affect its business.

ADDITIONAL INFORMATION

(1) Additional information may be found on SEDAR at www.sedar.com;

(2) Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities authorized for issuance under equity compensation plans will be included in the information circular for the Company's next annual meeting of security holders;

(3) Additional information relating to the Company can be requested by calling Martin J. Doane, CEO, Leviathan Cannabis Group Inc. at 416.903.6691 or Jayne Beckwith, Chief Communications Officer and Interim Chief Financial Officer, Leviathan Natural Products Inc. at 416.806.0591.