

**MOJAVE BRANDS INC.**  
(formerly Mojave Jane Brands Inc.)

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Nine Months Ended May 31, 2021

**INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") has been prepared by the management of Mojave Brands Inc. ("Mojave" or the "Company") as of July 19, 2021, and should be read in conjunction with the unaudited interim consolidated financial statements and related notes of the Company for the nine months ended May 31, 2021, and the audited consolidated financial statements of the Company together with the related notes thereto for the year ended August 31, 2020. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation. Additional information related to the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is based on assumptions and expectations which the Company considers are reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The assumptions used to develop forward-looking information include, but not limited to, assumptions about:

- The general business and economic conditions;
- The timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned business objectives;
- The nature and location of the Company's plants, and the timing of the ability to commence its business operations;
- The Company's ability to secure the necessary consulting, technical and related services and supplies on favourable terms;
- The Company's ability to attract and retain key staff;
- Treatment of the Company's business under governmental regulatory regimes and tax laws and the renewal of the Company's license thereunder;

- The anticipated terms of the consents, permits and authorizations necessary to carry out the planned operations and the Company’s ability to comply with such terms on a cost-effective basis;
- Fluctuations in the price of common shares and the market for the common shares: and
- The ability of the Company to generate cash flow from operations and from financing activities.

Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. The Company does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the medical marijuana industry, such as the potential changes in government regulation, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as changes in interest rates and the condition of financial markets, and changes in exchange rates, and other risks identified herein under “Risks and Uncertainties”.

## **COMPANY OVERVIEW**

Mojave Brands Inc. was incorporated under the name Infinity Minerals Corp. on November 12, 2010, under the laws of the Province of British Columbia, Canada. The name of the Company was changed to Herbal Clone Bank Canada Inc. on August 29, 2014, to High Hampton Holdings Corp. on June 18, 2015, to Mojave Jane Brands Inc. on June 11, 2019, and subsequently to Mojave Brands Inc. on March 30, 2021. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange (the “CSE”) under the symbol “MOJO” and on the Frankfurt Exchange under the symbol “FSE: 0HCN”.

The Company’s principal business was the manufacturing, processing and sale of cannabis extracts. Currently the Company is not generating revenues as it conducts a strategic review of the Company’s operations. The Company has entered into negotiations with former partners and creditors to ensure it will be able to continue as a going concern. The ability of the Company to do so depends on the outcome of these negotiations. While progress is being made and a pathway to a positive outcome is visible, the Board can provide no guarantees as to the success of the current negotiations and restructuring efforts. A go forward plan will be developed on the results of the strategic review.

On February 2, 2021, the Company announced the resignation of Cam Birge as Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company. Mervyn Pinto was appointed as the CEO, CFO and a director of the Company.

On April 5, 2021, the Company completed a consolidation of the Company’s issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share, stock option and warrant for every twenty-five (25) pre-consolidation common shares, stock options and warrants.

In July 2021, the Company completed a non-brokered private placement of 5,750,000 units at a price of \$0.12 per unit for gross proceeds of \$690,000. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.15.

### Impact of Covid-19

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-

19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business but anticipates that COVID-19 may impact the Company's ability to raise financing.

## **DISCUSSION OF OPERATIONS**

### Three month period ended May 31, 2021

During the three months ended May 31, 2021, the Company reported a net income of \$133,035 as compared to a net loss of \$3,572,136 for the three months ended May 31, 2020. The net loss for the current quarter consists of a net income of \$133,035 (2020 - loss of \$678,506) from its continuing operations and a net loss of \$nil (2020 - \$2,893,630) from its discontinued operations. The income for the third quarter relates primarily to general administrative expenses of \$90,423 (2020 - \$149,133), offset by reversal of provision of doubtful receivable of \$210,958. The main expense items include consulting fees of \$40,000 to a related party consultant and legal fees of \$25,825 related to the share consolidation and AGM preparation work.

### Nine month period ended May 31, 2021

During the nine months ended May 31, 2021, the Company reported a net income of \$1,547 as compared to a net loss of \$6,592,685 for the nine months ended May 31, 2020. The net loss for 2021 period consists of a net loss of \$18,400 (2020 - \$2,810,525) from its continuing operations and a net income of \$19,947 (2020 - loss of \$3,782,160) from its discontinued operations. The loss from discontinued operations include the operating results of Coachellagro and HS Airway Holdings ("HS Airway"). In September 2020, the Company closed the transaction to sell the Company's 100% membership interest in Nelson & Mark, LLC, the holder of the CALIGOLD intellectual brand property, to a company controlled by two former employees and original owners of HS Airway. Subsequent to the closing, the Company dissolved HS Airway in October 2020.

The general administrative expenses from continuing operations for the nine months ended May 31, 2021 were \$251,319 (2020 - \$2,180,895). Management has reduced spending in all areas of operations while conducting the strategic review. The general administrative expenses hence have decreased significantly from the comparative period. The main expense items for the 2021 period are summarized as follows:

- Accounting and audit of \$71,305 (2020 - \$346,025) include accounting fees of \$45,500 (2020 - \$260,000) and audit and tax fees of \$25,805 (2020 - \$86,025). The Company previously hired a temporary contract consulting firm to assist with its accounting work at a monthly fee of \$45,000. In January 2020, the Company switched to another consulting firm with a lower cost.
- Consulting fees of \$55,000 (2020 - \$170,434) relate mainly to fees to a related party consultant to assist with the strategic review work. The fees for the 2020 period were paid to business development and investors communication consultants.
- Legal fees of \$54,723 (2020 - \$184,201) relate to share consolidation, dissolution of the Company's subsidiaries in the US and other general corporate matters.
- Management fees of \$45,000 (2020 - \$34,543) relate to fees to the Company's former CEO.

The gain from reversal of provision of doubtful receivable of \$210,958 is GST refund claims from prior periods that were previously disallowed by CRA. The Company reached a settlement with CRA during the current quarter and received some of the GST refunds back.

## **SUMMARY OF QUARTERLY RESULTS**

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended May 31, 2021.

	For the Three Months Ended							
	Fiscal 2021			Fiscal 2020				Fiscal 2019
	May 31, 2021	Feb. 28, 2021	Nov. 30, 2020	Aug. 31, 2020	May 31, 2020	Feb. 29, 2020	Nov. 30, 2019	Aug. 31, 2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	69,521	114,159
Net income (loss) from continuing operations	133,035	(73,511)	(77,924)	(245,664)	(935,449)	(510,134)	(1,364,942)	(3,631,878)
Net income (loss)	133,035	(75,362)	(56,126)	63,531	(3,572,136)	(1,258,197)	(1,762,352)	(24,140,366)
Net income (loss) from continuing operations per share - basic and diluted	0.03	(0.00)	(0.00)	(0.00)	(0.02)	(0.01)	(0.01)	(0.03)
Net income (loss) per share - basic and diluted	0.03	(0.00)	(0.00)	0.00	(0.03)	(0.01)	(0.01)	(0.23)

## LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2021, the Company had a cash balance of \$98,863, an increase of \$42,022 from the cash balance of \$56,841 on August 31, 2020.

The Company had working capital deficiency of \$407,846 excluding assets and liabilities held for sale as at May 31, 2021 compared to working capital deficiency of \$387,596 as at August 31, 2020.

### Going Concern

As at the date of this MD&A, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business objectives. At present, the Company may not have sufficient capital resources to settle its current liabilities. The Company had working capital of approximately \$177,154 (including assets and liabilities held for sale) as at the end of the period. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due and to attain future profitable operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Further, if an equity offering is used to raise required additional capital, it may result in dilution to existing shareholders based on the size of such an offering. Failure to obtain such additional financing could result in delay or indefinite postponement of the development of the Company's business and may cast significant doubt upon the Company's ability to continue as a going concern.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

## RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due to related parties of \$128,250 (August 31, 2020 - \$41,250) were consulting and management fees due to the CEO and a company controlled by a close family member of a director of the Company and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the nine months ended May 31 is as follows:

	2021	2020
Management and director fees	\$ 45,000	\$ 34,543
Consulting fees	40,000	-
Salaries and benefits	-	257,007
Total	\$ 85,000	\$ 291,550

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the nine months ended May 31, 2021:

- Incurred management fees of \$45,000 (2020 - \$18,750) and director fees of \$nil (2020 - \$14,493) to the former CEO of the Company.
- Incurred consulting fees of \$40,000 (2020 - \$nil) to a company controlled by a close family member of a director of the Company.
- Incurred salaries of \$nil (2020 - \$128,434) to the former Chief Executive Officer of the Company.
- Incurred salaries of \$nil (2020 - \$128,573) to the former Chief Operating Officer of the Company.

## CONTINGENCIES

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believe that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

In July 2020, a former consultant of the Company filed a claim against a subsidiary of the Company in California claiming an unpaid settlement amount related to consulting services provided. During the nine months ended May 31, 2021, the Company settled the claim with the former consultant.

In July 2021, the Company was served by the Court of California a claim naming the Company as one of the defendants. The claim was filed by the former owners of 420 Realty, a former subsidiary of the Company. The Company is currently reviewing the claim.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other

factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- whether an indication of impairment loss or a reversal of an impairment loss exists for property, plant and equipment and finite lived intangible assets;
- judgments used in determining if an acquisition constitutes a business combination or asset acquisition;
- judgments used in determining whether the Company has acquired significant influence over an entity;
- amortization methods and periods used for property, plant and equipment and finite lived intangible assets;
- the collectability of accounts or loans receivable;
- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities;
- the fair value estimation of share-based payments and awards; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

## **FINANCIAL INSTRUMENTS**

As of May 31, 2021, the carrying amounts of accounts payables, amounts due to related parties and loan payable carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

### **Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and receivables. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The GST recoverable is due from the Canadian Government. Management does not expect these counterparties to fail to meet their obligations.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As at May 31, 2021, the Company has a cash balance of \$98,863 and current liabilities of \$522,370. The Company's financial liabilities include trade payables and amounts due to related parties which have contractual maturities of 30 days or are due on demand. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. The loan payable is not contractually repayable before December 31, 2022.

### *Interest rate risk*

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

### *Foreign exchange rate risk*

Foreign currency exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and administrative expenditures are transacted in Canadian dollars. The Company funds its operations in the United States by using USD converted from its Canadian bank accounts. At May 31, 2021, the Company had financial assets of \$nil and financial liabilities of \$49,676 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately \$5,000. The Company does not hedge its foreign exchange risk.

## **OUTSTANDING SHARE DATA**

The Company had the following common shares, stock options and warrants outstanding as at the date of this report:

Issued and Outstanding Common shares	10,242,428
Stock options	20,000
Warrants	637,220
	<hr/>
	10,899,648

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

### *New accounting standards*

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted the Company's interim consolidated financial statements.

## **RISK AND UNCERTAINTIES**

The Company's business is subject to risks inherent in a high growth, heavily regulated enterprise, and the Company has identified certain risks pertinent to its business that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A.

These risks include, but are not limited to the following:

### *Governmental regulation*

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, acquisition, manufacturing, management, transportation, storage, sale, packaging and labeling, and disposal of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis

industry are relatively new, it is possible that significant legislative amendments may still be enacted - either provincially or federally - that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to such laws, regulations and guidelines may cause material adverse effects on our operations.

#### *Regulatory compliance*

Achievement of our business objectives are contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities and obtaining all regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by government authorities. The impact of regulatory compliance regimes and any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

#### *Business acquisition risk*

A number of risks associated with business acquisition include: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets. The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

#### *Market risk*

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, we may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

#### *Additional funding requirements*

The Company has not generated positive cash flows from operating activities. As a result of the Company's negative cash flow from operating activities, the Company continues to rely on the issuance of securities or other sources of financing to generate the funds required to fund its business. The Company may continue to have negative operating cash flow for the foreseeable future. The Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations and the impact of COVID-19 to its business operations.

#### *Uninsured or uninsurable risk*

While we may have insurance to protect our assets, operations and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or, at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of



liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

#### *Litigation risk*

We may become party to regulatory proceedings, litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect our business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, operating results or financial condition. Litigation may also create a negative perception of our company. Any decision resulting from any such litigation could have a materially adverse impact on our business and company.

### **DISCLOSURE CONTROLS**

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

### **APPROVAL**

The Board of Directors of Mojave brands Inc. has approved the contents of this management discussion and analysis on July 19, 2021.