GreenStar Biosciences Corp. (formerly Bethpage Capital Corp.)
Management Discussion and Analysis
For the year ended August 31, 2019
(Expressed in Canadian Dollars)

This management's discussion and analysis ("MD&A") is dated December 23, 2019 and the following discussion and analysis of the Company's financial condition and results of operations for the twelve month period ended August 31, 2019 should be read in conjunction with the audited consolidated financial statements and related notes for the year ended August 31, 2019. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except as otherwise disclosed, all dollar figures included therein and the following MD&A are presented in Canadian dollars.

Forward Looking Information

This MD&A contains "forward-looking statements" that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. This MD&A may contain forward- looking statements that reflect the Company's current expectations and projections about its future results including but not limited to statements regarding the future plans and objectives of the Company and future sales, operations, revenues and net income of Cowlitz, vertically integrating its business operations with Cowlitz and acquiring or partnering with other cannabis operations. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward- looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward- looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Such statements reflect management's current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and known or unknown risks and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

GreenStar Biosciences Corp. (formerly Bethpage Capital Corp.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on May 13, 2010. The head office, principal address and registered office of the Company are located at 717-1030 West Georgia Street, Vancouver, BC V6E 2Y3.

On May 30, 2019, the Company closed its reverse takeover ("RTO") with Green Star Biosciences Inc. Pursuant to the terms of the Definitive Amalgamation Agreement dated February 28, 2019, GreenStar and Bethpage Subco amalgamated by way of a three-cornered amalgamation and the issued and outstanding securities of Bethpage were exchanged for securities of Bethpage, as the Resulting Issuer. As a result of the amalgamation, GreenStar became a wholly-owned subsidiary of Bethpage. The transaction was accounted for as a reverse acquisition.

On May 30, 2019, the Company changed its name to GreenStar Biosciences Corp. The Common Shares were delisted from the NEX board of the TSX Venture Exchange ("TSXV") on May 30, 2019. The Company's common shares are now listed under the symbol "GSTR" on the Canadian Securities Exchange.

GreenStar is a growth-oriented technology and services company that provides real estate, financial, management, IP and branding support to licensed cannabis businesses. GreenStar also has exclusive licensing arrangements for proprietary technologies that support product development and operational efficiencies for its operations. Based in Vancouver, BC, GreenStar intends to facilitate growth through acquisitions and development of additional assets, products and technologies in legal cannabis markets by leveraging its capital markets, branding and operational expertise. GreenStar is committed to increasing shareholder value through aggressive expansion initiatives.

The Company seeks to invest in cannabis-related assets and companies for the purpose of creating value by participation in the growth of the cannabis industry. The Company has recognized and believes that the use and application of cannabis, and cannabis based products is an early stage industry that has substantial room for growth, fueled by changes in regulations, the acceptance that CBD is beneficial for specific ailments, and awareness of the purported health and wellness benefits. The Company owns cannabis related brands and provides management related services and leased real estate to a cannabis producer and processor. Following regulatory changes, management sees an opportunity for growth and expansion in this industry.

The Company owns the property leases and certain brands of Cowlitz County Cannabis Cultivation Inc. ("Cowlitz"), a licensed cannabis producer and processor located in Washington State. Cowlitz is a leading producer, marketer and vendor in the Washington State recreational cannabis market. Known for sourcing high-quality cannabis sold at affordable prices to a broad and established consumer base, Cowlitz's portfolio of branded products is available at approximately 20% of cannabis retailers throughout Washington State. Cowlitz is a top five producer and processor of cannabis in Washington and is the largest independent buyer of dried flower, producing approximately 2,000,000 pre-rolls annually. Currently, Cowlitz produces flower, dabs, pre-rolls, a full spectrum of cannabinoid powder, and infused joints under brand categories: "Dab Dudes" – affordably priced vape cartridges, BHO waxes and crystalline, "Hi Guys" – the 'working man's weed', including flower, joints and BHO, and "Cowlitz Gold" – premium flower, joints, BHO and vape cartridges.

Cowlitz holds a Washington State marijuana processor license as granted by the Washington State Liquor and Cannabis Board which licenses Cowlitz to process, dry, cure, package, and label useable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers in the State of Washington.

Cowlitz County Cannabis Cultivation, Inc. (“Cowlitz”), has signed a long-term supply agreement with Pat Dullanty, owner and operator of an 18 acre tier 3 outdoor grow facility located at 26425 S Rupp Rd, Cheney, Washington 99001. Pursuant to this new agreement, Cowlitz will have access to up to 25,000 pounds, dry weight, of high-quality flower annually. The facility has significant room for expansion in both land and available high-quality spring water and gives Cowlitz a strong and stable supply of cannabis flower.

The principal operations of the Company are located in Washington State and therefore highly regulated under regimes in the United States. Washington State regulations require that every individual with an ownership or equity interest, with a right to receive a percentage of gross or net profits, or who exercises control over a licensed marijuana operator must apply for licensing with the Washington State Liquor and Cannabis Board be approved. This requires applicants to be a Washington State resident. The Company entered into an option agreement dated May 17, 2018 with the shareholders of Cowlitz (the “Option Agreement”), which granted the Company the exclusive and irrevocable option to acquire 100% of the Cowlitz shares for US$50,000. Such Option Agreement can only be exercised as permitted and in accordance with Washington State laws and regulations governing marijuana licensees. The Company regularly monitors changes to these regulations.

Cowlitz generated approximately US$15 million in gross sales for January 1-September 30, 2019 as per the Washington State Liquor and Cannabis Board (“WSLCB”) mandated seed-to-sale cannabis traceability system found at www.lcb.wa.gov. While Washington State law and regulations require that such information be accurate, this information is unaudited and this information, and Cowlitz’s operations in general, are not under GreenStar’s control. Cowlitz is not a subsidiary of GreenStar. Management of the Company regularly monitors and reviews Cowlitz license fees received and has received unaudited financial information from Cowlitz for the period January 1, 2019 to October 31, 2019 which reflected positive net income from operations. Management will continue to monitor the financial position of Cowlitz and aim to adjust projections and contracts in accordance with financial performance. While the Washington State market is mature and competitive, Cowlitz has demonstrated year over year sales growth. GreenStar intends to continue to work with Cowlitz as it works towards capturing a growing share of this market with new product offerings and increased dispensary penetration. GreenStar will also focus on other US states as it pursues its multi-state operator expansion plans. The US cannabis market as a whole is expected to hit US$31.7 billion by 2025 as announced by Grand View Research in July 2019. Going forward, management anticipates that Cowlitz will continue to grow its sales and the Company will utilize Cowlitz’s Washington operational expertise to assist with future US-based operations.

As part of its strategy to work with innovative technologies to grow its operations, GreenStar has also executed a joint venture agreement with Progressive Herbs, Inc. (“Progressive”) an Indiana-based agricultural technology company (the “Progressive JV Agreement”). Progressive and Jonathan Partlow, are the owners of a proprietary technology for a sustainable, easy-to-use, inexpensive, productive growing system known as Micro Dendritic Pods™ (the “Progressive IP”). Pursuant to the Progressive JV Agreement, Progressive and GreenStar have formed a limited liability joint venture corporation, Capri, LLC, for the purposes of producing, processing, marketing and distributing cannabis, hemp, medicinal and bio pharmaceutical products for consumption worldwide utilizing the Progressive IP. Progressive has executed an exclusive sublicense agreement with Capri, LLC (the “Capri Sublicense”) for the use, reproduction, development, manufacture, commercialization, sublicense and exploitation of the

Progressive IP solely in connection with the production, development, manufacture and sale of cannabis, hemp, medicinal and bio pharmaceutical products for consumption.

The Company expects to fund its operations through its business operations and future equity financings. Management believes that the Company can continue to expand its cannabis-related holdings by providing tailored, state law compliant, and financially attractive sources of funding and/or equity investment to cannabis and cannabis-connected companies.

The Company regularly monitors changing regulatory requirements and endeavors to advance its goal of growth of the cannabis industry by vertically integrating its business operations with Cowlitz and acquiring or partnering with other cannabis operations.

Overall Performance

The Company's revenue generating operations commenced in May 2018 as a result of entering into the Cowlitz agreements. For the year ended August 31, 2019, the Company's focus was on completing its RTO, preparing for its listing on the CSE while building its operations. The Company successfully received its listing approval on June 6, 2019 and started trading under the symbol GSTR on June 7, 2019.

The Company did not have a full period of operations for the comparative period ended August 31, 2018 as it was incorporated on March 21, 2018 and the brand assets and leases of Cowlitz were acquired during that period. In fiscal 2018, the Company also focused on raising capital to fund operations and acquisitions. Fiscal 2019 is the Company's first full twelve months of operations, of which it is reporting $773,792 of license and lease revenue from services provided to Cowlitz.

The Company underwent some management changes with the resignation of the CEO, Ralph Olson; and board members Scott Reeves and Sean Campbell and the concurrent appointments of capital markets veteran Rahim Rajwani and director Leighton Bocking, who previously held the appointment of President with the Company. Daniel McAtee also resigned as the COO during the year. Subsequent to year end, on December 6, 2019, the CFO, Alexander McAulay has also resigned from the Company effective December 31, 2019, and the Company appointed a new CFO, Brian Zasitko.

Results of Operations

Selected Annual Information

The following table is a summary of selected financial information (in Canadian dollars) derived from the company's financial statements prepared in accordance with IFRS for the year ended August 31, 2019:

		August 31, 2019	**August 31,2018**
Revenue	$	773,792	236,430
Net loss for the period	$	(754,431)	(4,625,259)
Comprehensive loss for the period	$	(659,909)	(4,624,840)
Total assets	$	6,721,072	7,067,113
Total long-term financial liabilities	$	-	3,433,644
Basic and diluted net loss per share for the period	$	(0.01)	(0.18)
Weighted average number outstanding		47,809,947	25,600,769

During the year ended August 31, 2019, the Company earned $773,792 in license fee and lease revenues. The Company incurred substantial one-time accounting, legal and administrative costs related to the RTO and CSE listing. Subsequent to the RTO, the Company focused on its operations, looking at other M&A opportunities, operating as a public company and on marketing efforts. The Company furthered its operations by entering into an agreement with Progressive to form a joint venture and provided funds to Progressive through the issuance of a promissory note. The Company incurred a net loss of $754,431 for fiscal 2019. Excluding the change in fair value of the derivative liability, the gain on the derecognition of the derivative liability as a result of the change in functional currency, and the listing expense as a result of the reverse-takeover transaction completed in 2019, the net loss for the year ended August 31, 2019 would have been $2,952,444.

During the period from incorporation on March 21, 2018 to August 31, 2018, the Company focused on raising equity capital, entering into agreements with Cowlitz and beginning operations. The Company earned total license and lease revenue of $236,430 which represented a partial year of operations. As the Company initiated its operations in fiscal 2018, it incurred one-time legal, accounting and administration costs and in fiscal 2018 it incurred net loss of $4,625,259. Excluding the change in fair value of the derivative liability, the net loss for the period from incorporation on March 21 to August 31, 2018 would have been $1,480,290.

Revenue

The Company recorded revenue of $773,792 for the year ended August 31, 2019 which was comprised of license royalties of $332,755 and lease revenue of $441,037.

Monthly license royalties are paid based on actual sales on a per-unit basis and may vary in future periods based on sales volume. Lease revenue is expected to continue on a monthly basis for the remainder of the lease term until 2022. As the Company entered into the license and lease agreements with Cowlitz on May 17, 2018, the revenues earned in fiscal 2019 represent a full year of operations, whereas the prior year only represented approximately three months of revenue from operations.

Operating expenses

The Company incurred operating expenses of $3,676,304 during the year ended August 31, 2019. A significant portion of these expenditures related to the RTO and CSE listing and are considered one-time expenditures. These operating costs can be summarized as follows:

		For the year ended August 31, 2019	For the period from incorporation on March 21, 2018 to Aug 31, 2018
General and administrative	$	952,649	585,345
Advertising and marketing		472,726	21,984
Acquisition fees (Northwest)		-	134,306
Management fees		385,222	155,774
Lease expense		223,520	62,988
Amortization of intangible asset		210,411	56,468
Amortization of lease		160,628	46,115
Bad debt expense		36,451	-
Share-based payments		1,234,697	545,411
Total operating expenses	$	3,676,304	1,608,391

The significant expenditures for the year ended August 31, 2019 can be described as follows:

- General and administrative costs of $952,649 consists of consulting fees of $325,231, professional fees of $374,587, and filing and office and administrative fees of $252,831.
- Advertising and Marketing costs of $472,726 consists of several contracts entered into during the year with various service providers, including M6 Limited-Born2Invest, for marketing, communication and shareholder engagement services as well as general advertising and social media.
- Management fees of $372,283 were paid to related parties. Please refer to the "Related Party Disclosures" section of the MD&A
- Lease expenses of $223,520 represent monthly lease costs incurred pursuant to the lease agreement. These are expected to continue over the term of the lease until 2022.
- Share-based compensation of $1,234,697 consists of stock options granted to management and consultants during the period. The expense is measured using the Black-Scholes model.

Reverse take over and listing transaction

On May 30, 2019, the Company was acquired in a reverse takeover ("RTO") with Green Star Biosciences Inc. in which 93.36% of the shares of the combined entity of GreenStar Biosciences Corp. are held by the former shareholders of GreenStar Biosciences Corp. Pursuant to the RTO, the following occurred:

(i) The Company completed a consolidation of its common shares immediately prior to the completion of the amalgamation (as defined below), of its then issued and outstanding 8,900,000 common shares on the basis of one new Bethpage Capital Corp. share for every two (2) existing Bethpage Capital Corp. shares.

(ii) The Company's subsidiary, 2173969 Alberta Ltd. amalgamated with Green Star Biosciences Inc., a private corporation incorporated under the Business Corporations Act of Alberta and changed its name to Green Star Biosciences Inc. ("Amalco")

(iii) The Company acquired all of the issued and outstanding common shares of Amalco from the former shareholders of Green Star Biosciences Inc. in exchange for an aggregate of 62,561,200 Bethpage Capital Corp. shares. The Company changed its name from Bethpage Capital Corp. to GreenStar Biosciences Corp.

As a result of the RTO, the former shareholders of Green Star Biosciences Inc. acquired control of the Company, thereby constituting a reverse takeover of the Company. The RTO is considered a purchase of the Company's net assets by the shareholders of Green Star Biosciences Inc.

For accounting purposes, the legal subsidiary, Green Star Biosciences Inc., has been treated as the acquirer and GreenStar Biosciences Corp., the legal parent, has been treated as the acquiree. Accordingly, these consolidated financial statements reflect a continuation of the financial position, operating results, and cash flow of the Company's legal subsidiary, Green Star Biosciences Inc.

For accounting purposes, the RTO is considered to be outside the scope of IFRS 3 Business Combinations since Bethpage Capital Corp, prior to the RTO, did not constitute a business. The RTO is accounted for in accordance with guidance provided in IFRS 2 Share-Based Payment whereby it is treated as an issuance of shares by Green Star Biosciences Inc. for the net assets of Bethpage Capital Corp. and its listing status, and the fair value of the consideration issued by Greenstar Biosciences Inc. is used to measure the RTO.

Because the Company cannot identify specifically some or all of the goods or services received in the RTO in return for the exchange of shares and warrants, the value in excess of the net identifiable assets of Bethpage Capital Corp. acquired on closing was expensed in the consolidated statement of comprehensive loss as a listing transaction expense.

A calculation of the listing expense is as follows:

	Number	Amount
Outstanding common shares of Bethpage deemed to be issued	4,450,000	1,363,364
Outstanding share purchase options of Bethpage deemed to be issued	112,500	28,160
Prior cash advanced to Bethpage Capital Corp.		173,419
Total Consideration		1,564,943

Net working capital deficiency assumed:

Cash	$	1,105
Accounts receivable		1,826
Accounts payable and other liabilities		(18,744)
Net working capital deficiency		15,813

Total consideration	$	1,564,943
Professional fees related to listing		154,507
Add: working capital deficiency		15,813
Total listing expense	$	1,735,263

Other income (expense)

For the year ended August 31, 2019, the Company incurred a $84,156 loss due to foreign exchange. The Company also incurred a gain on derecognition of derivative liability of $8,639,835 for the year ended August 31, 2019 due to the functional currency of the parent being Canadian dollars after the RTO and the warrants being exercisable in Canadian dollars. The functional currency of Green Star Biosciences Inc. prior to the RTO was USD, which previously caused a derivative liability on the warrants. The Company recognized a loss of $4,706,559 during the year ended August 31, 2019 related to the change in fair value of the Company's derivative liability.

Summary of Quarterly Results

Three months ended,	August 31, 2019 $	May 31, 2019 $	February 28, 2019 $	November 30, 2018 $	August 31 2018 $	May 31, 2018 $
Total Revenue	176,951	178,928	212,958	204,955	227,022	9,408
Net Income (Loss)	(942,951)	1,065,106	(318,908)	(557,678)	(4,147,792)	(477,467)
Basic and diluted net loss per share	(0.02)	0.02	(0.01)	(0.01)	(0.18)	(0.01)

The Company earned net income of $1,065,106 for the three months ended May 31, 2019, which included listing expense of $1,735,263, a change in fair value of derivative liability of $5,188,200, and a gain on the derecognition of derivative liability of $8,639,835 which resulted in the net income for the quarter. The contracts the Company entered into with Cowlitz in May 2018 subsequently created a consistent stream of licensing and rental income each quarter.

Liquidity and Capital Resources

Liquidity

The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations.

Cash flows for the year ended August 31, 2019

The Company began the year with cash of $2,486,669 as at August 31, 2018 and ended the year ended August 31, 2019 with a cash balance of $512,777, for an overall decrease of $1,973,892.

The Company consumed $2,043,609 in operating activities which reflects the expenditures of the statement of loss and comprehensive loss adjusted for certain non-cash expenses and working capital balances.

Financing activities included raising $1,074,303 from the issuance of share capital. The Company issued promissory notes receivable of $662,754.

These capital resources were then used to invest a total of $265,102 in the purchase of additional intangible assets. In addition, the Company made a deposit of $199,761 towards purchase of an interest in an indoor cannabis grow operation pursuant to a non-binding agreement with Delta One Consultants LLC ("Delta1"). The total cash used in investing activities was $463,768.

Capital resources

As at August 31, 2019, the Company had cash resources of $512,777 to settle $527,558 in current liabilities. The Company had positive working capital of $1,464,432.

The Company completed financings with gross proceeds of $1,074,303 during the year ended August 31, 2019.

During the year ended August 31, 2019, the Company closed the following private placements:

On November 1, 2018, the Company issued 2,500,000 units pursuant to a non-brokered private placement at $0.05 per unit for gross proceeds of $125,000. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.10 per warrant for a period of 24 months from the closing date..

On December 19, 2018, the Company issued 50,000 common shares in a non-brokered private placement at $0.20 per share for gross proceeds of $10,000.

On January 4, 2019, the Company issued 977,413 units pursuant to a non-brokered private placement at $0.35 per unit for gross proceeds of $342,095. Each unit consists of one common share and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.75 per warrant until January 4, 2021.

On March 25, 2019, the Company issued 385,429 units pursuant to a non-brokered private placement at $0.35 per unit for gross proceeds of $134,900. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.75 per warrant for a period of 24 months from the closing date.

On May 15, 2019, the Company issued 328,948 units pursuant to a non-brokered private placement at $0.45 per unit for gross proceeds of $148,027. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.75 per warrant for a period of 24 months from the closing date.

On May 22, 2019, the Company issued 711,111 units pursuant to a non-brokered private placement at $0.45 per unit for gross proceeds of $320,000. Each unit consists of one common share in the Company and one half of one warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.75 per warrant for a period of 24 months from the closing date.

To date, the Company has not yet realized profitable operations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future.

Related Party Disclosures

a) Key management compensation

Key management consists of the officers and directors who are responsible for planning, directing and controlling the activities of the Company.

During the year ended August 31, 2019, the Company incurred charges with an officer and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

		For the year ended August 31, 2019	For the period from incorporation on March 21, 2018 to August 31, 2018
Management fees	$	385,222	155,774
Share based payments		451,730	341,696
	$	836,952	497,470

During the year ended August 31, 2019, the Company incurred $212,902 in management fees to Ralph Olson, the former CEO and Director.

During the year ended August 31, 2019, the Company incurred $17,444 in management fees to ACM Management Inc., a company controlled by Alexander McAulay, CFO.

During the year ended August 31, 2019, the Company incurred $55,662 in management fees to Dan McAtee, COO.

During the year ended August 31, 2019, the Company incurred $59,334 in management fees to Rahim Rajwani, CEO.

During the year ended August 31, 2019, the Company incurred $19,879 in management fees to Bocking Financial Corp., a company controlled by Leighton Bocking, former President of the Company. Mr. Bocking resigned as President on June 19, 2019 was subsequently appointed as Director effective July 26, 2019.

During the year ended August 31, 2019, the Company incurred $20,000 in directors' fees to 1196016 BC Ltd. which is controlled by Faizaan Lalani, Director.

During the year ended August 31, 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

Share-based payments are the fair value of options granted to key management personnel as at the grant date.

b) Other transactions

During the year ended August 31, 2019, the Company incurred $104,704 in legal costs to Tingle Merrett LLP in which a former director, Scott Reeves, is a partner.

During the period from Incorporation on March 21, 2018 to August 31, 2018, the Company incurred $122,768 in legal costs to a law firm in which a director is a partner. The legal costs are included in general and administrative expenses in the statement of comprehensive loss. The legal costs are included in general and administrative expenses in the statement of comprehensive income (loss).

During the year ended August 31, 2019, the Company incurred $97,928 in accounting fees to ACM Management Inc. which is owned by Alexander McAulay, CFO. The accounting fees are included in general and administrative expenses in the statement of comprehensive loss.

There were no accounting fees paid to related parties during the period from Incorporation on March 21, 2018 to August 31, 2018.

c) *Related party balances*

As at August 31, 2019, included in accounts payable and other liabilities is $63,322 (August 2018 - $Nil) in amounts payable to a company, ACM Management Inc., owned by the CFO of the Company, Alexander McAulay, for unpaid accounting fees. The amount is unsecured, non-interest bearing and due on demand.

As at August 31, 2019, included in accounts payable and other liabilities is $62,301 (August 2018 - $Nil) in amounts payable to a company owned by the CEO of the Company for consulting fees. The amount is unsecured, non-interest bearing and due on demand.

As at August 31, 2019, included in accounts payable and other liabilities is $29,025 (August 2018 - $Nil) in accounts payable to a consulting firm, FSTR Consulting, owned by the Chief Operations Officer ("COO"), Daniel McAtee, for consulting fees. The amount is unsecured, non-interest bearing and due on demand.

As at August 31, 2019, included in accounts payable and other liabilities is $20,794 (August 2018 - $Nil) in accounts payable to a company, Bocking Financial Corp., owned by former President, Leighton Bocking, for consulting fees. The amount is unsecured, non-interest bearing and due on demand.

As at August 31, 2019, included in accounts payable and other liabilities is $21,000 (August 2018 - $Nil) in amounts payable to a director of the Company, Faiz Lalani, for directors fees. The amount is included in management fees in the Consolidated Statement of Loss and Comprehensive Loss. The amount is unsecured, non-interest bearing and due on demand.

For the year ended, August 31, 2019, related party transactions were incurred in the normal course of business.

Subsequent Events

On September 1, 2019, the Company terminated services with Northbay Capital Partners Corp. and cancelled the 400,000 stock options that were previously issued on March 30, 2019.

On September 1, 2019, the Company terminated services with a consultant and 110,000 stock options that were previously issued on March 30, 2018 expired.

On September 6, 2019, the Company issued 400,000 stock options to a consultant of the Company in exchange for services. The options will vest as follows: 50% immediately and 50% on first anniversary. Each option is exercisable into one common share at an exercise price of $0.15 until September 6, 2024.

On September 6, 2019, the Company issued 150,000 stock options to a consultant of the Company in exchange for services. The options will vest as follows: 100% vesting 60 days after the grant date. Each option is exercisable into one common share at an exercise price of $0.20 until September 6, 2021.

On September 11, 2019, the Company issued 330,000 common shares pursuant to a warrant exercise at $0.10 per share for gross proceeds of $33,000) On November 20, 2019, the Company issued 250,000 stock options to a consultant of the Company in exchange for services. The options will vest as follows: 50% immediately and 50% on the first anniversary of the grant date. Each option is exercisable into one common share at an exercise price of $0.15 until November 20, 2024.

On October 2, 2019, the Company appointed Capital Transfer Agency, ULC, as its transfer agent, replacing Computershare Trust Company of Canada.

On October 30, 2019, 501,000 stock options that were previously issued on February 1, 2019 to FSTR Consulting expired 60 days after services were terminated.

On November 26, 2019, Rene Usher resigned from the strategic advisory board and, as a result, 175,000 stock options were fully expired.

On November 29, 2019, the Company issued 1,200,000 common shares pursuant to a warrant exercise at $0.10 per share for gross proceeds of $120,000.

On December 6, 2019, Alexander McAulay provided his resignation as the Chief Financial Officer, effective December 31, 2019. As part of his resignation, Alex voluntarily agreed to cancel 325,000 stock options held by ACM Management Inc, of which he was the sole beneficiary.

On December 6, 2019, the Company entered into debt settlement agreements with ACM Management, a Company owned by Alexander McAulay, and Venture One Management Corp. The Company will issue 507,692 common shares (307,692 to ACM Management and 200,000 to Venture One Management) in the capital of the Company at a deemed price of $0.13 per share in full and final settlement of debt of $66,000 ($40,000 to ACM Management and $26,000 to Venture One Management).

On December 31, 2019, the Company appointed Brian Zasitko as the Chief Financial Officer of the Company.

Outstanding Share Data

At the date of this MD&A, the Company had a total of 69,374,199 issued and outstanding common shares. The total warrants outstanding were 43,328,056 and total exercisable stock options of 3,530,220. If all of these warrants and options were exercised, they would represent an additional 46,858,276 common shares to be issued for total issued and fully diluted total of 116,232,475.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended August 31, 2019 and have been consistently followed in the preparation of the audited consolidated financial statements.

Accounting standards, and amendments, issued but not yet effective

The following standards are effective for annual periods beginning on or after September 1, 2019:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company expects that it will recognize additional assets and liabilities as a result of the current leasing arrangements. The full extent of the impact of adoption of this standard has not been determined.

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company will be adopting this standard effective September 1, 2019.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company’s ability to continue as a going concern.

Other than the amounts new estimates and judgements below, there have been no other material revisions to the nature of estimates and judgements during the year ended August 31, 2019 as compared to the August 31, 2018 year end.

Deposit towards partnership arrangement

On February 26, 2019, Green Star Biosciences Inc. entered into a non-binding letter of intent ("LOI") for a Partnership Agreement with Delta One Consultants LLC ("Delta1"). The Company will partner with Delta1 to purchase an interest in an indoor cannabis grow operation. In connection with the Letter of Intent, the Company paid USD $150,000 ($199,761) to Delta1. Management has used judgement and determined that the amount paid to Delta1 meets the definition of an asset and it is reasonably expected to complete the acquisition of a 51% interest in the Inkster, Michigan facility. If the Company fails to execute a Final Partnership Agreement as outlined in the LOI, $100,000 of the deposit will be refundable per the LOI.

Listing expense

The listing expense has been calculated using an estimated share value of Green Star Biosciences Inc. of $0.306 as at May 30, 2019. The value of the shares was estimated based on the $0.45 unit price paid in the private placement prior to the calculation of the listing expense. The warrants issued were valued at $0.144 per whole warrant using the Black Scholes model, with the residual value of the unit applied to the common shares equivalent to $0.306 cents per share. We estimated the $0.144 using the following inputs: 150% volatility, a risk-free interest rate of 1.56% and dividend yield of zero.

Risks and Uncertainties

The most significant trends and uncertainties which management expects could impact its business and financial condition are (i) the changing legal and regulatory regime which regulates the production and sale of cannabis and cannabis related products; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis related products to adequately track and legally transfer such funds; (iii) the ability of companies to raise adequate capital; (iv) market risks of continued competition in its primary market of Washington, leading to further price/margin compression and potentially hampering the ability of the operating cannabis companies which the Company contracts with performing on their obligations.

Legal and Regulatory Trends in the United States Federal Level

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) Issuers with U.S. Marijuana-Related Activities ("Staff Notice 51-352") which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All issuers with United States cannabis related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents. As a result of the Company's operations in the United States, the Company is subject to Staff Notice 51-352.

Management expects the legal and regulatory regimes in the United States (on a federal level), Washington State, and Canada to be the most relevant to its business.

In the United States, 33 states and Washington D.C. have legalized medical marijuana, while ten states and Washington, D.C. have also legalized recreational marijuana. Although cannabis currently remains a Schedule I drug under federal law, the U.S. Department of Justice issued a memorandum, known as the "Cole Memorandum", on August 29, 2013 to the U.S. Attorneys' offices (federal prosecutors) directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly regulated legalized medical or recreational cannabis programs should not be a prosecutorial priority for violations of federal law. This federal policy was reinforced by passage of a 2015 federal budget bill amendment (passed in 2014) known as the Rohrabacher-Farr Amendment that prohibits the use of federal funds to interfere in the implementation of state medical marijuana laws. This bill targets Department of Justice funding, which encompasses the Drug Enforcement Agency and Offices of the United States Attorneys. This bill showed the development of bi-partisan support in the U.S. Congress for legalizing the use of cannabis. On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum. Given that the Cole Memorandum was never legally binding, the U.S. Department of Justice continues to have discretion to enforce federal drug laws.

Under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or the sale of any other Schedule I substance. Canadian banks are also hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Despite these laws, the U.S. Treasury Department issued a memorandum in February 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal law. Under these guidelines, financial institutions must submit a "suspicious activity report" (SAR) as required by federal anti-money laundering laws. These marijuana related SARs are divided into three categories: marijuana limited, marijuana priority, and marijuana terminated, based on the financial institution's belief that the marijuana business follows state law, is operating out of compliance with state law, or where the banking relationship has been terminated. In the U.S., a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all. In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape.

Political and regulatory risks also exist due to the presidential administration of Donald Trump. The President's positions on cannabis regulation have been difficult to discern. President Trump has appointed William Barr, who served as Attorney General in the presidential administration of George H.W. Bush from 1991 to 1993, and Mr. Barr was confirmed by the Senate on February 14, 2019. Mr. Barr has testified before the U.S Senate Appropriations Committee that he believes that a federalist approach allowing states to individually determine the legal status of cannabis is the appropriate regime for the regulation of cannabis. It remains unclear what stance the U.S. Department of Justice under the current administration might take toward legalization efforts in U.S. states, but federal enforcement of the Controlled Substance Act ("CSA") and other applicable laws is possible.

The Company believes it is too soon to determine if any prosecutorial effects will be undertaken by the rescission of the Cole Memorandum, or if Attorney General Barr will reinstitute the Cole Memorandum or a similar guidance document for United States attorneys. The sheer size of the cannabis industry, in addition to participation by State and local governments and investors, suggests that a large-scale enforcement operation would possibly create unwanted political backlash for the Department of Justice and the Trump administration.

Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law.

In the United States, a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all. In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Compliance with Applicable State Law in the United States

The Company is classified as having U.S marijuana-related activities and is in compliance with applicable United States state law and related licensing requirements and the regulatory framework enacted by the State of Washington. The Company is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory frameworks which may have an impact on its licenses, business activities or operations.

Although each State in which the Company operates (and anticipates operating) authorizes, as applicable, medical and/or adult-use cannabis production and distribution by licensed or registered entities, and numerous other states have legalized cannabis in some form, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the CSA. The concepts of “medical cannabis”, “retail cannabis” and “adult-use cannabis” do not exist under U.S. federal law. Marijuana is a Schedule I drug under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Although the Company believes that its business activities are compliant with applicable state and local laws of the United States, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. The Company derives 100% of its revenues from the cannabis industry in certain states, which the industry is illegal under United States federal law. Even where the Company's cannabis-related activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. The enforcement of relevant federal laws is a significant risk.

Ability to Access Public and Private Capital

The Company has been successful at raising capital privately. The Company expects to generate adequate cash along with cash on hand to fund its continuing operations. There can be no assurance that additional financing, should it be needed, will be available to the Company or on terms which are acceptable.

Compliance with Washington State Law

The Company has a General Counsel in Washington, who is a licensed attorney under the State Bar of Washington and in good standing. The Company's General Counsel works with external legal advisors in Washington to ensure that the Company is in on-going compliance with applicable Washington state law.

Other Related Risks

The Company is susceptible to risk that regulatory bodies could impose certain restrictions on the Company's ability to operate in the U.S.

As at August 31, 2019, the Company's main activities are U.S. marijuana-related activities. All of the licensing royalties ($332,755) and rental revenue ($441,037) are earned in the US. The assets held in the Company ($6,721,072) are all related to the U.S. operations and therefore, are exposed to risks in the cannabis industry.