GREENSTAR BIOSCIENCES CORP.

Management Discussion & Analysis

For the three and nine months ended May 31, 2020 and 2019

This management discussion and analysis ("MD&A") of the financial condition and results of operations of GreenStar Biosciences Corp. and its subsidiaries ("GreenStar" or the "Company"), prepared as at June 25, 2020, is for the three and nine months ended May 31, 2020 and 2019. This MD&A is a supplement to and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended May 31, 2020 and 2019. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts presented herein are stated in Canadian dollars unless otherwise indicated. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The nine months ended May 31, 2020 and 2019 are also referred to as "YTD 2020" and "YTD 2019", respectively. The years ended August 31, 2019 and 2018, are also referred to as "fiscal 2019" and "fiscal 2018", respectively.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information regarding GreenStar is available through the SEDAR website at www.sedar.com

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. 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. Please see the risk factors discussed under the heading "Risk Factors" in this MD&A.

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.

1. GREENSTAR BIOSCIENCES CORP.

GreenStar (formerly Bethpage Capital Corp.) 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, B.C. V6E 2Y3.

On May 30, 2019, the Company completed a reverse takeover with Green Star Biosciences Inc. The transaction was accounted for as a reverse take-over ("RTO"). On May 30, 2019, the Company changed its name to GreenStar. The Company's common shares are listed under the symbol "GSTR" on the Canadian Securities Exchange and under the symbol "GTSIF" on the OTCBB.

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, B.C., 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 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 and other industries.

2. HIGHLIGHTS

Q3 2020 CONSOLIDATED FINANCIAL HIGHLIGHTS

- Revenue of $230,772, compared to $178,928 for Q3 2019.
- Net loss of $318,001 or $0.00 per share, compared to net income of $1,065,106 (as a result of gains recognized on the derecognition of a derivative liability) or $0.03 per share for Q3 2019.
- Cash used in operating activities was $607,701, compared to $1,080,749 for Q3 2019.

MAY 31, 2020 COMPARED TO AUGUST 31, 2019 CONSOLIDATED BALANCE SHEET HIGHLIGHTS

- Cash was $44,294, compared to $512,777 at August 31, 2019, a decrease of 91%.
- Total assets were $6,361,324, compared to $6,721,072 at August 31, 2019, a decrease of 4%.
- Working capital was $883,285, compared to $1,464,432 at August 31, 2019, a decrease of 40%.

3. 2020 BUSINESS DEVELOPMENT AND OVERVIEW

The Company owns acquired brands, owns intellectual property, and leases office and production premises to a cannabis processor and retailer. It is a technology and services company that provides real estate, financial, management, IP, and branding support to businesses.

Cowlitz County Cannabis Cultivation, Inc.

The Company owns the property leases and 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 90 cannabis retailers throughout Washington State. Cowlitz is one of the top five tier 2 producers and processors of cannabis in Washington and is the one of the largest independent buyers of dried flower, producing approximately 200,000 pre-rolls monthly. 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, "Dabsquatch" – affordable priced waxes, 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.

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. As such, regulations surrounding the Company are subject to change.

Eleusian Biosciences Corp.

On June 16, 2020, the Company announced that it has signed a non-binding letter of intent dated June 12, 2020 (the "Agreement") to acquire 100% of Eleusian Biosciences Corp. ("Eleusian") (the "Transaction"). The Transaction provides the following to the Company:

- Brings seasoned pharmaceutical leader and executive Maghsoud Dariani, Eleusian's Chief Science Officer to the Company to join the Company's executive team as Chief Science Officer.
- Expands the Company's portfolio of brands in the life sciences space, opening access to the emerging psychedelic medicine sector.
- Provides development opportunities with brain health and mental wellness – pre-clinical studies in progress to lead to IND submission.
- Expands intellectual property portfolio with two provisional patent applications filed by Eleusian in the United States Pursuant to the Agreement.

The Company will issue Eleusian shareholders total consideration of up to $3,000,000, through the issuance of 60,000,000 common shares of the Company (each, a "GreenStar Share") at a deemed price of $0.05 per share, and will issue an aggregate of 250,109 stock options to certain Eleusian personnel. All GreenStar Shares to be issued will be subject to voluntary pooling arrangements, pursuant to which 25% of the GreenStar Shares will be released on the closing date of the Transaction and further 25% releases will occur every three months thereafter. The Company will issue a finder's fee of 5%, to be settled by the issuance of 3,000,000 GreenStar Shares, to an arms-length finder as part of the Transaction.

The Transaction is subject to a number of conditions, including but not limited to, final due diligence by the parties, execution of a definitive acquisition agreement, which shall supersede the Agreement, and receipt of applicable corporate and regulatory approvals. There can be no assurance that the Transaction will be completed as proposed herein or at all.

Progressive Herbs, Inc.

On February 1, 2019, GreenStar executed a joint venture agreement with Progressive Herbs, Inc. ("Progressive") an Illinois-based agricultural technology company (the "Progressive JV Agreement"). Progressive and its affiliate, Aggressively Organic, Inc., 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 PHGS, LLC ("Capri"), 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 (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.

Capri remains inactive as of the date of this MD&A. Management is in discussions with Progressive regarding future plans for the Progressive JV Agreement and discussions regarding the repayment of the promissory note are ongoing.

Delta One Consultants LLC

On February 26, 2019, prior to the RTO, Green Star Biosciences Inc. entered into a non-binding letter of intent ("LOI") for a Partnership Agreement with Delta One Consultants LLC ("Delta1") whereby the Company is seeking to secure a 51% ownership interest in the Inkster, Michigan ("Inkster") indoor grow facility. Inkster consists of a 20,800 square foot facility, with access/ownership to up to five (5) class C grow licenses, each license representing the ability to grow in perpetuity 1,500 individual cannabis plants.

In connection with the LOI, the Company paid $201,435 (USD$150,000) to Delta1. The Company no longer anticipates completion of the acquisition of a 51% interest in the Inkster Michigan facility and has determined that there is significant doubt regarding the ability of the Company to collect the $139,930 (USD$100,000) deposit which is refundable per the LOI. As such, management has recorded an allowance of credit loss of $139,930 (USD$100,000). Management anticipates recovery of the remaining $68,935 (USD$50,000) deposit; however, the timing of receipt remains uncertain and as such has continued to classify as a non-current asset on the statement of financial position.

4. SUMMARY OF QUARTERLY RESULTS

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenue	$230,772	$295,737	$176,924	$189,365
Net loss	$(318,001)	$(999,202)	$(683,274)	$(942,952)
Comprehensive loss	$(167,473)	$(943,591)	$(700,772)	$(1,056,565)
Basic and diluted net loss per share	$(0.00)	$(0.01)	$(0.01)	$(0.02)
Number of weighted average shares	66,651,210	69,311,359	68,556,287	47,809,947

	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue	$178,928	$212,958	$204,955	$227,022
Net loss	$1,065,106	$(318,909)	$(557,677)	$(4,147,792)
Comprehensive loss	$1,192,680	$(323,784)	$(472,241)	$(4,147,373)
Basic and diluted loss per share	$0.03	$(0.01)	$(0.01)	$(0.16)
Number of weighted average shares	47,143,302	44,545,806	43,003,177	25,600,769

Number of weighted average shares decreased in Q3 2020 as compared to Q2 3020 as a result of the Company cancelling 4,568,524 common shares pursuant to a share cancellation and return to treasury agreement with prior management.

Comprehensive income of $1,192,680 for Q3 2019 was a result of the RTO whereby the Company recorded a gain on the derecognition of derivative liability of $8,647,744 which was partially offset by listing expense of $1,726,550 and a change in fair value of derivative liability of $5,188,200. Prior to the RTO, the Company's function currency was the USD. As the Performance Warrants are exercisable in the Canadian dollar, the Performance Warrants were accounted for as a derivative liability. Pursuant to the RTO, the Company changed its functional currency from USD to Canadian dollars (consistent with the exercise currency) and as such, the Performance Warrants were no longer considered derivative liabilities.

5. COMPARISON OF RESULTS FOR THE THREE MONTHS ENDED MAY 31, 2020 AND 2019

For the three months ended		**Q3 2020**		Q3 2019
Revenues	**$**	**230,772**	$	178,928
General and administrative		**11,800**		17,311
Insurance		**6,246**		-
Advertising		**-**		167,851
Rent		**11,337**		52,111
Bad debt expense		**139,930**		-
Professional fees		**16,703**		19,647
Consulting fees		**59,421**		84,803
Management fees		**52,819**		111,548
Interest expense		**11,043**		-
Amortization		**56,432**		50,621
Depreciation		**90,532**		38,305
Share-based compensation		**89,968**		290,351
Foreign exchange		**2,542**		31,685
Other income		**-**		(17,417)
Listing expense		**-**		1,726,550
Gain on derecognition of derivative liability		**-**		(8,647,744)
Change in fair value of derivative liability		**-**		5,188,200
Net loss	**$**	**(318,001)**	$	1,065,106

Revenue
During Q3 2020, the Company recorded revenue of $230,772 (USD$164,919), compared to $178,928 (USD$143,395) during Q3 2019. Revenues were comprised of license royalties of $112,792 (USD$80,606), compared to $74,713 (USD$60,213) during Q3 2019, and lease revenue of $117,980 (USD$84,313), compared to $104,215 (USD$83,182) during Q3 2019. License royalties are earned based on Cowlitz's actual per-unit sales which may vary from period to period. Lease revenue is earned monthly over the lease term which expires in 2022. The increase in license royalties as compared to Q3 2019 is attributable to an increase in unit sales at Cowlitz.

General and administration
During Q3 2020, the Company incurred general and administration expenses of $11,800, compared to $17,311 during Q3 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Insurance
During Q3 2020, the Company incurred insurance expenses of $6,246, compared to $nil during Q3 2019. The expense relates to a director and officers insurance policy.

Advertising
During Q3 2020, the Company incurred advertising expenses of $nil, compared to $167,851 during Q3 2019. The decrease is due to timing of this discretionary expense.

Rent
During Q3 2020, the Company incurred rent expense of $11,337, compared to $52,111 during Q3 2019. The decrease is attributable to the adoption of IFRS 16, *Leases*, which resulted in a reduction in rent expense with a corresponding increase in depreciation expense and interest expense.

Bad debt expense
During Q3 2020, the Company incurred bad debt expense of $139,930, compared to $nil during Q3 2019. The increase relates to an allowance for credit losses on the advances to Delta1.

Professional fees
During Q3 2020, the Company incurred professional fees of $16,703, compared to $19,647 during Q3 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Consulting fees
During Q3 2020, the Company incurred consulting fees of $59,421, compared to $84,803 during Q3 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Management fees
During Q3 2020, the Company incurred management fees of $52,819, compared to $111,548 during Q3 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Interest expense
During Q3 2020, the Company incurred interest expense of $11,043, compared to $nil during Q3 2019. The increase is attributable to interest expense on the lease liability recognized on the adoption of IFRS 16.

Amortization
During Q3 2020, the Company incurred amortization expense of $56,432, compared to $50,621 during Q3 2019. The expense represents the amortization of the intangible asset and remains consistent as compared to prior period.

Depreciation
During Q3 2020, the Company incurred depreciation expense of $90,532, compared to $38,305 during Q3 2019. The expense represents the depreciation of the lease asset and right of use asset. The increase is attributable to depreciation expense recognized on the right of use asset resulting from the adoption of IFRS 16.

Share-based compensation
During Q3 2020, the Company incurred share-based compensation expense of $89,968, compared to $290,351 during Q3 2019. The Company uses the Black-Scholes valuation model for options granted at fair value of shares issued to officers, management, and consultants. The decrease is primarily the result of fewer stock options being granted to key management personnel during the quarter.

Foreign exchange
During Q3 2020, the Company incurred foreign exchange loss of $2,542 compared to a foreign exchange loss of $31,685 during Q3 2019. The amount will fluctuate from period to period with movements in the CAD to USD foreign exchange rates. The loss is due to variances in the value of the CAD relative to the USD in 2020 as compared to 2019.

Other income
During Q3 2020, the Company earned other income of $nil compared to $17,417 during Q3 2019. The amount recorded in Q3 2019 represents $13,404 in interest income on the $689,350 (USD$500,000) promissory note receivable which was advanced on February 4, 2019 and other miscellaneous income of $4,013. There was no such income during Q3 2020.

Listing expense
During Q3 2020, the Company incurred listing expenses of $nil compared to $1,726,550 during Q3 2019. The amount represents costs incurred for the RTO which was completed on May 30, 2019.

Gain on derecognition of derivative liability
During Q3 2020, the Company recorded a gain on derecognition of derivative liability of $nil compared to $8,647,744 during Q3 2019. As the Performance Warrants are exercisable in the Canadian dollar, the Performance Warrants were accounted for as a derivative liability. Pursuant to the RTO, the Company changed its functional currency from USD to Canadian dollars (consistent with the exercise currency) and as such, the Performance Warrants were no longer considered derivative liabilities and the gain recorded represents the derecognition of the derivative liability associated with the Performance Warrants.

Change in fair value of derivative liability
During Q3 2020, the Company recorded a loss of change in fair value of derivative liability of $nil compared to $5,188,200 during Q3 2019. The amount represents the revaluation of the Performance Warrants prior to the RTO. Subsequent to the RTO, the warrants are no longer revalued.

COMPARISON OF RESULTS FOR THE NINE MONTHS ENDED MAY 31, 2020 AND 2019

For the nine months ended		**YTD 2020**		YTD 2019
Revenues	**$**	**703,433**	$	596,841
General and administrative		**52,248**		79,269
Insurance		**73,113**		-
Advertising		**695,250**		322,769
Rent		**33,235**		165,542
Bad debt expense		**139,930**		-
Professional fees		**187,684**		256,518
Consulting fees		**114,723**		263,236
Management fees		**181,423**		234,277
Interest expense		**34,771**		-
Amortization		**161,739**		157,098
Depreciation		**259,137**		120,251
Share-based compensation		**772,286**		960,299
Foreign exchange		**21,088**		80,268
Other income		**(22,717)**		(20,879)
Listing expense		**-**		1,726,550
Gain on derecognition of derivative liability		**-**		(8,647,744)
Change in fair value of derivative liability		**-**		4,710,867
Net loss	**$**	**(2,000,477)**	$	188,520

Revenue

During YTD 2020, the Company recorded revenue of $703,433 (USD$517,913), compared to $596,841 (USD$449,861) during YTD 2019. Revenues were comprised of license royalties of $362,875 (USD$264,973), compared to $265,761 (USD$200,313) during YTD 2019, and lease revenue of $340,558 (USD$252,940), compared to $331,080 (USD$249,548) during YTD 2019. License royalties are earned based on Cowlitz's actual per-unit sales which may vary from period to period. Lease revenue is earned monthly over the lease term which expires in 2022. The increase in license royalties as compared to YTD 2019 is attributable to a non-recurring one-time annual adjustment of $118,655 (USD$89,423) to reconcile calendar 2019 license royalties with Cowlitz.

General and administration

During YTD 2020, the Company incurred general and administration expenses of $52,248, compared to $79,269 during YTD 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Insurance

During YTD 2020, the Company incurred insurance expenses of $73,113, compared to $nil during YTD 2019. The expense relates to a director and officers insurance policy.

Advertising

During YTD 2020, the Company incurred advertising expenses of $695,250, compared to $322,769 during YTD 2019. The increase is attributable to the recognition of expenses which were prepaid in Q4 2019.

Rent

During YTD 2020, the Company incurred rent expense of $33,235, compared to $165,542 during YTD 2019. The decrease is attributable to the adoption of IFRS 16 which resulted in a reduction in rent expense with a corresponding increase in depreciation expense and interest expense.

Bad debt expense
During YTD 2020, the Company incurred bad debt expense of $139,930, compared to $nil during YTD 2019. The increase relates to an allowance for credit losses on the advances to Delta1.

Professional fees
During YTD 2020, the Company incurred professional fees of $187,684, compared to $256,518 during YTD 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Consulting fees
During YTD 2020, the Company incurred consulting fees of $114,723, compared to $263,236 during YTD 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Management fees
During YTD 2020, the Company incurred management fees of $181,423, compared to $234,277 during YTD 2019. The decrease is attributable to management's review of all expenditures and a resulting reduction in discretionary spend.

Interest expense
During YTD 2020, the Company incurred interest expense of $34,771, compared to $nil during YTD 2019. The increase is attributable to interest expense on the lease liability recognized on the adoption of IFRS 16.

Amortization
During YTD 2020, the Company incurred amortization expense of $161,739, compared to $157,098 during YTD 2019. The expense represents the amortization of the intangible asset and remains consistent as compared to prior period.

Depreciation
During YTD 2020, the Company incurred depreciation expense of $259,137, compared to $120,251 during YTD 2019. The expense represents the depreciation of the lease asset and right of use asset. The increase is attributable to the depreciation expense recognized on the right of use asset resulting from the adoption of IFRS 16.

Share-based compensation
During YTD 2020, the Company incurred share-based compensation expense of $772,286, compared to $960,299 during YTD 2019. The Company uses the Black-Scholes valuation model for options granted at fair value of shares issued to officers, management, and consultants. The decrease is primarily the result of fewer stock options being granted to key management personnel during the year.

Foreign exchange
During YTD 2020, the Company incurred foreign exchange loss of $21,088 compared to a foreign exchange loss of $80,268 during YTD 2019. The amount will fluctuate from period to period with movements in the CAD to USD foreign exchange rates. The loss decreased due to variances in the value of the CAD relative to the USD in YTD 2020 as compared to YTD 2019.

Other income
During YTD 2020, the Company earned other income of $22,717 compared to $20,879 during YTD 2019. The amount represents $16,866 in interest income on the $689,350 (USD$500,000) promissory note receivable which was advanced on February 4, 2019 and other miscellaneous income of $4,013 earned during YTD 2020.

Listing expense
During YTD 2020, the Company incurred listing expenses of $nil compared to $1,726,550 during Q3 2019. The amount represents costs incurred for the RTO which was completed on May 30, 2019.

Gain on derecognition of derivative liability
During YTD 2020, the Company recorded a gain on derecognition of derivative liability of $nil compared to $8,647,744 during YTD 2019. As the Performance Warrants are exercisable in the Canadian dollar, the Performance Warrants were accounted for as a derivative liability. Pursuant to the RTO, the Company changed its functional currency from USD to Canadian dollars (consistent with the exercise currency) and as such, the Performance Warrants were no longer considered derivative liabilities and the gain recorded represents the derecognition of the derivative liability associated with the Performance Warrants.

Change in fair value of derivative liability
During YTD 2020, the Company recorded a loss on change in fair value of derivative liability of $nil compared to $4,710,867 during YTD 2019. The amount represents the revaluation of the Performance Warrants prior to the RTO. Subsequent to the RTO, the warrants are no longer revalued.

6. LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

6.1 Liquidity

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities and other contractual obligations. The Company's strategy for managing liquidity is based on achieving positive cash flows from operations to internally fund operating and capital requirements.

Factors that may affect the Company's liquidity are continuously monitored. These factors include the units sold by Cowlitz, operating costs, capital costs, income tax refunds, foreign currency fluctuations, seasonality, market immaturity and a highly fluid environment related to state and federal law passage and regulations.

In the event that the Company is adversely affected by any of these factors and, as a result, the operating cash flows are not sufficient to meet the Company's working capital requirements there is no guarantee that the Company would be able to raise additional capital on acceptable terms to fund a potential cash shortfall. Consequently, the Company is subject to liquidity risk.

The Company will need to procure additional financing in order to fund its ongoing operation. The Company intends to obtain such financing through equity financing, and there can be no assurance that the Company can raise the required capital it needs to build and expand as expected, nor that the capital markets will fund the business of the Company. Without this additional financing, the Company may be unable to achieve positive cash flow and earnings as quickly as anticipated, these uncertainties cast a significant doubt about the Company's ability to continue as a going concern.

At May 31, 2020, the Company had working capital of $833,285, as follows:

As at		**May 31, 2020**		August 31, 2019
Cash	**$**	**44,294**	$	512,777
Receivables		**698,150**		401,590
Prepaid expenses and deposits		**19,070**		381,396
Promissory note receivable		**744,278**		696,227
Total current assets		**1,505,792**		1,991,990
Accounts payable and accrued liabilities		**440,722**		527,558
Current lease liability		**181,785**		-
Total current liabilities		**622,507**		527,558
Working capital	**$**	**883,285**	$	1,464,432

6.2. Cash Flows

Review of cash flow for the three months ended Q3 2020 compared to Q3 2019:

Net cash provided by (used in)		**Q3 2020**		Q3 2019
Operating activities	**$**	**(38,655)**	$	(377,157)
Investing activities		**-**		(210,441)
Financing activities		**(41,901)**		578,157
Effect of exchange rate changes on cash		**(34,028)**		-
Cash, beginning		**158,878**		1,321,871
Cash, end	**$**	**44,294**	$	1,312,430

Cash used in operating activities during Q3 2020 was $38,655, compared to cash used in operating activities of $377,157 during Q3 2019. The decrease in cash used in operating activities is attributable to the following:

- Net loss of $318,001 compared to net income of $1,065,106 due primarily to a decrease in gain on derecognition of derivative liability which was partially offset by a decrease in listing expense and change in fair value of derivative liability as the warrants are no longer revalued subsequent to the RTO. Included in net loss are non-cash items of $386,079 for the three months ended May 31, 2020 as compared to $1,640,437 for the three months ended May 31, 2019.
- Movements in trade and other receivables decreased cash by $156,804 compared to decreasing cash by $93,911 during the three months ended May 31, 2019.
- Movements in prepaid expenses increased cash by $13,083 compared to increasing cash by $90,611 during the three months ended May 31, 2019.
- Movements in trade payables and other liabilities increased cash by $36,988 compared to increasing cash by $201,474 during the three months ended May 31, 2019.

Investing activities used cash of $nil for the three months ended May 31, 2020 and $210,411 during the three months ended May 31, 2019 primarily related to the $203,002 (USD$150,000) deposit paid to Delta 1.

Cash used in financing activities for the three months ended May 31, 2020 was $41,901 as compared to cash provided by financing activities of $578,157 during the three months ended May 31, 2019. Cash used in financing activities during the three months ended May 31, 2020 was the result of lease payments as a result of the adoption of IFRS 16.

Cash provided by financing activities during the three months ended May 31, 2019 was the result of funds raised through private placements which was partially offset by the final advance of note receivable.

Review of cash flow for the nine months ended May 31, 2020 compared to the nine months ended May 31, 2019:

Net cash provided by (used in)		**YTD 2020**		YTD 2019
Operating activities	$	**(607,701)**	$	(1,080,749)
Investing activities		**-**		(473,670)
Financing activities		**174,944**		380,180
Effect of exchange rate changes on cash		**(35,726)**		-
Cash, beginning		**512,777**		2,486,669
Cash, end	$	**44,294**	$	1,312,430

Cash used in operating activities for YTD 2020 was $607,701, compared to cash used in operating activities of $1,080,749 during YTD 2019. The decrease in cash used in operating activities is attributable to the following:

- Net loss of $2,000,477 compared to net income of $188,520 due to a decrease in gain on derecognition of derivative liability which was partially offset by a decrease in listing expense and change in fair value of derivative liability as the warrants are no longer revalued subsequent to the RTO. Included in net loss are non-cash items of $1,312,120 for the nine months ended May 31, 2020 as compared to $1,208,446 for the nine months ended May 31, 2019.
- Movements in trade and other receivables decreased cash by $266,664 compared to decreasing cash by $152,153 during the nine months ended May 31, 2019.
- Movements in prepaid expenses increased cash by $372,187 compared to decreasing cash by $23,786 during the nine months ended May 31, 2019.
- Movements in trade payables and other liabilities decreased cash by $24,867 compared to increasing cash by $115,116 during the nine months ended May 31, 2019.

Investing activities used cash of $nil for the nine months ended May 31, 2020, as compared to $473,670 used in the nine months ended May 31, 2019 related to additional intellectual property purchased from Cowlitz for $270,668 (USD$200,000) and the $203,002 (USD$150,000) deposit paid to Delta 1.

Cash provided by financing activities for the nine months ended May 31, 2020 was $174,944 as compared to $380,180 provided by financing activities during the nine months ended May 31, 2019. During the nine months ended May 31 2020 we raised funds through the exercise of warrants and through private placements which was partially offset by lease payments as a result of the adoption of IFRS 16 during the nine months ended May 31, 2020. During the nine months ended May 31, 2019 we raised fund through private placements which was partially offset by the advance of note receivable of $693,875 (USD$500,000).

6.3 Capital Resources

The capital of the Company consists of consolidated equity, net of cash.

As at		**May 31, 2020**		August 31, 2019
Equity	**$**	**5,512,964**	$	6,193,514
Less: cash		**(44,294)**		(512,777)
	$	**5,468,670**	$	5,680,737

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management policies on an annual basis. The Company's board of directors identifies and evaluates the Company's financial risks and is charged with the responsibility of establishing controls and procedures to ensure financial risks are mitigated.

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties, or businesses with a view to acquisition. The Company does not have any externally imposed capital requirements to which it is subject.

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

The Company's investment policy is to invest excess cash in investment instruments at high credit, quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

7. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or arrangements with respect to any obligations under a variable interest equity arrangement.

8. RELATED PARTY DISCLOSURES

Key management personnel compensation for the three and nine months ended May 31, 2020 and 2019 were as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2020	2019	**2020**	2019
Management fees	**$ 86,368**	$ 120,286	**$ 222,689**	$ 245,605
Consulting fees	**-**	-	**16,500**	-
Share-based payments	**2,359**	55,205	**310,089**	158,799
	$ 88,727	$ 175,491	**$ 549,278**	$ 404,404

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

Other related party transactions for the three and nine months ended May 31, 2020 and 2019 were as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2020	2019	**2020**	2019
Professional fees	**$ 16,091**	$ 147,835	**$ 69,249**	$ 273,678
	$ 16,091	$ 147,835	**$ 69,249**	$ 273,678

During the three and nine months ended May 31, 2020, the Company incurred $16,091 and $30,596, respectively (three and nine months ended May 31, 2019 - $nil and $nil, respectively) in accounting costs to a firm related to the Chief Financial Officer. The accounting costs are included in professional fees in the consolidated statement of comprehensive loss.

During the nine and nine months ended May 31, 2020, the Company incurred $nil and $38,653, respectively (three and nine months ended May 31, 2019 - $36,229 and $43,877, respectively) in accounting costs to a firm owned by the former Chief Financial Officer. The accounting costs are included in professional fees in the consolidated statement of comprehensive loss.

During the three and nine months ended May 31, 2020, the Company incurred $nil and $nil, respectively (three and nine months ended May 31, 2019 - $111,606 and $229,801, respectively) in legal costs to a law firm in which a former director is a partner. The legal costs are included in professional fees in the consolidated statement of comprehensive loss.

Due to related parties as at May 31, 2020 and August 31, 2019 were as follows:

		May 31, 2020		August 31, 2019
Trade payables and other liabilities	**$**	**186,402**	$	196,442
	$	**186,402**	$	196,442

As at May 31, 2020, included in trade payables and other liabilities is $15,553 (August 31, 2019 - $nil) payable to a Company owned by the Chief Executive Officer of the Company for management fees. The amount is unsecured, non-interest bearing and due on demand.

As at May 31, 2020, included in trade payables and other liabilities is $7,534 (August 31, 2019 - $nil) payable to a Company related to the Chief Financial Officer for professional fees. The amount is unsecured, non-interest bearing and due on demand.

As at May 31, 2020, included in trade payables and other liabilities is $7,489 (August 31, 2019 - $63,322) payable to a company owned by the former Chief Financial Officer for professional fees. The amount is unsecured, non-interest bearing and due on demand.

As at May 31, 2020, included in trade payables and other liabilities is $14,883 (August 31, 2019 - $29,025) payable to a consulting firm owned by the former Chief Operations Officer for consulting fees. The amount is unsecured, non-interest bearing and due on demand.

As at May 31, 2020, included in trade payables and other liabilities is $140,443 (August 31, 2019 - $nil) payable to a company owned by the former Chief Executive Officer for consulting fees. The amount is unsecured, non-interest bearing and due on demand.

As at May 31, 2020, included in trade payables and other liabilities is $500 (August 31, 2019 - $21,000) payable to a former director of the Company for consulting fees. The amount is unsecured, non-interest bearing and due on demand.

As at May 31, 2020, included in trade payables and other liabilities is $nil (August 31, 2019 - $62,301) payable to a Company owned by the former Chief Executive Officer of the Company for management fees. The amount is unsecured, non-interest bearing and due on demand.

As at May 31, 2020, included in trade payables and other liabilities is $nil (August 31, 2019 - $20,794) payable to a company owned by the former President for consulting fees. The amount is unsecured, non-interest bearing and due on demand.

9. OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company's authorized share capital consists of an unlimited number of common shares without par value. The Company had the following securities outstanding as at June 25, 2020.

Type of Security	Number Outstanding
Common Shares	66,713,367
Share Purchase Options	6,668,836
Agent Options	445,095
Performance Warrants	4,655,992
Share Purchase Warrants	6,792,213
Fully Diluted	**85,275,503**

10. CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Company's annual consolidated financial statements for the years ended August 31, 2019 and 2018, are consistent with new standards and amendments to standards, except for the following:

The Company adopted IFRS 16, *Leases* using the modified retrospective approach on September 1, 2019. Under this method, the cumulative effect of initially applying the standard is recognized in retained earnings at September 1, 2019. There was no retained earnings adjustment as the right of use asset carrying amount was consistent with the lease liability. Accordingly, the comparative information presented for 2019 has not been restated and is presented as previously reported under IAS 17, *Leases* and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*.

On transition, the Company elected to apply the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as lease under IAS 17. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), lease contracts for which the underlying asset is of low value (low-value assets). The transition and impact are further disclosed in note 3 to the unaudited condensed interim consolidated financial statements for the three and nine months ended May 31, 2020 and 2019.

11. 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 are as the follows:

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Useful lives of property, plant and equipment and intangibles

Property, plant, and equipment and intangible assets are amortized or depreciated over their useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

Impairment

Long-lived assets, including intangible assets are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Functional currency

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Foreign currency gains and losses on transactions or settlements are recognized in the statement of loss and comprehensive loss. The functional currency of Green Star Biosciences Inc., Green Star Washington LLC, and Green Star Biosciences Packing LLC is the United States dollar. Assets and liabilities are translated at the period end foreign exchange rate and revenue and expenses are translated at the average rate for the period.

The consolidated financial statements are translated into Canadian dollars with assets and liabilities translated at the current rate on the consolidated financial statements date and revenue and expense items translated at the average rates for the period. Translation adjustments are recorded as accumulated other comprehensive income (loss) in shareholders ’equity.

Trade receivables

The Company accounts for impairment of trade receivables by recording allowances for doubtful accounts on an individual basis, as its sole customer is Cowlitz. The assessment of whether a receivable is collectible involves the use of judgment and requires the use of assumptions about customer defaults that could change significantly. Judgment is required when we evaluate available information about a particular customer's financial situation to determine whether it is probable that a credit loss will occur, and the amount of such loss is reasonably estimable and thus an allowance for that specific account is necessary. Changes in our estimates about the allowance for doubtful accounts could materially impact reported assets and expenses, and our profit could be adversely affected if actual credit losses exceed our estimates.

Promissory note receivable

The Company accounts for impairment of note receivables by recording allowances. The assessment of whether a note receivable is collectible involves the use of judgment and requires the use of assumptions about the financial situation of who the note was issued. Judgment is required when we evaluate available information about a particular customer's financial situation to determine whether it is probable that a credit loss will occur on the note receivable, and the amount of such loss is reasonably estimable and thus an allowance for that specific account is necessary. Changes in our estimates about the allowance for doubtful accounts could materially impact reported assets and expenses, and our profit could be adversely affected if actual credit losses exceed our estimates.

Deferred acquisition cost

The Company intended to partner with Delta1 to purchase an interest in an indoor cannabis grow operation. In connection with the LOI, the Company paid $206,805 (USD$150,000) to Delta1. Management used judgement and determined that the amount paid to Delta1 met the definition of an asset and it was reasonably expected to complete the acquisition of a 51% interest in the Inkster, Michigan facility. The Company no longer anticipates completion of the acquisition of a 51% interest in the Inkster Michigan facility and has determined that there is significant doubt regarding thew ability of the Company to collect the $139,930 (USD$100,000) deposit which is refundable per the LOI. As such, management has recorded an allowance of credit loss of $139,930 (USD$100,000). Management anticipates recovery of the remaining $68,935 (USD$50,000) deposit; however, the timing of receipt remains uncertain and as such has continued to classify as a non-current asset on the statement of financial position.

Identifying whether a contract includes a lease

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, does the Company obtain substantially all of the economic benefits and who has the right to direct the use of that asset.

Estimate of lease term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

12. RISKS AND UNCERTAINTIES

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the year ended August 31, 2019.