



EGF THERAMED HEALTH CORP.

(formerly, Theramed Health Corporation; Evitrade Health Systems Corp.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF
OPERATIONS FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020 (Q3)**

FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of EGF Theramed Health Corp. *(formerly, Theramed Health Corporation; Evitrade Health Systems Corp.)* (hereinafter the "Company" or "Theramed") for the three and nine months ended March 31, 2020 (Q3).

This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and nine months ended March 31, 2020 and the Company's audited consolidated financial statements for the year ended June 30, 2019 as filed on SEDAR.

This MD&A has been prepared with all information current to June 1, 2020.

SCOPE OF ANALYSIS

The following is a discussion and analysis of EGF Theramed Health Corporation.

The Company has signed several agreements for acquisitions, pending acquisitions, joint venture, plans of arrangement, and proposed transactions during fiscal 2018 and during the nine months ended March 31, 2020. (see Plans of Arrangement and Acquisitions, Business Combinations, and Joint Venture)

The Company's unaudited consolidated financial statements for the interim period ended March 31, 2020 have been prepared in accordance with *IAS 34 - Interim Financial Reporting* in addition to other applicable International Accounting Standards (IAS) as issued by the International Accounting Standards Board ("IASB"). Refer to the Company's consolidated financial statements for significant accounting policies. Significant accounting estimates, judgments and assumptions have been used or exercised by management in the preparation of its consolidated financial statements.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words ‘believes,’ ‘expects,’ ‘anticipates,’ ‘estimates,’ ‘intends,’ ‘plans,’ ‘forecasts,’ or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

Business and Structure

EGF Theramed continues to develop products, technologies, and diagnostic tools focused on personalized medical care including research with natural health and wellness products. The products will serve with the overall goal of improving health and elevating the human condition.

On October 22, 2019, the Company announced a name change to “EGF Theramed Health Corp.” and 100:1 share consolidation. The symbol remains “TMED”.

On October 24, 2019, the shares began trading under the new name and on a 100:1 consolidated basis with a new ISIN CA2684691033 and the new CUSIP 268469103.

Chronology

On April 7, 2018, the Company signed a non-binding joint venture and operating agreement to develop intellectual property for an excipient delivery system for pharmaceutical and nutraceutical applications and subsequently signed a definitive agreement in October 2018 that gave the Company a 30 percent interest in the JV with two private corporations. (see Joint Venture)

On May 31, 2018, the Company transferred its TULIP intellectual property to EGF Health Holdings Corp. (formerly, Automated Techno Medical Corp.; 1109871 B.C. Ltd.) for \$10 and other good and valuable consideration in accordance with its 2017 Plan of Arrangement. (see Plans of Arrangement)

On October 2, 2018, the Company closed on the acquisition of Hemp Extraction Technologies Corp. (“HETC”) and continues to install and implement CO2 hemp extraction technology acquired from Vitalis in the Company’s Nevada facility with preliminary testing completed.

On October 16, 2018, the Company announced closing of the acquisition of Western Agri Supply Solutions Corp. (“WASS”)

On April 22, 2019, the Company acquired Medical Green Natural List Corp. (“MGNL”) that owns a digital application for connecting vendors to customers in the healthcare sector.

On May 21, 2019, the Company terminated its planned acquisition of West Coast Medical Solutions Ltd.

On November 6, 2019, the Company’s joint venture was terminated due to material breaches of working capital contributions.

(See “Acquisitions and Business Combinations” for further particulars of aforementioned acquisitions)

The Company’s financial success is dependent upon the extent to which it can develop its business objectives and the economic viability of commercializing various aspects of its business under development.

Acquisitions and Business Combinations

Hemp Extraction Technology Corp.

On October 2, 2018, the Company closed on the acquisition of Hemp Extraction Technology Corp. (“HETC”), which is in the business and technology of industrial hemp extraction, for total consideration of \$5,880,000. Pursuant to the acquisition agreement, EGF Theramed acquired all of the issued and outstanding common shares of HETC in exchange for an aggregate of 233,333 common shares of EGF Theramed issued at the deemed price of \$25.20 per share to the former holders of HETC common shares. As a result, HETC became a wholly owned subsidiary of the Company. The Company determined that the fair value of net assets acquired was \$1,145,085 with the balance of the consideration allocated to goodwill that was determined to be fully impaired as of June 30, 2019.

Initial recognition upon acquisition:	\$
Fair value of 233,333 common shares issued	5,880,000
<u>Allocated as follows:</u>	
Cash	848,812
Prepays	296,273
Net assets acquired	1,145,085
<u>Allocated to impairment of goodwill</u>	<u>4,734,915</u>
	5,880,000

Western Agri Supply Solutions Corp.

On October 16, 2018, the Company announced closing of the acquisition of Western Agri Supply Solutions Corp. (“WASS”) that specializes in industrial hemp biomass supply. Pursuant to the agreement, the Company issued 200,000 at a fair value of \$29.80 per share and total consideration of \$5,960,000 to acquire 100% of the issued and outstanding common shares of WASS. As a result, WASS is now a wholly owned subsidiary of EGF Theramed. The Company determined that \$52,948 in net liabilities were assumed and the balance of the consideration allocated to goodwill that was determined to be fully impaired as of June 30, 2019.

Initial recognition upon acquisition:	\$
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Fair value of 200,000 common shares issued	5,960,000
<u>Allocated as follows:</u>	
Accounts payable	(52,948)
Assumed liabilities	(52,948)
Allocated to impairment of goodwill	6,012,948
	5,960,000

Medical Green Natural List Corp.

On May 14, 2019, the Company signed a binding letter of intent to acquire Medical Green Natural List Corp. ("MGNL") with business consisting of software and portal for a medical marketplace app, which connects buyers with sellers. The purchase price of the transaction is \$941,111 CAD; consisting of 70,370 common shares at a deemed price of \$8.40 per share and \$500,000 in cash with an immediate advance of \$250,000 to MGNL for working capital an additional milestone payment of \$250,000 upon the successful launch of the Green List app. The app was launched in July 2019 and the Company issued an additional 25,000 with a fair value of \$100,000 as final consideration for the acquisition. As a result, MGNL is now a whole owned subsidiary of EGF Theramed. Net liabilities of \$9 were assumed in MGNL with the total fair value of \$841,120 allocated to goodwill.

<u>Initial recognition upon acquisition:</u>	\$
Fair value of 70,370 common shares issued	591,111
Cash paid	250,000
Total purchase price	841,111
<u>Allocated as follows:</u>	
Cash	90
Accounts payable	(99)
Assumed liabilities	(9)
Allocated to impairment of goodwill	841,120
	841,111

Pending Acquisition

Veri-Medical Systems Inc.

On June 11, 2018, the Company signed a letter of intent Veri-Medical Systems Inc. ("VeriMed") to potentially acquire the Company which is involved in developing a blockchain based "seed-to-sale" protocol focussed on enhancing the integrity of the sale of Hemp based products. The parties are continuing discussions on assessing and structuring a potential deal.

Joint Venture

On April 7, 2018, the Company signed a non-binding joint venture and operating agreement to Develop intellectual property for an excipient delivery system for pharmaceutical and nutraceutical applications and subsequently signed a definitive agreement in October 2018 that gave the Company a 30% interest in the JV with two private corporations in exchange for the 100,000 common shares for the transaction and the Company investing a minimum of \$2,156,000 in working capital through March 1, 2019, currently in arrears, and an additional \$1,682,000 from May 1, 2019 through September 2019, for total of \$3,838,000 in working capital over those periods. On November 6, 2019, the Company was notified of default and termination of the JV and the Company is continuing to settle outstanding matters under the JV, including TMED forfeiting its \$140,000 deposit and the cancellation and return to treasury of 100,000 common shares issued to the patent holder.

On April 5, 2019, the Company issued 100,000 common shares reserved for the JV with the fair value of \$15.00 per share for consideration of \$1,070,000 as further contribution under the JV agreement.

As of June 30, 2019, the Company investment and status of JV is as follows:

- a total of \$1,570,000 was invested towards the Company's 30% JV interest;
- the JV has commenced some limited R&D on the excipient delivery system; and
- loss on joint venture were \$140,000 for the year ended June 30, 2019 - the Company is currently in default with working capital obligations totalling \$2,328,800 at June 30, 2019 with an additional loss of \$10,000 for the nine months ended March 31, 2020.

On November 6, 2019, the Company was notified of default and termination of the JV and the Company is continuing to settle outstanding matters under the JV, including TMED forfeiting its \$140,000 deposit and the cancellation and return to treasury of 100,000 common shares issued to the patent holder.

On January 23, 2020, the Company returned the 100,000 common shares issued relating the JV with a fair value of \$1,070,000 to treasury.

Terminated and Rectified Acquisitions

Artillery Holding Inc.

On October 29, 2018, the Company signed a rectification agreement with Artillery Holding Inc. (dba Artillery Labs) ("Artillery") to terminate the Company's planned acquisition of Artillery, proposed a new spin out transaction with fees, agree on terms for \$117,690 in outstanding debts payable by Artillery to the Company, and assignment of \$135,000 (\$100,000 USD) in Artillery debt (the "Artillery Debt") from a third party. Pursuant to the rectification agreement, the Company allocated 4,500 common shares with a fair value of \$30.00 per share or \$157,500 from the Artillery escrow to acquire \$100,000 USD of demand loans owing by Artillery. The remaining 45,500 common shares of the Company with a fair value of \$35.00 per share currently in escrow for the Artillery acquisition were returned to treasury for cancellation in conjunction with the rectification. As at June 30, 2019, the Company had paid in cash a total of \$Nil (2018: \$115,095) in deposits towards the acquisition. A full debt loss provision of \$272,595 was recorded as of June 30, 2019.

At the Company's option the amount of the Artillery Debt (including any interest) shall be convertible into common shares of Artillery or the common shares (or if there are no common shares but another class of securities then such class of securities) of any resulting/successor issuer to Artillery that results from a merger, amalgamation, acquisition, arrangement, or similar transaction at a conversion price equal to the lower of: (a) the price of the relevant security at the founder's round for Artillery or its resulting issuer (as applicable) that is being or has just been offered at time of the conversion; or (b) \$0.02 per the relevant Artillery or resulting issuer security as applicable. The option herein shall be perpetual unless limited in duration by applicable law.

The Company took a full loss provision on the loan and deposits as of June 30, 2019.

Cantech Molecular Research Inc.

On January 22, 2019, the Company announced that, effective on said date, it mutually terminated the previously announced contemplated transaction and underlying agreement with Cantech Molecular Research Inc. Management of EGF Theramed believe that the contemplated transaction was no longer in line with the business and commercialization strategies of the Company leading to the mutual termination by the parties. As a result, a write down of \$45,000 was recorded for the year June 30, 2019.

Tree Chest Safety Corp.

On January 31, 2019, the Company effected and announced the mutual termination and unwinding of the previously announced transaction and underlying agreement with Tree Chest Safety Corp. ("TCS") for the

acquisition of TCS by EGF Theramed. Post-closing due diligence on the integration of TCS into EGF Theramed's corporate structure revealed matters that the parties could not agree upon resulting in the failure to fully effect closing of the transactions under the agreement between the parties including the issuance of any securities and/or cash consideration to TCS shareholders for the acquisition.

West Coast Medical Solutions Ltd.

On June 22, 2018, the Company had signed a letter of Intent to collaborate with West Coast Medical Solutions Ltd. ("WCMS") to form or acquire a Licensed Dealer (LD) as issued by Health Canada for Class A precursors. The Company announced its cancellation of this pending acquisition on May 21, 2019.

As of June 30, 2019, the Company took full write down on remaining acquisition deposits.

On July 11, 2019, the Company settled \$350,000 of the convertible debenture owing for 35,000 common shares to a non-related party. As mutually agreed between the parties, the settlement price was \$10.00 per share that was the fair value of recent financing and other debt settlements. \$477,681 of the convertible debenture remains outstanding in addition to accrued interest.

On July 11, 2019, the Company issued an additional 5,000 common shares with a fair value of \$50,000 for compensation for past services pursuant to the operator agreement entered with Belt Energy and Biomass LLC.

On July 11, 2019, the Company issued an additional 25,000 milestone common shares with a fair value of \$100,000 for the final acquisition payment to acquire MGNL.

On July 21, 2019, the Company completed the spin out of EGF Health Holdings Corp. pursuant to its 2017 Plan of Arrangement.

On July 26, 2019, the Company ongoing standstill with Decanex, Inc., its research operator and former service provider under the GSA for the TULIP medical system has been settled with a mutual termination, settlement and option to acquire 100% ownership and interest in Decanex. The parties agreed to a mutual release and cancelling \$224,169 of accrued development fees that was an accrued liability owing by the Company that was recorded as recovered R&D expense as of June 30, 2019. In addition, any business intelligence or know-how (the "IP") in relation to the TULIP medical health system developed by Decanex for the Company that was under development would be made available to the Company, in accordance with the terminated GSA. The option price to acquire Decanex is for consideration of \$1,000 in addition to 5% in cash royalty for a 10-year term, resulting from gross revenues generated by the IP.

On August 7, 2019, the Company entered into a \$350,000 senior convertible debenture financing. The convertible debentures notes will be 10% senior secured notes due five years from the date of issuance, issued in unit denominations of \$1,000 and each unit shall have 200 common share purchase warrants of the Company attached to it to be convertible at a price of \$5.00 per common share. In addition, each holder of units will receive a right to certain cash royalties pursuant to a Royalty Agreement, of 5% of gross revenues from the extraction operations. The convertible debenture notes shall also be secured against assets of the operations.

Management Changes

On January 30, 2020, the Company appointed David Bentil and Jatinder Dhaliwal to the board of the Company. Mr. Bentil assumed the role of CEO, and Mr. Dhaliwal assumed the role of director. C.K. Cheung and Ron Ozols have resigned as CEO and directors of the Company.

On February 5, 2020, the Company appointed Usama Chaudhry as CFO and director of the Company, in lieu of Faisal Manji who resigned as CFO and director of the Company.

On April 4, 2020, Sydney Au resigned as a director of the Company and Chris Brown resigned as President of the Company and of its subsidiary Western Agri Supply Solutions Corp.

On May 15, 2020, the Company appointed George Anstey to the Company's board of directors.

On May 28, 2020, David Bentil resigned as CEO and director of the Company and Jatinder Dhaliwal, a current director of the Company, was appointed as CEO.

Subsequent Events

On April 22, 2020, the Company has closed on 2,860,000 units at a price of \$0.50 per unit for gross proceeds of \$1,430,000. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.75 for a period of 18 months from the closing of the offering. In connection with the private placement, the Company has paid cash finders' fees of \$29,100 and issued 57,000 finders' warrants at an exercise price of \$0.75, expiring 18 months from the date of issue. All securities issued in the offering are subject to a hold period expiring on August 23, 2020. The net proceeds from the non-brokered private placement are intended to be used for working capital and acquisitions.

On April 29, 2020, the Company has closed on an additional 540,000 units at a price of \$0.50 per unit for gross proceeds of \$270,000. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.75 for a period of 18 months from the closing of the offering. All securities issued in the second tranche offering are subject to a hold period expiring on August 29, 2020. All securities issued in the offering are subject to a hold period expiring on August 30, 2020. The net proceeds from the non-brokered private placement are intended to be used for working capital and acquisitions.

In addition, the Company announces that it intends to grant 175,000 stock options to certain directors of the Company, with each option exercisable at \$1.00 for twenty-four months from the date of issuance.

On May 6, 2020, the Company closed on the joint venture transaction with Pharmadelic Labs Corp. ("Pharmadelic"). Pursuant to the announced joint venture and share purchase agreement with Pharmadelic and its shareholders, the Company has acquired a 30% equity interest in Pharmadelic through the issuance of an aggregate of 4,000,000 of its common shares to the shareholders of Pharmadelic. The Company also issued 225,000 common shares as transaction fees to arm's-length parties.

On May 26, 2020, the Company closed on the joint venture transaction with Green Parrot Labs Corp. ("Green Parrot"). Pursuant to the announced joint venture and share purchase agreement with Green Parrot and its shareholders, the Company has acquired a 40% equity interest in Green Parrot through the issuance of an aggregate of 7,800,000 of its common shares to the shareholders of Green Parrot. The Company also issued 200,000 common shares as transaction fees to an arm's-length party.

On May 28, 2020, David Bentil resigned as CEO and director of the Company and Jatinder Dhaliwal, a current director of the Company, was appointed as CEO.

PLANS OF ARRANGEMENT

2014 Plan of Arrangement

The Company completed the final two subsidiaries spin outs with all outstanding Series A preferred share conversions completed for its 2014 court approved Plan of Arrangement (2014-POA) on April 3, 2018 (Monterey Minerals Corp.) and May 4, 2018 (Rotonda Ventures Corp.). Each transaction represents \$1,000 fair value in convertible preferred shares, and related letters of intent for businesses in each former subsidiary company that ceased to be subsidiaries of the Company on 2014 effective dates for those arrangements. The Company has \$Nil (2017: \$Nil) in remaining deposits related to the spin outs under the 2014-POA as of June 30, 2019.

2017 Plan of Arrangement

In March 2017, the Company filed and received court approval for its 2017 Plan of Arrangement (“2017-POA”) for the planned spinout of Eviana Health Corporation (“Eviana”), formerly C&C Cosmeceuticals Corp., and four newly formed subsidiary corporations Ecovatec Health Solutions Inc. (formerly 1109863 B.C. Ltd.), 1109858 B.C. Ltd., 1109870 B.C. Ltd., EGF Health Holdings Corp. (formerly, Automated Techno Medical Corp., formerly 1109871 B.C. Ltd.) to facilitate other contemplated spin-out transactions.

On July 26, 2019, the Company completed the spin put (divesting) of EGF Health Holdings Corp.

As of March 31, 2020, the Company has \$3,000 (June 30, 2019: \$4,000) in remaining deposits related to contemplated spin outs under the 2017-POA. The Company anticipates completing the arrangements for other spin outs in fiscal 2020.

RESULTS OF OPERATIONS

SELECTED ANNUAL INFORMATION

	June 30, 2019 \$	June 30, 2018 \$	June 30, 2017 \$
Revenue	—	—	—
Expenses	2,613,820	948,138	1,263,462
Other items	11,781,502	(11,989)	25,455,321
Loss from continued operations	(14,395,322)	(936,149)	(26,718,783)
Loss from discontinued operations	—	—	(10,217,509)
Net loss and comprehensive loss	(14,395,322)	(936,149)	(36,936,292)
EPS – basic and diluted	(18.77)	(3.85)	(403.18)
Assets	2,855,654	1,062,071	42,392
Working capital deficiency	(1,719,210)	(2,086,019)	(1,947,465)
Long-term liabilities	—	—	1,490,761

ANNUAL RESULTS

For the year ended June 30, 2019, the Company had net loss and comprehensive loss of \$(14,395,322) compared to a loss and comprehensive loss of \$(936,149) for fiscal 2018.

The loss for fiscal 2019 as compared to 2018 was due to the following significant factors:

- i) Brokerage services increased from \$350,000 for 2018 to \$400,000 for 2019, representing an increase of \$50,000 or 14.3%;
- ii) Consulting fees increased from \$121,360 in 2018 to \$1,331,026 in 2019, related to several 12-month consulting agreements signed in August 2018;
- iii) Debt financing charges were \$55,584 in 2018 as compared to \$6,213 in 2019 related to convertible debt;
- iv) Management fees increased from \$135,000 in 2018 to \$180,000 in 2019 due to increased management fees for Sydney Au, director (chairman);
- v) Loan loss provisions increased from \$Nil in 2018 to \$220,000 in 2019 due to the Company writing down outstanding debts related to terminated acquisitions.
- vi) Rent increased from \$Nil in 2018 to \$176,919 in 2019 due to the Company's WASS facility lease that commenced in November 2018;
- vii) Professional fees increased from \$44,000 in 2018 to \$90,050 in 2019, representing an increase of \$46,050 or 104.7%. related to increased legal and audit fees;
- viii) Research and development increased from \$Nil in 2018 to \$6,628;
- ix) Travel increased from \$663 in 2018 to \$1,509 in 2019;
- x) Transfer agent & filing fees increased from \$8,811 in 2018 to \$14,953 in 2019;
- xi) Website and social media decreased from \$207,270 in 2018 to \$32,335 in 2019, related to decreased expenditures and more general consulting that offset the decrease; and
- xii) Other increased in office and general expenses in 2019 compared to 2018, due to increased business and operations for the Company.

Other various expenses changed during the normal course of business from 2019 as compared to 2018 with no other significantly different operating expenses incurred by the Company year-over-year.

QUARTERLY RESULTS

SELECTED QUARTERLY INFORMATION

The following table summarized the financial results of operations for the eight most recent fiscal quarters:

	March 31, 2020 (Q3)	December 31, 2019 (Q2)	September 30, 2019 (Q1)	June 30, 2019 (Q4)
	\$	\$	\$	\$
Revenue	—	—	—	—
Other items	359	82	260,685	11,598,593
Expenses	356,014	299,969	559,722	922,016
Net loss and comprehensive loss	(355,655)	(300,051)	(807,407)	(12,520,609)
Loss per share – basic and diluted	(0.26)	(0.24)	(0.69)	(16.32)
Total assets	3,140,020	3,264,036	2,994,843	2,855,654
Long-term liabilities	254,666	251,112	247,519	—
Working capital deficiency	(1,512,270)	(1,160,168)	(714,390)	(1,719,210)

	March 31, 2019 (Q3)	December 31, 2018 (Q2)	September 30, 2018 (Q1)	June 30, 2018 (Q4)
	\$	\$	\$	\$
Revenue	—	—	—	—
Other items	156,467	25,133	(1,309)	(11,418)
Expenses	530,340	486,561	674,903	604,750
Net loss and comprehensive loss	(619,831)	(511,694)	(673,594)	(593,332)
Loss per share – basic and diluted	(0.87)	(0.62)	(0.68)	(1.11)
Total assets	14,773,635	14,773,635	2,583,597	1,062,071
Long-term liabilities	—	—	—	—
Working capital (deficiency)	(447,901)	(447,901)	365,393	(2,086,019)

Three months ended March 31, 2020 (Q3)

For the three months ended March 31, 2020 (Q3-2020), the Company had net comprehensive loss of \$355,655 compared to \$619,831 for Q3 of 2019. The decreased loss of \$264,176 for Q3 of fiscal 2020 as compared to fiscal 2019 was the result of:

- (a) Consulting fees decreased from \$323,241 in Q3-2019 to \$125,093 in Q3-2020;
- (b) Finance charges increased from \$Nil in Q3-2019 to \$12,401 in Q3-2020;
- (c) Investor communications decreased from \$59,221 in Q3-2019 to \$Nil in Q3-2020;
- (d) Listing fees increased from \$1,950 in Q3-2019 to \$4,812 in Q3-2020;
- (e) Management fees increased from \$32,750 in Q3-2019 to \$125,228 in Q3-2020;
- (f) Office and miscellaneous decreased from \$8,783 in Q3-2019 to \$59 in Q3-2020;
- (g) Professional fees increased from \$5,350 in Q3-2019 to \$10,381 in Q3-2020;
- (h) Rent increased from \$39,431 in Q3-2019 to \$74,456 in Q3-2020;
- (i) Travel decreased from \$47,103 in Q3-2019 to \$2,625 in Q3-2020;
- (j) Gain on marketable securities (other item) decreased from \$133 in Q3-2018 to \$Nil in Q3-2020;
- (k) Loss on foreign exchange (other item) decreased from \$31 in Q3-2019 to a gain of \$359 in Q3-2020;
- (l) Operating losses from joint venture (other item) decreased from \$156,569 in Q3-2019 to \$Nil in Q3-2020; and
- (m) Other general changes to operating expenses.

Three months ended December 31, 2019 (Q2)

For the three months ended December 31, 2019 (Q2-2020), the Company had net comprehensive loss of \$(300,051) compared to \$(511,694) for Q2 of 2019. The decreased loss of \$211,643 for Q2 of fiscal 2020 as compared to 2019 was the result of:

- (a) Decreased bank and other charges from \$657 in Q2-2019 to \$238 in Q2-2020;
- (b) Decreased consulting fees from \$336,016 in Q2-2019 to \$115,522 in Q2-2020;
- (c) Finance charges increased from \$Nil in Q2-2019 to \$12,537 in Q2-2020;
- (d) Listing fees increased from \$1,950 in Q2-2019 to \$10,361 in Q2-2020;
- (e) Office and miscellaneous increased from \$114 in Q2-2019 to \$1,074 in Q2-2020;
- (f) Management fees increased from \$57,250 in Q2-2019 to \$74,600 in Q2-2020;
- (g) Professional fees decreased from \$28,070 in Q2-2019 to \$10,000 in Q2-2020;
- (h) Rent increased from \$57,091 in Q2-2019 to \$59,480 in Q2-2020;
- (i) Transfer agent & filings fees increased from \$5,413 in Q2-2019 to \$14,588 in Q2-2020;

- (j) Travel expenses increased from \$Nil in Q2-2019 to \$1,539 in Q2-2020;
- (k) Loss on marketable securities (other item) decreased from \$2,633 in Q2-2019 to \$Nil in Q2-2020;
- (l) Loss on acquired debt (other item) decreased from \$22,500 in Q2-2019 to \$Nil in Q2-2020; and
- (m) Other general changes to operating expenses and other items.

Three months ended September 30, 2019 (Q1)

For the three months ended September 30, 2019 (Q1-2020), the Company had net comprehensive loss of \$(820,407) compared to \$(673,594) for three months ended September 30, 2018 (Q1-2019). The increased loss of \$146,813 for Q1-2020 as compared to Q1-2019 was the result of:

- (a) Brokerage services decreased from \$400,000 in Q1-2019 to \$Nil in Q1-2020;
- (b) Finance charges increased from \$Nil in Q1-2019 to \$211,759 in Q1-2020;
- (c) Investor communications was \$15,000 in Q1-2019 compared to \$Nil in Q1-2020;
- (d) Management fees increased from \$45,000 in Q1-2019 to \$75,003 in Q1-2020;
- (e) Rent increased from \$Nil in Q1-2019 to \$59,727 in Q1-2020;
- (f) Intangible impairment on acquisitions increased from \$Nil in Q1-2019 to \$250,000 in Q1-2020;
- (g) Loss on joint venture increased from \$Nil in Q1-2019 to \$10,000 in Q1-2020; and
- (h) Other general changes to operating expenses.

Three months ended June 30, 2019 (Q4)

For the three months ended June 30, 2019 (2019), the Company had a loss and net comprehensive loss of \$(12,520,609) compared to a loss of \$(593,332) for Q4 of Fiscal 2018 (2018). The increased loss of \$11,927,277 for Q4 of fiscal 2019 as compared to 2018, excluding other comprehensive income for foreign exchange translation, was the result of the following:

Expenses were \$922,016 in Q4 of 2019 compared to \$604,750 in Q4 of 2018, representing an increase of \$317,266, with specific changes as follows:

- (a) Consulting fees decreased by \$68,231;
- (b) Finance charges decreased by \$115,147;
- (c) Investor communications increased by \$181,383;
- (d) Listing expenses increased by \$6,284;
- (e) Management fees increased by \$20,942;
- (f) Loan loss provisions increased by \$220,000;
- (g) Office and general increased by \$16,077;
- (h) Professional fees decreased by \$92,300;
- (i) Rent increased by \$79,615;
- (j) Research and development decreased by \$37,372;
- (k) Transfer agent and filing fees increased by \$5,253;
- (l) Website and social media increased by \$32,335; and
- (m) Other general administration, office, and operating expense changes.

Other Items

Loss from other items was \$(11,598,593) for Q4 of fiscal 2019 as compared to a gain of \$32,877 for Q4 of fiscal 2018, representing increased loss from other items of \$11,631,470 with specific changes as follows:

- (a) Other income decreased by \$3,219 in 2019 to \$Nil;
- (b) Gain on securities held for sale decreased to \$4,564 in 2019.
- (c) Goodwill impairment increased by \$11,588,983 in 2019;

- (d) Gain on foreign exchange decreased by \$25,094 in 2019; and
- (e) Recovered R&D increased to \$224,169 in 2019.

Related Party Transactions

See the Interim Consolidated Financial Statements for the three and nine months ended March 31, 2020 for details of related party transactions.

CAPITAL AND LIQUIDITY

As of March 31, 2020, the Company had cash and cash equivalents of \$4,162 (June 30, 2019: \$132,756)

On August 7, 2019, the Company entered into a \$350,000 senior convertible debenture financing with Haywood Securities. The convertible debentures notes will be 10% senior secured notes due five years from the date of issuance, issued in unit denominations of \$1,000 and each unit shall have 200 common share purchase warrants of the Company attached to it to be convertible at a price of \$5.00 per common share. In addition, each holder of units will receive a right to certain cash royalties pursuant to a Royalty Agreement, of 5% of gross revenues from the extraction operations. The convertible debenture notes shall also be secured against assets of the operations. The Company recorded a fair value of the conversion feature as \$204,400 expensed to Debt financing for the nine months ended March 31, 2020.

The Company will be required to raise additional capital through equity and/or debt financing in order to meet its business objectives. There can be no assurance that the Company will be able to raise the required capital, including on acceptable terms to meet these objectives.

- (a) The Company is developing health products and technology company in the research and development stage and currently no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations, including the development of its products, website and customization product offerings, technologies, including the evaluation and acquisition of additional health technologies, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so.
- (b) Other than as set forth herein, there are no expected fluctuations in the Company's liquidity, taking into account demands, commitments, events or uncertainties.
- (c) The Company does not currently have any liquidity risks associated with financial instruments.
- (d) The Company is expected to have a working capital deficiency if it does not complete the proposed financing. The Company expects to meet its liquidity need through additional equity or debt financing(s).
- (e) There are no balance sheet conditions or income or cash flow items that may affect the Company's liquidity.
- (f) There are currently no defaults or arrears by the Company on:
 - (i) dividend payments (no declared dividends), lease payments, interest or principal payment on debt;
 - (ii) debt covenants; or
 - (iii) redemption or retraction or sinking fund payments.

- (g) The Company's working capital deficit was \$1,512,270 as of March 31, 2020 (June 30, 2019: \$808,517).

Refer to the Company's consolidated financial statements for details on convertible debt, unsecured loans, and commitments.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial and capital risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by management and the Board of Directors and appropriate action taken to minimize such risks where possible.

Please refer to the Company's interim consolidated financial statements for the three and nine months ended March 31, 2020 for detailed described of financials instruments and risk management.

OFF BALANCE SHEET ARRANGEMENTS

As at March 31, 2020 and prior periods, the Company had no off-balance sheet arrangements, nor to date of this filing.

OUTSTANDING SHARE DATA

- a. Authorized: unlimited Common shares, without par value; and unlimited Preferred shares, without par value.
- b. Issued and outstanding: 1,079,546 common shares issued and outstanding as of March 31, 2020 (June 30, 2019: 1,114,546)

During the nine months ended March 31, 2020, the following transactions occurred:

On July 11, 2019, the Company:

- settled \$350,000 of the convertible debenture owing for 35,000 common shares issued to a non-related party. As mutually agreed between the parties, the settlement price was \$10.00 per share that was the fair value of recent financing and other debt settlements.
- 5,000 common shares with a fair value of \$50,000 for compensation for past services pursuant to the operator agreement entered with Belt Energy and Biomass LLC.
- issued 25,000 milestone common shares with a fair value of \$250,000 for the final acquisition payment to acquire MGNL that was written off as impairment of goodwill (intangibles) for the period.

On December 5, 2019, the private placement of the Company's subsidiary, Western Agri Supply Solutions Corp., has closed with 100,000 Class A common shares with a fair value of USD\$ 150,000 (\$197,610) subscribed and issued. As a result of the Private Placement, WASS is no longer a wholly-owned subsidiary of the Company, and the Company maintains a 50% interest in WASS. WASS is a private corporation & not a reporting issuer. Non-controlling interest has been recognized at the non-controlling interest's proportionate share of net assets of WASS.

On January 23, 2020, the Company returned to treasury the 100,000 common shares issued for a joint venture with a fair value of \$1,070,000.

c. Share purchase warrants

As of March 31, 2020, the following warrants were outstanding and exercisable:

Warrants Outstanding and Exercisable	Exercise Price, \$	Expiry Date
867	150	March 16, 2021
1,333	150	April 7, 2021
150,000	25	December 20, 2022
70,230	15	May 21, 2022
3,300	10	November 21, 2020
11,590	15	June 7, 2022
237,320		

During the nine months ended March 31, 2020, a total of 10,818 warrants expired without being exercised.

A summary of the Company's issued and outstanding warrants as at March 31, 2020 and during the period is presented below:

	Warrants Outstanding	Weighted Average Exercise Price, \$
Balance, June 30, 2019	248,138	28.06
Expired	(10,818)	—
Balance, March 31, 2020	237,230	22.57

The weighted average life of warrants outstanding is 2.50 years (June 30, 2019: 3.09 years)

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

The Company's interim consolidated financial statements for the period ended March 31, 2020 are prepared in accordance and compliance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Refer to the Company's interim consolidated financial statements for the nine months ended March 31, 2020 for details of the significant accounting policies and estimates adopted by the Company.

RISKS AND UNCERTAINTIES

Pharmaceutical Industry

The pharmaceutical industry involves significant risks, development expenditures, scientific expertise, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of a technology may result in substantial rewards, marketing will also play a significant role in developing the company and its level of success. Major expenses will be required to complete initial

drug discoveries along obtaining Health Canada and other world health organization approvals. There are also significant barriers to establishing any pharmaceutical products that may be accepted in the marketplace. It is impossible to ensure that pharmaceutical development strategies planned by the Company will result in profitable commercial sales. Whether the company will be commercially viable depends on a number of factors, some of which are the particular attributes of the patients the drugs are geared toward as well as competitors' strategies and market factors. Some of these are cyclical and government regulations, including regulations relating to pharmaceuticals.

Health Products and Technology Industry

The health products and technology industry involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of a technology may result in substantial rewards, marketing will also play a significant role in developing the company and its level of success. Major expenses may be required to establish the technology to be accepted in the marketplace. It is impossible to ensure that the current technologies and market strategy planned by the Company will result in profitable commercial sales. Whether the company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the technology is geared toward and the existing infrastructure, as well as competitors' strategies and market factors. Some of these are cyclical and government regulations, including regulations relating to medical devices and consumer health products.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Health technology operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the health industry and the high technology industry. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that are unforeseeable or beyond the company's control and their consequent liability.

Some of these risks include, but not limited to, the following:

- (i) Upon commercialization, the Company will be largely dependent on marketing and sales of its products and services through its website(s). No website(s) have been launched, and there are no assurances that any Company products and services that reach commercialization stage, if any, can be successfully marketed and sold online.
- (ii) The Company currently has only limited test products for sale, has not reached commercialization, and cannot guarantee that it will ever have marketable products or services.
- (iii) The Company plans to launch a full commercial website(s) once it has obtained commercial viability, including sufficient distribution for its OTC health products and services.
- (iv) Risks in design, development and manufacturing of consumer health products that may have an adverse effect on a person's health.
- (v) If a significant portion of the Company's development efforts are not successfully completed, required regulatory approvals are not obtained and maintained (such as ISO certifications), or any approved products are not commercially successful, the Company's business, financial condition, and results of operations may be materially and irreparably harmed.
- (vi) The Company's products and services are in the development stage and may never achieve market acceptance, regardless of the Company obtaining regulatory approvals for distribution.
- (vii) The Company's product and services development activities are directed towards the skincare (acne) and weight management sectors of the consumer health industry. There is no certainty that any past investment or future expenditures made by the Company as described herein will result in commercialization or market acceptance of the its product or service offerings. There is aggressive competition within the skincare health (acne) and weight management marketplace. The Company will compete with other interests, many of which have greater financial resources than it may have for marketing towards target consumers. Significant capital investment is

required to achieve commercialization, if ever, from the current development stage of the Company. (see Working Capital and Resources)

Government Regulation

The pharmaceutical industry is subject to vigorous federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters. Regulatory approvals by government agencies on the Company's products may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

The consumer health products industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters. Regulatory approvals by government agencies on the Company's products may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, production, manufacture, product claims, marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

ISO Certification

The Company's former service provider, Decanex, Inc., no longer maintains its ISO certification and as a result the further development of the Company's TULIP device and related intangible properties is currently on hold and any future development in doubt. In July 2019, the Company entered into a mutual termination with Decanex and has an option to acquire the company and possibly recontinue development should the company be able to re-obtain the ISO certification or engage a new service provider with such certification(s) that may be cost prohibitive.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors and/or officers to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, directors involved in potential conflicts will declare, and refrain from voting on the conflicted matter.

Negative Operating Cash Flows

As the Company is in early development stages, it will continue to have negative operating cash flows without the development of revenue streams from its business. Positive operating cash flows require the Company to sufficiently developed its products and services for commercialization.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. The Company will have to raise capital through private placements or debt financing and

proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel, Service Provider, and Advisors

The Company relies heavily on its officers, its service provider, and business advisors. The loss of their services may have a material adverse effect on the business and going concern of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer and health practitioner's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's products and services will be accepted and recommended.

Competition, Technological Obsolescence

The consumer health products industry for skincare and weight management is competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and product offerings to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company must continue to make significant investments in order to develop its products and services, increase marketing efforts, improve its operations, conduct research and development, and update equipment. As a result, development stage operating losses are expected to continue, and such losses may be greater than anticipated, which could have a significant effect on both the short-term and long-term viability of the Company.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, research partners, medical facilities, and medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that these parties the Company needs to deal with will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations, and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its hemp-based products, diagnostic and therapeutic solutions. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the nine months ended March 31, 2020, no significant changes in the Company's internal control over financial reporting were made. The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements for this filing (together the "Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim or Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

OFFICERS AND DIRECTORS

Jatinder Dhaliwal	CEO & Director
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George Anstey	Director

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