



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 SIX MONTHS ENDED DECEMBER 31, 2020 (Q2)**

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 six months ended December 31, 2020 (Q2).

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

This MD&A has been prepared with all information current to February 26, 2021.

SCOPE OF ANALYSIS

The following is a discussion and analysis of EGF Theramed. The Company's head office is located at Suite 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3.

The Company has entered into several agreements for acquisitions, pending acquisitions, joint venture, plans of arrangement, and proposed transactions during fiscal 2018, fiscal 2019, and fiscal 2020. During the year ended June 30, 2020, the Company terminated certain agreements due to working capital breach (see *Plans of Arrangement and Acquisitions, Business Combinations, and Joint Venture*).

The Company reports its financial results in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All published financial results include the assets, liabilities and results of operations for Company subsidiaries.

FORWARD LOOKING STATEMENTS

This MD&A and the documents incorporated into this MD&A contain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as “forward-looking statements”). Such forward-looking statements are based on expectations, estimates and projections as at the date of this report or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends”, or variations of such words and phrases, or stating that certain actions, events or results “may” or “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this report; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; statements based on the audited and unaudited consolidated financial statements of the Company; anticipated developments in operations; the future demand for the Company’s products; the results of development of products and the timing thereof; the timing and amount of estimated capital expenditure in respect of the business of the Company; operating expenditures; currency fluctuations; requirements for additional capital; government regulations; planned business activities and planned future acquisitions; the adequacy of financial resources; the Company’s competitive position and the regulatory environment in which the Company operates; general risk of negative global financial consequences; and other events or conditions that may occur in the future.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are based on the beliefs of the Company’s Management, as well as on assumptions, which such Management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

The forward-looking statements contained herein are based on information available as of February 26, 2021.

OVERALL PERFORMANCE

During the year end June 30, 2019, the Company completed the acquisition of Hemp Extraction Technology Corp. (“HETC”), Western Agri Supply Solutions Corp. (“WASS”), and Medical Green Natural List Corp. (“MGNL”). During the year ended June 30, 2020, the Company completed 30% equity investment in Pharmadelic Labs Corp. (“Pharmadelic”) and 40% equity investment in Green Parrot Labs Corp. (“Green Parrot”). Management believes that these acquisitions and equity investment will bring their technology and expertise to the Company that could be a critical component in achieving the Company’s business and commercialization strategies. Upon completion of the acquisition, the Company

has been developing its hemp extraction facility in Nevada, United States. Management believes that these acquisitions and equity investments are in line with the Company's commitment to elevate the human condition through advanced medical technology solutions for effective health and wellness research and products.

During the year ended June 30, 2019, the Company terminated several agreements (see *Joint Venture and Terminated and Rectified Acquisitions*). The effect of these terminations is expected to be minimal on current operations as the Company will be focusing on its resources to current operations and acquisitions that were completed.

The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. The Company is actively seeking financing opportunities to support its ongoing operations.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company's Nevada facility build-out and construction in progress has been delayed due to COVID-19 global pandemic. The Management's detailed review, inspection, and assessment on its facility progress were delayed due to travel restrictions to the US.

The following table summarize the Company's results of operation for the period indicated:

	For the three months ending:		For the six months ending:	
	December 31, 2020 \$	December 31, 2019 \$	June 30, 2020 \$	June 30, 2019 \$
Revenue	—	—	—	—
Other items	39,643	(82)	55,946	(260,767)
Expenses	(265,442)	(299,969)	(505,168)	(859,691)
Net loss	(225,799)	(300,051)	(449,222)	(1,120,458)
Loss per share – basic and diluted	(0.01)	(1.09)	(0.02)	(1.09)

The Company has not yet generated revenue and is still in research and development stage with respect to products, technologies, and diagnostic tools focusing on personalized medical care including research with natural health and wellness products.

The Company's expenses in the six months ended December 31, 2020 totaled \$505,168, a 41% decrease compared to the six months ended December 31, 2019. Income from other items in the six months ended December 31, 2020 totaled \$55,946, representing a significant decrease from loss from other items in the six months ended December 31, 2019 of \$260,767. Net loss and comprehensive loss in the six months ended December 31, 2020 was \$449,222, a 60% decrease compared to \$1,120,458 in the six months ended December 31, 2019.

The decrease in expenses and losses for the six months ended December 31, 2020 in comparison to the same period in 2019 was due primarily to decreases in consulting fees, finance charges, rent and foreign exchange loss, and partially offset by increases in investor communications, professional fees and transfer agent and filing fees.

During the six months ended December 31, 2020, cash used in operations was \$279,545 comparing to \$329,357 cash used in operations in the six months ended December 31, 2019. Total cash outflow during the six months ended December 31, 2020 was \$329,545 comparing to \$128,895 in the six months ended December 31, 2019. The change in cash flow was mainly due to limited cash on hand, slowed-down operating activities, and less financing activities occurred during the current period. As at December 31, 2020, the Company had \$33,997 in cash comparing to \$3,861 as at December 31, 2019.

The Company has been actively seeking financing and investing opportunities to provide further cash flow support for its existing development project and ongoing operations.

TRENDS

Other than as disclosed in this MD&A and as previously announced in the Company's press releases, 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

On October 22, 2019, the Company announced a name change to "EGF Theramed Health Corp." and completed a 100:1 share consolidation. The symbol remains "TMED". All share figures and references are retrospectively adjusted.

On October 24, 2019, the Company's common shares continued to trade on the Canadian Securities Exchange under the symbol "TMED", with the new name on a 100:1 consolidated basis and with a new ISIN CA2684691033 and the new CUSIP 268469103.

Business and Structure

The Company has been focused on developing products, technologies, and diagnostic tools in personalized medical care areas including research with natural health and wellness products. The products will serve the Company's stated goal of improving health and elevating the human condition.

The Company is focused in the health care and life sciences sector to develop a personalized health care system. The Company has been focused on utilizing CBD derived from hemp as a core component. The Company through its subsidiaries has assets and technologies related to the extraction and purification of CBD extracts. The Company is also actively exploring opportunities in all medical areas in domestic and international markets.

In May 2020, the Company acquired 30% equity interest in Pharmadelic and 40% equity interest in Green Parrot, initiating its collaboration and interest in research, development and commercial exploitation of psilocybin with a focus on wellness.

In November 2020, Green Parrot and Pharmadelic effected a merger of their shareholdings and operations through amalgamation. The company continuing from the amalgamation is known as Pharmadelic Labs Inc. As at December 31, 2020, the Company holds 33.06% ownership interest on Pharmadelic Labs Inc.

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 (the “Joint Venture” or the “JV”). The Company subsequently signed a definitive agreement in October 2018 that gave the Company a 30% interest in the Joint Venture 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 June 11, 2018, the Company signed a letter of intent to acquire Veri-Medical Systems Inc. (“VeriMed”), a company focused on enhancing the integrity of the sale of hemp-based products.

On October 2, 2018, the Company acquired Hemp Extraction Technologies Corp. (“HETC”) and continues to install and implement CO2 hemp extraction technology acquired from Vitalis in the Company’s Nevada facility after the completion of preliminary testing. (See *Overall Performance*).

On October 16, 2018, the Company acquired Western Agri Supply Solutions Corp. (“WASS”).

On April 22, 2019, the Company acquired Medical Green Natural List Corp. (“MGNL”), company 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 July 21, 2019, the Company completed the spin out of EGF Health Holdings Corp. pursuant to its 2017 Plan of Arrangement.

On November 6, 2019, the Company’s joint venture was terminated due to material breaches of working capital contributions (See *Joint Venture*).

On November 22, 2019, the Company and Veri-Medical Systems Inc. mutually agreed to terminate the letter of intent.

(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 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.

Fair value of 233,333 common shares issued	\$	5,880,000
Allocated as follow:		
Cash		848,812
Prepays		296,273
Goodwill		4,734,915
	\$	5,880,000

Western Agri Supply Solutions Corp.

On October 16, 2018, the Company closed the acquisition of 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 all 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.

Fair value of 200,000 common shares issued	\$	5,960,000
Allocated as follow:		
Accounts payable		(52,948)
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 MGNL with the business consisting of software and portal for a medical marketplace application, which connects buyers with sellers. The purchase price of the transaction is \$941,111 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 (the "Contingent Consideration") upon the successful launch of the Green List application. 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 \$1,091,120 allocated to the intangible asset which it was determined to be fully impaired in the year ended June 30, 2019.

Fair value of 70,370 common shares issued	\$	591,111
Cash paid		250,000
Contingent consideration		250,000
Total consideration paid		1,091,111
Allocated as follow:		
Cash		90
Accounts payable		(99)
Goodwill		1,091,120
	\$	1,091,111

The application was launched in July 2019 and the Company settled the Contingent Consideration with the issuance of 25,000 common shares of the Company with a fair value of \$150,000. The Company recognized a gain of \$100,000 on the settlement of the Contingent Consideration in the Consolidated Statement of Loss and Comprehensive Loss for the year ended June 30, 2020.

As at December 31, 2020 and as at the date of this filing, the Company is working on updating the application's security to meet new software platform requirement and preparing for its re-release.

Seedadelic Med Corp.

On December 14, 2020, the Company entered into a letter of intent to acquire all of the issued and outstanding shares of Seedadelic Med Corp. ("Seedadelic"), a private Ontario corporation, in exchange for the issuance of 15,000,000 common shares of the Company at a deemed price of \$0.115 per common share to Seedadelic shareholders. The Company has also agreed to pay a finders' fee on the closing of the proposed transaction. The transaction has not yet completed as at December 31, 2020 and date of filing.

Property, Plant and Equipment

During the year ended June 30, 2019, the Company has entered into a joint venture with Belt Energy and Biomass LLC ("BEBL"), a Nevada-based operator with a registered hemp license, through its wholly-owned subsidiary, WASS. This is a major development toward commercialization and realizing the first steps of marketability of product lines for the Company.

BEBL holds a license issued by the State of Nevada to grow, produce, process, and commercialize industrial hemp and products from industrial hemp. The Company has advanced funds from time to time since December 2018 to lease, development and build out its production facility that remains in progress for leasehold improvements and commissioning of equipment. The term of this agreement is for a period of 5 years and automatically renew for an additional 5-year period.

Through utilization of the industrial-grade extraction system supported by the Vitalis CO2 hemp extraction system acquired through HETC acquisition, WASS is setting up to offer CBD-based health and wellness products based on extracts from industrial hemp. The newly designed, custom purification process was put through its paces this week and provided a crude to distillate run that exceeded expectations. The tests indicated high levels of CBD (cannabidiol) content which could provide a competitive edge in the marketplace against other competing brands. Through initial testing, WASS has predicted its production capacity to be in excess of 200 kilograms of CBD isolate per month, with an estimated current market value of \$4,000 to \$8,000 per kilogram.

In relation to building up this facility in Nevada, US, the Company committed to:

- lease one unit store area with an area deemed 25,000 sq. ft located in Las Vegas, Nevada, USA effective December 1, 2018 continuing to November 30, 2023. The base rent is set at \$15,000 USD per month and will be increased by 3% on each anniversary of each year of the lease;
- purchase the HETC extraction machine with a remaining balance of \$456,965; and
- enter into an operator agreement with BEBL to exploit and develop the business opportunities related to certain industrial hemp license and matters in the State of Nevada, US effective March 6, 2019 and continuing through March 5, 2024. The Company agreed to pay \$7,500 USD per month plus an addition 5% of net sales for all services performed under the agreement.

Equipment and construction in progress additions were for the lease facility used for production and manufacturing located in Las Vegas, Nevada, USA via WASS (the "Facility"); with no amortization recognized or recorded to date as the equipment is still undergoing installation and testing. During the year ended June 30, 2020, the construction in progress were \$1,762,533 (2019: \$332,490).

The Company is currently in a litigation with the landlord of the Facility due to the default of the lease payment of USD116,789. The Company is currently in discussions to resolve the litigation arising from the default and during this discussion period, the Company will not have access to the facility where the equipment is placed and the construction in progress that has been carrying out until matters are resolved. Due to this fact, the Company fully impaired the carrying value of the equipment of \$973,242 and the carrying value of construction in progress of \$ 1,762,533 in the consolidated statement of loss and comprehensive loss for the year ended June 30, 2020.

During the year ended June 30, 2020, the Company fully impaired the right-of-use asset and recognized impairment of \$669,820 in the consolidated statement of loss and comprehensive loss due to the ongoing litigation with the landlord.

On May 5, 2020, the Company terminated the Operator Agreement.

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 as the Company's JV contributions. The Company was in default for \$2,328,800 in working capital not funded as of June 30, 2019.

On April 5, 2019, the Company issued 100,000 common shares reserved for the JV with the fair value of \$10.70 per share for consideration of \$1,070,000 as further contribution under the JV agreement.

The JV was terminated on November 6, 2019 due to Company's default of its financial commitments.

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, and agreed on terms for \$117,690 in outstanding debts payable by Artillery to the Company, and an 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 ended 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 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.

Decanex, Inc.

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.

Veri-Medical Systems Inc.

On June 11, 2018, the Company signed a letter of intent Veri-Medical Systems Inc. ("VeriMed") to potentially acquire VeriMed, which is involved in developing a blockchain based "seed-to-sale" protocol focused on enhancing the integrity of the sale of Hemp based products.

On November 22, 2019, the Company and VeriMed mutually agreed to terminate the letter of intent.

Investments in Pharmadelic and Green Parrot

On May 6, 2020, the Company acquired a 30% equity interest of Pharmadelic throughout the issuance of 4,000,000 common shares of the Company ("Pharmadelic's Consideration Shares") to the shareholders of Pharmadelic. 2,395,480 common shares of the Pharmadelic's Consideration Shares are subject to certain pooling restrictions being released in 12 monthly installments commencing four months after the closing of the acquisition. The Company also issued 225,000 common shares in payment of finders' fees to arm's-length parties.

The fair value of the Pharmadelic's Consideration Shares and the issued 225,000 common shares in payment of finders' fees were determined as follow:

Pharmadelic's Consideration Shares	\$	5,600,000
Finders shares		315,000
Restricted share discount		(909,169)
Total fair value of consideration paid	\$	5,005,831

Pharmadelic is a private company which is a developing proprietary genetic process to help create pharmaceutical grade psilocybin-derived ingredients in a synthetic lab environment. Pharmadelic is still at research stage and no technical feasibility has been yet achieved. As result, the fair value of the consideration paid was fully impaired in the consolidated statements of loss and comprehensive loss for the year ended June 30, 2020.

On May 26, 2020, the Company acquired a 40% equity interest of Green Parrot throughout the issuance of 7,800,000 common shares of the Company ("Green Parrot's Consideration Shares") to the shareholders of Green Parrot. 2,103,000 common shares of the Green Parrot's Consideration Shares are subject to certain pooling restrictions being released in 12 monthly installments commencing four months after the closing of the acquisition. The Company also issued 200,000 common shares in payment of finders' fees to arm's-length parties.

The fair value of the Green Parrot's Consideration Shares and the issued 200,000 common shares in payment of finders' fees were determined as follow:

Green Parrot's Consideration Shares	\$	10,998,000
Finders shares		282,000
Restricted share discount		(872,246)
Total fair value of consideration paid	\$	10,407,754

Green Parrot is a private company that plans to offer wellness centres and research and development into biosynthesis pathways for psilocybin and cannabinoids in the Caribbean. Green Parrot is still at research stage and no technical feasibility has been yet achieved. As result, the fair value of the consideration paid was fully impaired in the consolidated statements of loss and comprehensive loss for the year ended June 30, 2020.

In November 2020, Green Parrot and Pharmadelic effected a merger of their shareholdings and operations through amalgamation. The company continuing from the amalgamation is known as Pharmadelic Labs Inc. As at December 31, 2020, the Company holds 33.06% ownership interest on Pharmadelic Labs Inc.

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 6, 2020, Jeff Lipton joined the Company's board of directors.

On May 15, 2020, the Company appointed George Anstey to the Company's board of directors and Jeff Lipton resigned to allow space for this appointment.

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.

The Company believes that the current management team and directors with experience in the Cannabis industry will provide further support and optimize current utilization of company assets.

Subsequent Events

In January 2021, the Company completed its previously announced private placement and issued 4,404,182 units at a price of \$0.12 per unit for gross proceeds of \$528,502. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, exercisable to acquire an additional common share of the Company at a price of \$0.20 for a period of 12 months from the date of issuance.

In connection with the issuance, the Company paid cash finders' fees of \$16,302 and issued 135,850 finders' warrants, with each finders' warrant exercisable to acquire an additional common share of the Company at a price of \$0.20 for a period of 12 months from the date of issuance.

On January 15, 2020, the Company issued 50,000 common shares at a deemed price of \$0.15 per common share, in settlement of the outstanding indebtedness of \$7,500, owing to an arm's-length creditor, in consideration for services previously provided to the Company.

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 out (divesting) of EGF Health Holdings Corp. by the distribution of 7,790,265 Class Redeemable preferred shares to its shareholders.

As of December 31, 2020, the Company has \$3,000 (June 30, 2020: \$3,000) in remaining deposits related to contemplated spin outs under the 2017-POA. The Company anticipates completing the arrangements for other spin outs in fiscal 2021.

RESULTS OF OPERATIONS

SELECTED ANNUAL INFORMATION

	June 30, 2020	June 30, 2019	June 30, 2018
	\$	\$	\$
Revenue	—	—	—
Expenses	2,802,506	2,613,820	948,138
Other items	18,817,768	12,031,502	(11,989)
Loss from continued operations	(21,620,274)	(14,645,322)	(936,149)
Loss from discontinued operations	—	—	—
Net loss and comprehensive loss	(21,620,274)	(14,645,322)	(936,149)
EPS – basic and diluted	(6.21)	(19.09)	(3.85)

Assets	510,450	2,855,654	1,062,071
Working capital deficiency	(2,037,916)	(1,058,517)	(2,086,019)
Long-term liabilities	—	—	—

ANNUAL RESULTS

For the year ended June 30, 2020, the Company had net loss and comprehensive loss of \$21,620,274 compared to a loss and comprehensive net loss of \$14,395,322 for fiscal 2019.

The loss for fiscal 2020 as compared to 2019 was due to the following significant factors:

- a) Amortization and Depreciation increased from \$nil in 2019 to \$176,360 in 2020 due to depreciation of NV facility lease.
- b) Brokerage services decreased from \$400,000 in 2019 to \$nil in 2020, representing a decrease of \$400,000 or 100% due to decrease in financing activities and termination of brokerage services with Haywood;
- c) Consulting fees decreased from \$1,133,026 in 2019 to \$687,142 in 2020 due to decrease in consultants and consulting activities engaged and to non-renewal of consulting contracts previously engaged in 2018 for various financing, merger and acquisition introduction, online marketing services, etc.;
- d) Finance charges decreased from \$6,213 in 2019 to \$nil in 2020 while the Company occurred \$177,379 in 2020 due to new convertible debenture financing entered in August 2019 with Haywood;
- e) Investor communications increased from \$311,188 in 2019 to \$424,866 in 2020 due to agreements entered with third parties in 2020 in relations to investor relations and public relations;
- f) Listing expenses increased from \$14,754 in 2019 to \$29,745 in 2020 due to new listing engagement at OTC Markets;
- g) Loan loss provisions increased from \$220,000 in 2019 to \$577,007 in 2020 due to writing down of outstanding receivables in 2020;
- h) Management fees increased from \$180,000 in 2019 to \$379,563 in 2020 due to new additions in management team;
- i) Office and miscellaneous decreased from \$24,890 in 2019 to \$8,848 in 2020 due to decrease in overall general office activities;
- j) Rent decreased from \$176,919 in 2019 to \$30,000 in 2020 due to capitalization of the lease for construction in progress through WASS. Rent fees incurred in 2020 was due to new corporate office lease that commenced in January 2020;
- k) Professional fees increased from \$90,050 in 2019 to \$121,608 in 2020, representing an increase of \$31,558 or 35% related to increased legal fees in relation to the Company's general legal corporate matters, various acquisitions and terminations in 2020, and financing activities;
- l) Research and development increased from \$6,628 in 2019 to \$36,219 in 2020 due to additional business development consulting performed;
- m) Share-based payments increased from \$nil in 2019 to \$111,795 in 2020 due to stock options granted to the current CEO and former CEO of the Company during fiscal 2020;
- n) Transfer agent & filing fees increased from \$14,953 in 2019 to \$26,492 in 2020 due to increase in activities and regulatory periodic filing fees in 2020;
- o) Website and social media decreased from \$32,335 in 2019 to \$12,797 in 2020; and
- p) Impairment loss increased from \$11,588,983 in 2019 to \$18,859,181 in 2020 due to write-off of investments in Pharmadelic and Green Parrot and write-off of extraction equipment, construction

in progress, and lease deposit to \$nil during the year ended June 30, 2020 and termination of JV and fair value adjustments on acquisitions and convertible debt occurred during the year ended June 30, 2019.

Other various expenses changed during the normal course of business from 2020 as compared to 2019 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:

	December 31, 2020 (Q2)	September 30, 2020 (Q1)	June 30, 2020 (Q4)	March 31, 2020 (Q3)
	\$	\$	\$	\$
Revenue	—	—	—	—
Other items	39,643	16,303	18,557,360	(359)
Expenses	265,442	239,726	1,586,801	356,014
Net loss and comprehensive loss	(225,799)	(223,423)	(20,144,161)	(355,655)
Loss per share – basic and diluted	(0.01)	(0.01)	(1.96)	(0.26)
Total assets	248,364	345,719	510,450	3,140,020
Long-term liabilities	—	—	—	254,666
Working capital deficiency	(2,487,138)	(2,261,339)	(2,037,916)	(1,512,270)

	December 31, 2019 (Q2)	September 30, 2019 (Q1)	June 30, 2019 (Q4)	March 31, 2019 (Q3)
	\$	\$	\$	\$
Revenue	—	—	—	—
Other items	82	260,685	11,851,211	11,598,593
Expenses	299,969	559,722	934,267	922,016
Net loss and comprehensive loss	(300,051)	(820,407)	(12,785,478)	(12,520,609)
Loss per share – basic and diluted	(0.24)	(0.69)	(16.65)	(16.32)
Total assets	3,264,036	2,994,843	2,855,654	2,855,654
Long-term liabilities	251,112	247,519	—	—
Working capital deficiency	(1,160,168)	(714,390)	(1,058,517)	(1,719,210)

Three months ended December 31, 2020 (Q2)

For the three months ended December 31, 2020 (Q2-2021), the Company had net comprehensive loss of \$225,799 compared to \$300,051 for three months ended December 31, 2019 (Q2-2020). The decreased loss of \$74,252 for Q2-2021 as compared to Q2-2020 was the result of:

- a) Consulting fees decreased from \$115,552 in Q2-2020 to \$8,310 in Q2-2021 due to decrease in consultants and consulting services engaged during the current quarter; it was also due to non-renewal of consulting contracts previously engaged in 2018 for various financing, merger and acquisition introduction, online marketing services, etc.;
- b) Finance charges decreased from \$12,537 in Q2-2020 to \$nil in Q2-2021 due to less financing activities engaged during the quarter;
- c) Interest and accretion expense increased from \$nil in Q2-2020 compared to \$18,025 in Q2-2021 due to lease accounting treatment relates to the NV facility;
- d) Management fees decreased from \$74,600 in Q2-2020 to \$67,500 in Q2-2021;
- e) Professional fees increased from \$10,000 to \$131,366 due to increase in legal and accounting fees incurred during the quarter.
- f) Rent decreased from \$59,480 in Q2-2020 to \$15,000 in Q2-2021 due to capitalization of NV facility lease and new office lease;
- g) Loss on foreign exchange increased from \$82 in Q2-2020 to \$37,301 gain in Q2 2021; and
- h) Other general changes to operating expenses.

Related Party Transactions

Related party transactions are in the normal course of operations and are made in terms equivalent to those that prevail in arm's length transactions, which is the amount of consideration established and agreed to by the related parties.

The following is a summary of the related party transactions that occurred throughout the six months ended December 31, 2020:

- a) As at the year ended June 30, 2020, the amount payable to David Bentil, former CEO and director of the Company, was \$59,500. During the six months ended December 31, 2020, the Company processed \$10,000 payment. As at December 31, 2020, the accounts payable to David Bentil was \$49,500.
- b) As at the year ended June 30, 2020, the amount payable to Jatinder Dhaliwal, CEO and director of the Company, was \$65,000. During the six months ended December 31, 2020, the Company accrued \$75,000 in management fees and processed \$45,000 payment. As at December 31, 2020, the accounts payable to Jatinder Dhaliwal was \$95,000.
- c) As at December 31, 2020, loans payable includes \$25,000 owing to Jatinder Dhaliwal, CEO and director of the Company. The loan is unsecured, due on demand, and bears no interest.
- d) As at the year ended June 30, 2020, the accounts payable to Chaudhry U Consulting Inc., a company owned and controlled by Usama Chaudhry, CFO and director of the Company, was \$25,500. During the six months ended December 31, 2020, the Company accrued \$60,000 in management fees and processed \$15,000 payments. As at December 31, 2020, the accounts payable to Chaudhry U Consulting Inc. was \$70,500.
- e) As at December 31, 2020, management fees payable to Sydney Au, a former director of the Company, was \$50,000, and the loan payable was \$82,719. The loan payable to 918368 B.C. Ltd., a company controlled and owned by Sydney Au, was \$166,000.
- f) As at December 31, 2020, amount payable to Faisal Manji, a former director and CFO of the Company, was \$17,500.

- g) As at December 31, 2020, loans payable includes \$295,000 to Canland Health Corp., a company owned by a former director of the Company, and \$26 to Ron Ozols, a former director of the Company. The loans are unsecured, due on demand and bear no interest.

The following is a summary of the related party transactions that occurred throughout the year ended June 30, 2020:

- a) As at the year ended June 30, 2019, management fees payable to Sydney Au, a former director of the Company, totalled \$265,000. During the year ended June 30, 2020, the Company paid or accrued management fees of \$135,000 to Sydney Au. As at June 30, 2020, management fees payable to Sydney Au were \$50,000.
- b) At the year ended June 30, 2019, loans payable to Sydney Au totalled \$87,443. During the year ended June 30, 2020, the Company repaid \$4,724 to Sydney Au. As at June 30, 2020, loans payable to Sydney Au were \$82,719. The loans are unsecured, due on demand, and bear no interest.
- c) At the year ended June 30, 2019, loans payable to 918368 B.C. Ltd, a company controlled by Sydney Au, totalled \$326,000. During the year ended June 30, 2020, 918368 B.C. Ltd. loaned \$25,000 to the Company for general working capital and to fund the Company's ongoing operations; and assigned \$185,000 to a third party. As at June 30, 2020, loans payable to 918368 B.C. Ltd. were \$166,000. The loans are unsecured, due on demand, and bear no interest.
- d) As at the year ended June 30, 2019, the amount payable to David Bentil, former CEO and director of the Company, was \$Nil. During the year ended June 30, 2020, the Company paid or accrued \$12,500 in consulting fees prior to him joining the Company as CEO and director and \$50,000 in management fees. As at June 30, 2020, accounts payable to David Bentil totalled \$59,500.
- e) On April 30, 2020, 100,000 stock options with the fair value of \$63,883 using Black-Sholes Option Pricing Model were granted to David Bentil.
- f) As at the year ended June 30, 2019, the amount payable to Jatinder Dhaliwal, CEO and director of the Company, was \$Nil. During the year ended June 30, 2020, the Company paid or accrued \$12,500 in consulting fees prior to him joining the Company as a director and \$62,500 in management fees. As at June 30, 2020, accounts payable to Jatinder Dhaliwal totalled \$65,000.
- g) At the year ended June 30, 2020, loans payable includes \$25,000 owing to Jatinder Dhaliwal, CEO and director of the Company. The loan is unsecured, due on demand, and bear no interest.
- h) On April 30, 2020, 75,000 stock options with a fair value of \$47,912, using Black-Sholes Option Pricing Model were granted to Jatinder Dhaliwal.
- i) As at the year ended June 30, 2019, amount payable to Faisal Manji, a former director of the Company, was \$Nil. During the year ended June 30, 2020, the Company paid or accrued accounting fees of \$10,000 to Faisal Manji. As at June 30, 2020, the amount payable to Faisal Manji was \$10,000.
- j) As at the year ended June 30, 2019, loans payable to Canland Health Corp., a company owned and controlled by C K Cheung, a former director of the Company, was \$Nil. During the year ended June 30, 2020, Canland Health Corp. loaned \$295,000 to the Company for general working capital and to fund the Company's ongoing operations. As at June 30, 2020, the loans payable to Canland Health Corp. was \$295,000. The loans are unsecured, due on demand, and bear no interest.

- k) During the year ended June 30, 2020, the Company paid or accrued \$30,000 to Chaudhry U Consulting Inc., a company owned by Usama Chaudhry, CFO and director of the Company. As at June 30, 2020, the accounts payable to Chaudhry U Consulting Inc. totalled \$25,500.
- l) As at the year ended June 30, 2019, loans payable to Ron Ozols, former director of the Company, was \$7,000. During the year ended June 30, 2020, the Company repaid \$7,000 to Ron Ozols and Ron Ozols loaned \$26 to the Company. As at June 30, 2020, loans payable to Ron Ozols totalled \$26. The loans are unsecured, due on demand, and bear no interest.

Compensation on key *management* personnel

Six months ended December 31,	2020	2019
Management fees	\$ 135,000	\$ 100,000
	\$ 135,000	\$ 100,000

Three months ended December 31,	2020	2019
Management fees	\$ 67,500	\$ 55,000
	\$ 67,500	\$ 55,000

LEGAL MATTERS

On August 10, 2020, the Company received a notice to intent to re-enter property to the Facility due to the default of lease payments for the amount of USD116,789. The Company is currently in discussions to resolve the litigation arising from the default and during this discussion period, the Company will not have access to the facility where the equipment is placed and the construction in progress that has been carrying out until matters are resolved. The lease agreement is expiring on November 30, 2023 and its uncancellable. The Company carried the full liability of the lease in accordance with IFRS 16.

CAPITAL AND LIQUIDITY

As of December 31, 2020, the Company had cash and cash equivalents of \$33,997 (June 30, 2020: \$363,542)

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 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).
- d) There are no balance sheet conditions or income or cash flow items that may affect the Company's liquidity.
- e) 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.
- f) The Company's working capital deficit was \$2,487,138 as at December 31, 2020 (June 30, 2020: \$2,037,916).
- g) During the six months ended December 31, 2020, the Company had net cash used in operating activities of \$279,545 (2019: \$329,357).
- h) During the six months ended December 31, 2020, the Company had net cash used in investing activities of \$50,000 (2019: \$442,940).
- i) During the six months ended December 31, 2020, the Company had net cash provided by financing activities of \$nil (2019: 643,402).

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.

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities may decline and investors may lose all or part of their investment.

a. Capital management

The Company's objective in managing capital is to safeguard its ability to continue as a going concern, to ensure it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the

capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions.

b. Credit risk

To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator. The Company's credit risk is primarily attributable to bank balances, GST/HST receivable and loan receivable. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. GST/HST receivable is due from Canadian Government and Management believes that the credit risk to be minimal. Loan receivable is due from a non-related party and the Company continues to negotiate repayment terms.

c. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

As at December 31, 2020, the Company had a cash balance of \$33,997 (June 30, 2020: \$363,542) and accounts payable and accrued liabilities of \$1,116,356 (June 30, 2020: \$912,692). All of the Company's financial liabilities have or are treated with maturities of less than one year and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt, loan extensions, or equity financing to meet the Company's short term and long-term cash requirement. The Company has a working capital deficit of \$2,487,138 (June 30, 2020: \$2,037,916).

Additional funds for the establishment of the Company's planned facility project and development will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Cannabis market prices, production efficiency or revenues, taxes, transportation costs, capital expenditures and operating expenses are all factors which will impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

d. Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

e. Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar with significant business and purchases are transacted in United States dollars (USD). As a result, the Company is exposed to USD foreign currency risk that the Company has not hedged against. As a result, the Company may incur material and uncontrolled losses on USD foreign exchange.

f. Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

OFF BALANCE SHEET ARRANGEMENTS

As at December 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:

Common shares – 18,452,804 issued and outstanding as of December 31, 2020 and 22,906,986 issued and outstanding as of date of filing.

During the six months ended December 31, 2020, no common shares were issued by the Company.

During the year ended June 30, 2020, the following transactions occurred:

On July 11, 2019, the Company:

- settled \$350,000 of loan owing to the CEO with issuance of 35,000 common shares with a fair value of \$210,000. A gain on the settlement for \$140,000 was recognized in the consolidated statements of loss and comprehensive loss for the year ended June 30, 2020.
- issued 5,000 common shares with a fair value of \$30,000 for compensation for past services pursuant to the operator agreement entered with Belt Energy and Biomass LLC. A gain on the settlement for \$20,000 was recognized in the consolidated statements of loss and comprehensive loss for the year ended June 30, 2020.
- issued 25,000 milestone common shares with a fair value of \$150,000 for the final acquisition payment to acquire MGNL.

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

On April 22, 2020, the Company closed a private placement of 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 paid cash finders' fees of \$74,396 and issued 57,000 finders' warrants with fair value of \$54,313 at an exercise price of \$0.75, expiring 18 months from the date of issue.

On April 29, 2020, Company 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.

On May 6, 2020, the Company issued an aggregate of 4,000,000 common shares with a fair value of \$4,690,831 in exchange for 26,550,000 common shares of Pharmadelic, representing a 30% interest in Pharmadelic. The Company also issued 225,000 common shares in payment of finders' fees to arm's-length parties with a fair value of \$315,000.

On May 25, 2020, the Company issued an aggregate of 7,800,000 common shares with a fair value of \$10,125,754 in exchange for 15,600,000 common shares of Green Parrot, representing a 40% interest in Green Parrot. The Company also issued 200,000 common shares in payment of finders' fees to arm's-length parties with a fair value of \$282,000.

On June 3, 2020, 75,000 options were exercised for a cash proceed of \$75,000.

On June 16, 2020, the Company closed a private placement 1,166,666 units of a non-brokered private placement at a price of \$0.75 per unit for total consideration of \$875,000. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire an additional common share of the Company at a price of \$1.50 for a period of 24 months from the closing of the offering. Included in the units issued are 506,592 units issued on the conversion of \$350,000 convertible debentures plus accrued interest to share capital.

Share purchase warrants

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

Warrants Outstanding and Exercisable	Exercise Price, \$	Expiry Date
867	150.00	March 16, 2021
1,333	150.00	April 7, 2021
150,000	25.00	December 20, 2022
70,230	15.00	May 21, 2022
11,590	15.00	June 7, 2022
836,629	1.50	June 16, 2022
1,070,649		

During the six months ended December 31, 2020, 3,460,300 share purchase warrants expired without being exercised.

On April 22, 2020, 2,860,000 warrants valued at \$937,862 and 57,000 finders' warrants valued at \$54,313 using Black-Sholes Option Pricing Model were issued in connection with the private placement.

On April 29, 2020, 540,000 warrants valued at \$151,564 using Black-Sholes Option Pricing Model were issued in connection with the private placement.

On June 16, 2020, 836,629 warrants valued at \$305,460 using Black-Sholes Option Pricing Model were issued in connection with the private placement.

The fair value of the warrants issued were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	April 22, 2020	April 29, 2020	June 16, 2020
Estimated risk-free rate	0.34%	0.30%	0.26%
Expected volatility	227.58%	229.73%	231.27%
Estimated annual dividend yield	0.00%	0.00%	0.00%
Expected life of warrants	1.5 years	1.5 years	2.0 years
Stock price at issue date	\$1.10	\$0.76	\$0.66
Forfeiture rate	0.00%	0.00%	0.00%

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

	Warrants Outstanding	Weighted Average Exercise Price, \$
Balance, June 30, 2019	248,138	28.06
Issued	4,293,629	0.90
Expired	(10,818)	(1.50)
Balance, June 30, 2020	4,530,949	2.03
Expired	(3,460,300)	(0.76)
Balance, December 31, 2020	1,070,649	6.13

The weighted average life of warrants outstanding is 1.52 years as at December 31, 2020.

Stock options:

On April 30, 2020, 175,000 stock options valued at \$111,795 using Black-Sholes Option Pricing Model were granted to the current CEO and a former CEO of the Company at a price of \$1.00 per share, vested immediately and expiring two years from the date of grant.

The fair value of the stock options granted were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Estimated risk-free rate	1.60%
Expected volatility	207.90%
Estimated annual dividend yield	0.00%
Expected life of options	2 years
Stock price at issue date	\$0.76
Forfeiture rate	0.00%

A summary of the Company's granted and outstanding options as at December 31, 2020 is presented below:

	Options Outstanding	Weighted Average Exercise Price, \$
Balance, June 30, 2019 and 2018	—	—
Granted	175,000	1.00
Exercised	(75,000)	1.00
Balance, June 30, 2020 and December 31, 2020	100,000	1.00

The weighted average life of warrants outstanding is 1.33 years as at December 31, 2020.

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

The Company's interim consolidated financial statements for the period ended December 31, 2019 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 three and six months ended December 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 not possible 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, including the particular attributes of the consumer, competitors' strategies and market factors. As well, there are risks associated with 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 the development of the

Company. 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, including the particular attributes of the industry and whether 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:

- a. 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.
- b. 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.
- c. 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.
- d. Risks in design, development and manufacturing of consumer health products that may have an adverse effect on a person's health.
- e. 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.
- f. 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.
- g. 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 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 may 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 is doubtful. In July 2019, the Company entered into a mutual termination with Decanex and has an option to acquire Decanex and continue development should the company be able to re-obtain the ISO certification or engage a new service provider with such certification(s).

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 may 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. Competitors 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 parties the Company must 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 six months ended December 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.