BIOME GROW INC.

("Biome" or the "Company")
Three and Nine Months Ended September 30, 2020 and 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Date of Report: November 27, 2020

The following management's discussion and analysis ("MD&A") has been prepared as of November 27, 2020 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 and accompanying notes for the three and nine months ended September 30, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A includes certain statements that may be deemed "forward-looking statements". Such statements include, but are not limited to, statements regarding the expected performance of the Company's business and operations; the Company's expectations regarding revenues, expenses and anticipated cash needs and the ability to secure such cash needs in a timely manner and on terms acceptable to the Company; the intention to grow the Company's business and operations and the timing associated therewith; the expectation of an increase in product demand in the various selling jurisdictions and the timing associated therewith and the ability of the Company to satisfy such demand. Such statements include, but are not limited to, statements with respect to expectations, projections, or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our expectation with respect to our expansion projects.

Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "aims", "anticipates", "will", "projects", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions "may", "could", "would", "might" or "will" be taken, occur or be achieved. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements, by their very nature, are subject to numerous risks and uncertainties, some of which are beyond the Company's control, and are not guarantees of future performance. Forward-looking statements and information are based on the opinions and estimates of management at the date the statements are made, as well as a number of assumptions made by, and information currently available to, the Company concerning, among other things, anticipated market demand for cannabis, the availability of additional capital to finance growth and future research and development, anticipated revenue and cash flow from the sale of cannabis products, the Company's ability to obtain necessary governmental permits and approvals in a timely manner and on commercially reasonable terms, access to and availability of components (including personnel) to develop the Company's operations, all of which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and information.

These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include risks related to the Company's limited operating history, general business, economic, competitive, political and social uncertainties, uncertain and volatile equity and capital markets, lack of available capital, future demand for cannabis, lack of market acceptance or demand for the Company's products, the need for significant additional capital, changes in government legislation, environmental risks and hazards, infrastructure and/or operating costs, labor and employment matters, inability to secure necessary permits and approvals on a timely basis or at all, uncertainties involved in interpreting marketing and sales data, defects in the Company's title to its intellectual property, third party infringement claims, cost increases, exchange rate fluctuations, the Company's dependence on key personnel, as well as those factors discussed in the Company's Listing Statement available for review on SEDAR. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. The Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.

2. Nature of Business

Biome Grow Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on December 31, 2013. The head office and principal business location of the Company is 1401-480 University Avenue, Toronto, Ontario.

The Company is in the cannabis industry. On May 19, 2017, the Company acquired a 100% interest in Highland Grow Inc. ("Highland Grow") (formerly THC Dispensaries Canada Inc.). Highland Grow obtained a cultivation licence on December 1, 2017, and its authorization to sell cannabis on December 16, 2018. Highland Grow currently cultivates, produces, and distributes cannabis at its Antigonish, Nova Scotia, facility.

On July 24, 2020, the Company and MYM Nutraceuticals Inc. ("MYM") entered into an agreement whereby the Company sold 100% Highland Grow to MYM. This transaction will give Biome shareholders exposure to a combined operating platform that has a licensed internal cultivation capacity that is approximately four times larger than that of Highland Grow Inc's. The transaction allows Biome to become the largest single shareholder in a much bigger operating platform than it could currently create on its own, an ability to address its significant liabilities stemming from its previously abandoned capital intensive strategy, and it gives Biome greater flexibility on how to evolve the business in this fast changing industry

The Company's current operations include managing its marketable securities in MYM, which it sells when needed to satisfy its monthly obligations as well to pare down its existing liabilities. The Company is actively reviewing opportunities in the global cannabis space. These opportunities range from making minority investments to acquiring commercial cannabis operating platforms.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of neither the outbreak nor its effects on the Company's business or operations.

3. Overall Performance

The Company began commercial operations in its current business line effective Q1, 2019.

The Company's core tenet remains providing quality products in a cost-effective manner. Net losses for the nine months ended September 30, 2020 and 2019 reflect the steady increase in operational activities consistent with a company on a steep growth curve. From an expense perspective, the growth in cultivation-related costs, the hiring and contracting of more experts and experienced personnel, higher levels of business development, and more corporate activity generally all contributed to the growth in operational expenses sequentially from Q1 2019 to Q3 2020.

During the nine months ended September 30, 2020, the Company focused its efforts on reducing production and operating costs of its operations including

- Reduction of staffing in operations due to increased efficiencies
- Termination of lease for corporate office;
- Completed review and write down of obsolete inventory;
- Optimized and increased production capacity;
- Discontinued expansion and development of new production facilities; and
- Elimination of activities associated with investor relations and public relations.

During the nine months ended September 30, 2020, the Company identified an opportunity to sell Highland Grow Inc.('HGI") and become the largest shareholder in MYM Nutraceuticals Inc.("MYM"). As part of the transaction, all employees and consultants of the Company with the exception of the Chief Executive Officer and Chief Financial Officer were transferred to MYM.

These activities resulted in a reduction of net loss from operations in Q3, 2020 as compared to the immediately preceding quarter. Additional reductions in expenses will be further realized in Q4, 2020 from activities conducted in the first nine months ended September 30, 2020.

4. Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q3, 2020 $	Q2, 2020 $	Q1, 2020 $	Q4, 2019 $	Q3, 2019 $	Q2, 2019 $	Q1, 2019 $	Q4, 2018[(1)] $
Revenues [(2)]	-	2,250,568	1,718,480	1,549,693	1,441,733	1,347,019	340,574	-
Loss from continuing operations [(2)]	**(5,175,714)**	(655,297)	(869,866)	(1,051,959)	(1,217,192)	(811,508)	(641,829)	(3,158,185)
Income from discontinued operations [(2)]	**2,267,804**	-	-	-	-	-	-	-
Net loss and comprehensive loss	**(2,907,910)**	(650,686)	(1,905,829)	(6,588,789)	(1,479,152)	(771,058)	(641,829)	(6,128,876)
Net loss per share	**(0.03)**	(0.01)	(0.02)	(0.09)	(0.01)	(0.01)	(0.01)	(0.09)
Cash	**147,895**	448,864	173,819	1,564,805	121,595	618,634	738,392	1,859,505
Total assets	**9,811,615**	12,078,618	12,073,519	13,971,535	15,996,793	15,537,112	15,312,676	15,996,793
Total liabilities	**8,306,831**	7,750,586	7,075,079	7,052,266	3,697,005	1,833,438	910,444	3,697,005

(1) The Company was listed on the Canadian Stock Exchange on October 12, 2018 and therefore comparisons to 2018 are not meaningful.
(2) Results for prior periods have not been reclassified to discontinued operations

Significant factors and trends that have impacted the Company's results during the periods presented above include the following:

- The Company disposed of a discontinued operation and recorded income from discontinued operations in the amount of $2,267,804 which consisted of $508,643 income from discontinued operations for the three-month period ended September 30, 2020 and a gain on the disposal of $1,759,161.
- During Q1 2020 and Q2 2020 the company recorded an inventory impairment of $405,753 and $888,422, respectively, to write-down obsolete inventory. This inventory is considered part of the discontinued operation and is included in income from discontinued operations for the period.
- During Q2 2020 the Company recorded other income of $207,038 related to COVID-19 relief and the cancellation of a previously expensed consulting contract due to non-performance. The amount received was allocated between continuing and discontinued operations.
- During Q4 2019 the Company recorded impairment of property, plant and equipment totaling $3,816,259 and impairment of intangible assets totaling of $1,728,107 as it was determined that the carrying value exceeded the recoverable amount.
- For the three months ended September 30, 2020 as the Company entered into various debt settlements and bonus payments with former employees of Biome and HGI which will be settled with the issuance of either MYM common shares or MYM convertible shares;
- The listing expense of $3,920,923 incurred in Q4 2018 due to the reverse acquisition transaction was a one-time expense.

5. Comparison of results for the three months ended September 30, 2020 and 2019

	September 30, 2020 $	September 30, 2019 $
Operating expenses	**3,332,839**	2,178,397
Other items	**(1,666,208)**	-
Deferred income tax expense	**176,667**	-
Net loss from continuing operations	**(5,175,714)**	(2,178,397)
Net income from discontinued operations, net of tax	**2,267,804**	699,245
Net loss and comprehensive loss	**(2,907,910)**	(1,479,152)

Highlights during the three months ended September 30, 2020:

Operating expenses for the three months ended September 30, 2020 were $3,332,839 as compared to $2,178,397 for the three months ended September 30, 2019. Significant variances include the following:

- Consulting fees increased from $123,953 for the three months ended September 30, 2019 to $1,372,709 for the three months ended September 30, 2020 as the Company entered into various one-time debt settlement agreements and bonus payments with former employees of Biome and HGI.;

- Bad debt expense increased from $nil for the three months ended September 30, 2019 to $130,418 for the three months ended September 30, 2020 representing managements estimate of uncollectible amounts receivable;

- Salaries and wages increased from $1,337,827 for the three months ended September 30, 2019 to $1,026,799 for the three months ended September 30, 2020 due to a reduction is staffing levels throughout the organization offset by various debt settlement agreements and bonus payments with former employees of Biome and HGI;

- Accretion expense increased from $nil for the three months ended September 30, 2019 to $573,088 for the three months ended September 30, 2020 due to the accretion on a discounted loan which did not exist in the prior year.

Net income from discontinued operations, net of tax, increased from $699,245 for the three months ended September 30, 2019 to $2,267,804 the three months ended September 30, 2020. The most significant variance and primary reason for the significant increase is the gain on the sale of the discontinued operation in the amount of $1,759,161.

6. Comparison of results for the nine months ended September 30, 2020 and 2019

	September 30, 2020	September 30, 2019
	$	$
Operating expenses	**4,939,212**	3,938,162
Other items	**(1,522,905)**	-
Deferred income tax expense	**265,000**	-
Net loss from continuing operations	**(6,727,117)**	(3,938,162)
Net income from discontinued operations, net of tax	**1,492,970**	1,046,123
Net loss and comprehensive loss	**(5,234,147)**	(2,892,039)

Highlights during the nine months ended September 30, 2020:

Operating expenses for the nine months ended September 30, 2020 were $4,939,212 as compared to $3,938,162 for the nine months ended September 30, 2019. Significant variances include the following:

- Advertising and promotion decreased from $710,590 for the nine months ended September 30, 2019 to $7,643 during the nine months ended September 30, 2020 due to a reduction on spending on initial awareness campaigns;

- Consulting fees increased from $310,914 for the nine months ended September 30, 2019 to $1,607,555 for the nine months ended September 30, 2020 as the Company entered into various one-time debt settlements and bonus payments with former consultants of Biome and HGI;

- Bad debt expense increased from $nil for the nine months ended September 30, 2019 to $230,418 for the nine months ended September 30, 2020 representing managements estimate of uncollectible amounts receivable;

- Salaries and wages decreased from $1,929,501 for the nine months ended September 30, 2019 to $1,402,758 for the nine months ended September 30, 2020 due to a reduction in staffing levels throughout the organization offset by various debt settlements and bonus payments with former employees of Biome and HGI;

- Accretion expense increased from $nil for the nine months ended September 30, 2019 to $1,081,992 for the nine months ended September 30, 2020 due to the accretion on a discounted loan which did not exist in the prior year;

Net Income from discontinued operations increased from $1,046,123 for the nine months ended September 30, 2019 to $1,492,970 for the three months ended September 30, 2020. Significant variances include the following:

- Gain on the sale of the discontinued operation in the amount of $1,759,161 for the nine months ended September 30, 2020 which did not exist in the prior year;

- Inventory write-down of $1,294,175 for the nine months ended September 30, 2020 which did not exist in the prior year;

7 Liquidity and Capital Resources

7.1 Working Capital

As at	September 30, 2020 $	December 31, 2019 $
Cash	**147,895**	1,564,805
Restricted cash	**487,410**	500,000
Amounts receivable	**494,659**	1,365,864
Prepaid expenses and deposits	**900**	181,548
Biological assets	**-**	168,258
Inventory	**-**	2,278,686
Investments	**8,680,751**	
Total current assets	**9,811,615**	6,059,161
Accounts payable and accrued liabilities	**4,464,127**	3,875,695
Loans payable	**1,250,000**	1,250,000
Total current liabilities	**5,714,127**	5,125,695
Working capital (deficiency)	**4,097,488**	933,466

As at September 30, 2020, the Company had working capital of $4,097,488 (December 31, 2019 - $933,946). The increase in working capital was primarily driven by the following:

- The acquisition of MYM shares with a fair value of $8,680,751 partially offset by a reduction in prepaid expenses of $180,648, biological assets of $168,258 and inventory of $2,278,686 and other assets disposed of in the sale of HGI;

- Increase in accounts payable and accrued liabilities mainly due to debt settlements with various former consultants and employees on termination with the disposal of HGI offset by several other debt settlements completed during the period;

- As part of the debt settlement agreements, the Company agreed to transfer up to 39,963,996 shares in settlement of $2,797,480 of accounts payables and accrued liabilities to former directors, employees, and consultants of the Company.

7.2 Cash Flow for the nine months ended September 30, 2020 and 2019

Continuing operations

For the nine months ended	September 30, 2020 $	September 30, 2019 $
Cash provided by (used in) continuing operating activities	1,666,872	(2,492,980)
Cash provided by investing activities of continuing operations	105,000	-
Cash (used in) provided by financing activities of continuing operations	(2,130,660)	1,353,751
	-	-
Decrease in cash, continuing operations	(3,692,532)	(1,159,229)

Operating activities from continuing operations provided cash of $1,666,872 during the nine months ended September 30, 2020, as compared to using cash of $2,492,980 during the nine months ended September 30, 2019. The increase in cash provided as compared to prior year is primarily the result of:

- Net loss from continuing operations $6,757,117 offset by significant non-cash items that did not exist in the prior year, including accretion expense of $1,081,992 (2019 - $nil) and an unrealized loss on investments of $1,736,150 (2019 - $nil).

- Movements in working capital increased cash by $2,331,140 during the nine months ended September 30, 2020 as compared to increasing cash by $1,349,917 during the nine months ended September 30, 2019 primarily due to settlements agreements and bonus payments with former employees of Biome and HGI accrued during the nine months ended September 30, 2020.

Investing activities from continuing operations provided cash of $105,.000 during the nine months ended September 30, 2020, as compared to providing cash of $nil during the nine months ended September 30, 2019. The increase in cash provided as compared to prior year is entirely the result of the sale of HGI common shares.

Financing activities from continuing operations used cash of $2,130,660 during the nine months ended September 30, 2020, as compared to providing cash of $1,353,751 during the nine months ended September 30, 2019. Cash used during the nine months ended September 30, 2020 related primarily to a $3,000,000 principal repayment on the $3,000,000 loan payable and $400,000 repayment on the $400,000 short-term loan received from a director of the Company. These decreases were partially offset by a $1,000,000 loan received from MYM pursuant to the sale HGI. During the nine months ended September 30, 2019 cash was provided primarily through a $1,250,000 unsecured interest-free loan from a related party and the exercise of warrants.

7.2 Cash Flow for the nine months ended September 30, 2020 and 2019 (continued)

Discontinued Operations

For the nine months ended	September 30, 2020 $	September 30, 2019 $
Cash provided by discontinued operating activities	2,816,511	906,321
Cash used in investing activities of discontinued operations	(553,479)	(1,485,003)
Increase (Decrease) in cash, discontinued operations	2,263,032	(578,682)

Operating activities from discontinued operations provided $2,816,511 during the nine months ended September 30, 2020, as compared to using cash of $578,682 during the nine months ended September 30, 2019. The increase in cash provided as compared to prior year is primarily the result of:

- Net income from discontinued operations increased from $1,492,970 for the nine-month period ended September 30, 2020 from $1,046,123 for the nine-month period ended September 30, 2019 and non-cash items related to the unrealized gain on fair value of biological assets decreased to $nil for the nine-month period ended September 30, 2020 from to $261,064 cash used for the period ended September 30, 2019.

- Movements in working capital increased cash by $1,187,369 during the nine months ended September 30, 2020 as compared to decreasing cash by $66,983 during the nine months ended September 30, 2019. This increase in cash is primarily due to inventory sales for the nine months ended September 30, 2020.

Investing activities from discontinued operations used cash of $317,698 during the nine months ended September 30, 2020, as compared to using cash of $1,485,077 during the nine months ended September 30, 2019. The decrease in cash used as compared to prior year is primarily the result of:

- Cash used to purchase equipment during the nine-months ended September 30, 2020 of $113,602 compared to cash used to purchase equipment during the nine-months ended September 30,2019 of $1,485,003 offset by net use of cash of $494,941 from the gain on the sale of HGI compared to the prior year of $nil. The net use of cash for the nine months ended September 30, 2020 is comprised of a gain of $1,759,160 offset by cash sold of $235,781 and proceeds of $1,500,000 received from sale.

7.3 Debt Financing

a) On July, 31, 2020, in connection with sale of HGI, MYM agreed to loan the Company an amount equal to $1,000,000 (the "MYM Loan – Tranche 1") plus the balance of certain liabilities of HGI, which will continue to be owing by HGI post-closing in the amount of $1,664,141 (the "MYM Loan – Tranche 2"), both for a term of 18 months with an option to extend for an additional 6 months at the sole discretion of the Company upon the Company paying an extension fee. The Biome Loan bears interest at a face rate of 17.5% per annum.

   Pursuant to the loan and security agreement, the Company incurred a one-time set-up fee equal to 8% of the MYM Loan – Tranche 1 advance. Interest on the Loan is payable monthly beginning on November 30, 2020. The total debt issuance costs of $80,000 were applied against the loan principle in the amount of $2,664,141 and are accreted over the term of the loan.

b) On March 9, 2020, the Company entered into a promissory note with a director of the Company in the amount of $400,000. The promissory note bears interest at a monthly rate of 1.5% and was due on April 23, 2020. The Company received cash proceeds of $387,000 with $9,000 held back for prepaid interest and $4,000 held back for a loan origination fee. During the nine months ended September 30, 2020 the Company repaid $400,000 principal related to the promissory note. As at September 30, 2020, the carrying value of the loan is $nil.

   The Company has no further obligation with respect to this loan obligation.

c) During the year ended December 31, 2019, the Company received a series of advances from a related party totaling $1,250,000. The amounts are secured by promissory notes, bear no interest and are due on demand. As at September 30, 2020, the carrying value of this loan is $1,250,000.

d) On November 21, 2019, the Company entered into a credit agreement pursuant to which the Company received a loan in the amount of $3,000,000. The loan bears interest at 10% per annum payable monthly, is due on November 21, 2021. The amount is secured by, amongst other guarantees and assignments, a general security agreement and a first priority security interest over all common shares of HGI. During the nine months ended September 30, 2020, the Company repaid principal of $3,000,000 and recorded interest expense of $16,701 and $140,662, respectively (three and nine months ended September 30, 2019 - $nil and $nil, respectively) related to the loan payable. The Company paid legal fees of $8,743, prepayment penalty of $66,751 and prepaid legal expenses of $2,500.

   The Company has no further obligation with respect to this loan obligation.

8 Management of Capital

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

As at September 30, 2020, the Company had access to cash and amounts receivable. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments.

At present, the Company's operations generate small levels of cash inflows and its financial success is dependent on management's ability to continue to obtain sufficient revenue to sustain operations through its development stage. Management has implemented new procedures to increase capacity to generate higher revenues and reduce operational costs.

The Company may not be able to generate sufficient cash flows from its operations in the foreseeable future to support its working capital needs. As a result, the Company may have to rely on funding through future equity and debt issuances to finance ongoing operations and debt maintenance. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to raise capital on acceptable terms or at all.

9 Disclosure of Outstanding Share Data

The Company's authorized shares capital consists of an unlimited number of voting common shares without par value and unlimited number of non-voting and redeemable Special Class B and C shares without par value. The Company had the following securities outstanding as at the date of this MD&A:

Type of Security	As at September 30, 2020	As at the date of this MD&A
Common Shares	112,417,435	112,417,435
Special Class C Share	1	1
Stock Options	1,900,000	1,900,000
Warrants	6,438,240	1,081,097
Fully Diluted	120,755,676	115,398,533

10 Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

11 Transactions with Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). During the three and nine months ended September 30, 2020 and 2019, key management compensation consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Consulting fees	**865,340**	32,608	**1,056,700**	191,360
Interest expense	**3,500**	-	**23,800**	-
	868,840	32,608	**1,080,500**	191,360

The following table summarizes the amounts due to related parties as at September 30, 2020:

	September 30, 2020	December 31, 2019
	$	$
Accounts payable and accrued liabilities	**1,346,074**	280,985
Loans payable	**1,250,000**	1,250,000
	2,596,074	1,530,985

As at September 30, 2020, accounts payable include $220,985 (December 31, 2019 - $220,985) in wages for consulting expenses to an entity which is under common control of a former director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at September 30, 2020, accounts payable include wages payable of $nil (December 31, 2019 - $40,000) and reimbursable expenses of $15,168 (December 31, 2019 - $nil) due to a director for unpaid fees and expense reimbursement. The amounts are unsecured, non-interest bearing and due on demand. A settlement agreement was made whereby the director will receive $995,000. This will be settled with the issuance of either MYM common shares or MYM convertible shares (note 12). These shares have not been issued as of the date of the approval of these financial statements.

As at September 30, 2020, accounts payable include $114,921 (December 31, 2019 - $20,000) for salaries and wages of the CFO of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at September 30, 2020, the Company had full repaid a loan to director of the Company. Interest accrued for the nine months ended September 30,2020 totaled of $23,800 (December 31, 2019 - $nil) (see Note 13(b)). The amount accrued interest at a monthly rate of 1.5% and was due on demand.

As at September 30, 2020, the Company has loans payable totaling $1,250,000 (December 31, 2019 - $1,250,000) to an entity under control of a significant shareholder of the Company (see Note 13(c)). The balance payable is secured by promissory notes, non-interest bearing and due on demand.

12 Critical Accounting Estimates

The interim consolidated financial statements of the Company are prepared in accordance with IFRS. Management makes estimates and assumptions and uses judgement in applying these accounting policies and reporting the amounts of assets and liabilities, revenue and expenses and other related disclosure. Significant estimates in the accompanying interim consolidated financial statements relate to the valuation of biological assets and inventory, stock-based compensation, warrants, the estimated lives of property, plant and equipment, deferred tax assets and liabilities and the carrying value of and goodwill. Actual results could differ from these estimates.

13 Changes in Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements of the Company as at December 31, 2019. The interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2019.

During the year ended December 31, 2019, the Company adopted the following new or amended accounting standard:

Discontinued operations
A discontinued operation is a component of the Company that either has been abandoned, disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operation; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or (iii) is a subsidiary acquired exclusively with a view to resell. A component of the Company comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

Investments
The Company's investments are classified as fair value through profit and loss. Investments held in companies with an active market are classified as current assets at fair value. The original value at the time the Company legally obtains title of the shares is based upon the closing market price of the shares on the date of acquisition. The shares are revalued at each period based upon the closing market price of the shares at the balance sheet date. The change in fair value is recorded as unrealized (gain) loss on investments on the interim condensed consolidation statement of loss and comprehensive loss.

During the year ended December 31, 2019, the Company changed its accounting policy with respect to biological assets. Prior to this change, the Company expensed any costs related to production of biological assets in the period incurred. The Company now capitalizes production costs related to biological assets and expenses these costs to realized fair value on inventory sold as the inventory is sold. The Company also revised its presentation in the consolidated statement of loss to separate fair value adjustments for both biological assets and inventory sold in the period. The change in the Company's accounting policy had no significant impact on previous the period's net loss.

During the year ended December 31, 2019, the Company adopted the following new or amended accounting standard:

IFRS 16 Leases
IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

14 Financial Instruments and Financial Risk

Fair value measurement of financial assets and liabilities

IFRS 13 - *Fair Value Measurement* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1:	Unadjusted quoted prices in active markets for identical assets or liabilities,
Level 2:	Inputs other than quoted prices that are observable for the asset or liability either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
Level 3:	Inputs that are not based on observable market data.

The fair value of cash and restricted cash is measured using Level 1 inputs. The carrying values of amounts receivable, accounts payable and current loans payable approximate their respective fair values due to the short-term nature of these instruments. The fair value of long-term loans payable approximates fair value as it is discounted using a market rate of interest. The fair value of investments has been determined in whole by reference to the bid price of the shares on the Canadian Securities Exchange ("CSE") at each reporting date.

As at September 30, 2020, the Company's financial instruments consist of cash, amounts receivable, other receivable, investments, accounts payable and loans payable.

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, other receivables, accounts payable and loans payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

14. Financial Instruments and Financial Risk (continued)

(iii) *Credit risk (continued)*

As at September 30, 2020, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

(iv) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. Due to the ongoing COVID 19 pandemic, liquidity risk has been assessed as high.

(v) *Maturity risk*

The Company's cash balance at September 30, 2020 was in the amount of $635,305. At September 30, 2020, the Company had amounts receivable of $494,659, accounts payable of $4,464,127, current portion of loans payable of $1,250,000 and loans payable of $2,592,704. All accounts payable and accrued liabilities are current.

As at September 30, 2020, the Company did not have derivative financial liabilities with contractual maturities.

Management of liquidity risk: Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The following table summarizes the maturities of the Company's financial liabilities as at September 30, 2020 based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 - 3 years
	$	$	$	$
Accounts payable	**4,464,127**	4,464,127	4,464,127	-
Loans payable	**2,592,704**	2,664,141	-	2,664,141
	7,056,831	**7,128,268**	**4,464,127**	**2,664,141**

(v) Market risk

The Company is exposed to market risk from fluctuations in the market value of MYM shares. A 10% increase / decrease will result in an $868,075 unrealized gain / loss on the investment.

15 Risk Factors

The Company is focused on more select market introduction and development. The failure to generate future sales in the Company's main products could have a significant and adverse effect on the Company.
The Company's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not anticipate having key person insurance in effect for management. In addition, there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net loss for the nine months ended September 30, 2020 of $2,942,515 and has an accumulated deficit of $24,404,504. Management is continuing efforts to attract additional equity and debt capital and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Company's limited working capital could affect the Company's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.

For additional risk information, please refer to the Company's Annual Information Form filed on SEDAR at www.sedar.com.

16 Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

17 Subsequent Events

Subsequent to the nine-months ended September 30, 2020, the Company entered into a Share Buy Back agreement to effectively reverse the Back Home Medical Cannabis Corporation ("Back Home") Share Purchase Agreement previously completed on April 12, 2018. The Company paid $15,000 cash and transferred 100 shares (representing 100%) of Back Home in exchange for 187,500 shares in the capital of the Company. The Company will be returning these shares to treasury. As part of the transaction, the Company has no further obligations related to the original Share Purchase Transaction including an additional shares that were to be issued under the original agreement.