BIOME GROW INC.

("Biome" or the "Company")
Year ended December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. DATE OF REPORT: April 29, 2022

The following management's discussion and analysis ("MD&A") has been prepared as of April 29, 2022 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021 and accompanying notes for the year ended December 31, 2021, 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 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’s principal business activity is pursuing opportunities in the cannabis industry. On May 19, 2017, the Company acquired a 100% interest in Highland Grow Inc. (“HGI”). On July 31, 2020, the Company completed the sale of HGI, receiving shares in MYM Nutraceuticals Inc. (“MYM”) as a significant part of the consideration (subsequently converted to shares of IM Cannabis Corp. (“IMC”). The Company’s current operations are limited to holding investments in common shares of IMC (“IMC Shares”), 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 a variety of industries as part of its restructuring efforts.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak including variants which continues to spread, and related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. During 2021 vaccines became available and certain restrictions have begun to ease. The Company and its prior operations had not been drastically impacted by the pandemic, but management continues to monitor the situation.

3. OVERALL PERFORMANCE

Continuing operations

During the year ended December 31, 2021, the Company sold 5,692,700 shares of its investment in IMC for net proceeds of $2,162,858 to fund operations while it continues to review strategic opportunities. As at December 31, 2021, the Company had 2,434,005 shares remaining in IMC (of which 336,183 remained in escrow). The Company's investment in IMC is not significant. Since January 2021, the Company has continued to make efforts to reduce operating costs and settle its liabilities with cash generated from the sale of IMC Shares.

Discontinued operations

During the year ended December 31, 2020, the Company seized an opportunity to sell HGI to raise funds to pay down debts and invest in MYM as its largest individual shareholder. As part of the transaction, all employees and consultants of the Company, with the exception of executive officers, were transferred to MYM. Also, during the year ended December 31, 2020, the Company entered into a share buyback agreement with The Back Home Medical Cannabis Corporation (“Back Home”). All periods presented have been re-casted to reflect HGI and Back Home as discontinued operations.

Selected annual information

	December 31, 2021	December 31, 2020	December 31, 2019
	$	$	$
Basic and diluted loss per share	**0.00**	0.02	0.09
Cash	**582,304**	98,113	1,564,805
Total assets	**11,073,616**	12,580,607	13,971,535
Current liabilities	**4,644,879**	3,608,723	5,125,695
Total non-current financial liabilities	**-**	2,455,545	1,926,571

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

During the year ended December 31, 2021, the Company’s loss per share decreased due to management’s efforts to reduce spending and realizing gains on its investment in IMC, compared to significant consulting costs and salaries and wages burdened in its efforts to dispose of HGI in 2020 offset by unrealized gains on its investment in IMC and operational losses in 2019 related to HGI’s operations. During the year ended December 31, 2021, the Company reduced consulting expense to $nil (2020 - $1,665,549, 2019 - $782,556), salaries and wages to $106,221 (2020 – $1,393,290, 2019 - $1,366,751), accretion expenses to $41,037 (2020 - $1,373,509, 2019 - $62,046) which were offset by a realized gain on investment of $1,008,954 (2020 -$433,540, 2019 - $nil).

Summary of quarterly results

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	$	$	**$**	$
Net income (loss) from continuing operations	**(862,829)**	(4,038,704)	(12,548,974)	17,310,578
Net income (loss) and comprehensive (loss) income	**(862,829)**	(4,038,704)	(12,548,974)	17,310,578
Basic and diluted income (loss) per share	**(0.01)**	(0.04)	(0.11)	0.15
Cash	**582,304**	706,732	183,203	368,991
Total assets	**11,073,616**	12,954,115	16,837,843	29,317,111
Total liabilities	**4,644,879**	5,672,682	5,527,031	5,473,850

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	$	$	$	$
Net income (loss) from continuing operations	5,010,037	(5,175,714)	(450,767)	(1,100,636)
Net income (loss) from discontinued operations	(15,089)	2,267,804	30,357	(805,191)
Net income (loss) and comprehensive (loss) income	4,994,948	(2,907,910)	(420,410)	(1,905,827)
Basic and diluted income (loss) per share	(0.02)	(0.03)	(0.01)	(0.01)
Cash	98,113	147,895	448,864	173,819
Total assets	12,580,607	9,811,615	12,078,618	12,073,519
Total liabilities	6,064,268	8,306,831	7,750,586	7,075,079

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

- During Q4 2021, the Company recorded a $923,256 unrealized loss on the change in fair value of its investment in IMC, compared to a $660,998 unrealized gain in Q3 2021, a $12,270,941 unrealized loss in Q2 2021 and a $16,976,298 unrealized gain of in Q1 2021, due to increases and decreases in the share price of IMC during the respective periods.

- During Q4 2021, the Company recorded a $266,511 gain on the sale of its shares of IMC, compared to a $234,879 gain during Q3 2021, $nil in Q2 2021 and $512,554 gain during Q1 2021, due to the market price at each sale date being higher than the adjusted cost base of the shares.

- During the year ended December 31, 2020, the Company sold its investment in HGI, and entered into an agreement with Back Home. All periods presented have been re-casted to reflect these discontinued operations.

- In connection with the discontinued operations, the Company recorded a $15,090 loss on disposal of Back Home in Q4 2020 compared to a $2,267,804 gain in Q3 2020 which consisted of $508,643 income from discontinued operations and a $1,759,161 gain on disposal of HGI.

- On July 31, 2020, the Company received 42,813,985 MYM commons shares ("MYM Shares") and 132,551,040 exchangeable shares of MYM as consideration for the sale of HGI. On July 9, 2021, MYM was acquired by IMC and all MYM Shares were converted into IMC Shares. The Company received 2,700,905 IMC Shares (of which 336,183 were held in escrow), in exchange for 122,768,413 MYM Shares (which included 15,281,054 Escrow Shares). As at December 31, 2021, the Company held 2,434,005 IMC Shares, of which 336,183 were held in escrow.

- During the Q3 2020, the Company entered into various debt settlements and bonus payments with former employees of Biome and HGI. These were settled with the issuance of MYM Shares and MYM convertible shares in Q4 2020. The Company recorded a $647,156 gain on these debt settlements.

- 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 discontinued operations and is included in income from discontinued operations for the period.

4. COMPARISON OF RESULTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
	$	$
Operating expenses	**1,104,316**	5,602,774
Other income	**964,387**	3,885,694
Net loss from continuing operations	**(139,929)**	(1,717,080)
Net income from discontinued operations	**-**	1,477,881
Net loss and comprehensive loss	**(139,929)**	(239,199)

During the year ended December 31, 2021, the Company incurred a $139,929 (2020 - $1,717,080) net loss from continuing operations, and a $139,929 (2020 - $239,199) net loss and comprehensive loss.

Highlights during the year ended December 31, 2021, compared to the year ended December 31, 2020:

- Operating expenses decreased to $1,104,316 for the year ended December 31, 2021, compared to $5,602,774 for the year ended December 31, 2020. Significant variances include the following:
  - Insurance decreased to $117,641 for the year ended December 31, 2021, compared to $176,558 for the year ended December 31, 2020, due to a reduction of insurance requirements. The insurance expense for the year ended December 31, 2021, relates solely to directors and officers' liability insurance coverage.
  - Salaries and wages decreased to $106,221 for the year ended December 31, 2021, compared to $1,393,290 for the year ended December 31, 2020, due to a reduction in staffing levels throughout the organization as a result of the discontinued operations.
  - Share-based compensation increased to $52,327 for the year ended December 31, 2021, compared to $27,966 for the year ended December 31, 2020, due to the vesting of options granted on July 31, 2020 vesting for a full year in 2021 compared to five months in 2020 and the vesting of options granted in November 2021.
  - Accretion expense decreased to $41,037 for the year ended December 31, 2021, compared to $1,373,509 for the year ended December 31, 2020, due to the full repayment of a material loan during the year ended December 31, 2020. Accretion expense for the year ended December 31, 2021, is solely related to the accretion of deferred loan issuance costs on the MYM loan.
  - Bad debt expense decreased to $2,663 for the year ended December 31, 2021, compared to $380,518 for the year ended December 31, 2020, due to a provision for disallowed goods and services tax recoverable in the year ended December 31, 2020.
  - Consulting fees decreased to $nil for the year ended December 31, 2021, compared to $1,665,549 for the year ended December 31, 2020, due consulting services relating to the sale of HGI in 2020.
- Net other income decreased to $964,387 for the year ended December 31, 2021, compared to net other income of $3,885,694 for the year ended December 31, 2020. Significant variances include:
  - The Company recorded a $1,008,954 (2020 - $433,540) realized gain on the sale of IMC Shares due to the market price at each sale date being higher than the adjusted cost base of the shares.
  - The Company recorded a $262,258 (2020 –$3,888,432 unrealized gain) unrealized loss on the change in fair value of its investment in IMC Shares due to the decline in share price during the year ended December 31, 2021.
  - The Company recorded a $675,227 gain on debt settlement during the year ended December 31, 2021, compared to a $266,813 gain on debt settlement during the year ended December 31, 2020 on settlements of outstanding accounts with vendors.
  - The Company recorded a loss on legal settlement of $45,030 during the year ended December 31, 2021, compared to a $571,891 settlement contingency recorded during the year ended December 31, 2020, due to a settlement with the former president of HGI following the sale of HGI in 2020.

- The Company recorded a other income of $nil during the year ended December 31, 2021, compared to $335,076 during the year ended December 31, 2020, due to COVID-19 subsidies received.

5. COMPARISON OF RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
	$	$
Operating expenses	**708,496**	663,562
Other (expenses) income	**(154,333)**	5,408,599
Net (loss) income from continuing operations	**(862,829)**	5,010,037
Net loss from discontinued operations	**-**	(15,090)
Net (loss) income and comprehensive (loss) income	**(862,829)**	4,994,947

During the three months ended December 31, 2021 the Company incurred a $862,829 (2020 - $5,010,037 net income from continuing operations) net loss from continuing operations and a $862,829 (2020 - $4,994,947 net income and comprehensive income) net loss and comprehensive loss.

Highlights during the three months ended December 31, 2021:

- Operating expenses increased to $694,325 compared to $708,496 for the three months ended December 31, 2020. Significant variances include the following:
  - Professional fees increased to $514,868 for the three months ended December 31, 2021 compared to $88,220 for the three months ended December 31, 2020 as a result of the Company authorizing certain milestone payments to strategic consultants and management, and settlement of account with communication consultants. Additionally, the Company incurs accounting fees, audit fees, and legal fees included in professional fees on the statement of loss and comprehensive loss.
  - Insurance decreased to $28,845 for the three months ended December 31, 2021 compared to $30,499 during the three months ended December 31, 2020 due to a reduction of insurance requirements. The insurance expense for the three months ended December 31, 2021 relates solely to directors and officers' liability insurance coverage.
  - Share-based compensation decreased to $10,133 for the three months ended December 31, 2021 compared to $16,707 for the three months ended December 31, 2020, due to the vesting of options granted on July 31, 2020 reducing over time offset by the options granted in November 2021.
  - Accretion expense decreased to $11,145 for the three months ended December 31, 2021 compared to $291,517 during the three months ended December 31, 2020 due to the full repayment of a material loan during the three months ended December 31, 2020. Accretion expense for the year ended December 31, 2021 is solely related to the accretion of deferred loan issuance costs related to the MYM loan.
  - Bad debt expense decreased to $nil for the three months ended December 31, 2021 compared to $150,100 during the three months ended December 31, 2020 due to a provision for disallowed goods and services tax recoverable in the three months ended December 31, 2020.
  - Consulting fees decreased to $nil for the three months ended December 31, 2021 compared to $57,994 for the three months ended December 31, 2020, due consulting services relating to the sale of HGI in 2020.
- Net other expenses were $154,333 for the three months ended December 31, 2021 compared to net other income of $5,408,599 for the three months ended December 31, 2020. The significant variances include:
  - The Company recorded a $266,511 (2020 - $433,540) realized gain on the sale of IMC Shares due to the market price at each sale date being higher than the adjusted cost base of the shares.
  - The Company recorded a $923,256 (2020 - $5,624,582 unrealized gain) unrealized loss on the change in fair value of investments in IMC Shares due to the decline in share price of IMC Shares from Q3 2021 to Q4 2021, compared to an increase in share price from Q3 2020 to Q4 2020.
  - The Company recorded a $45,030 loss on legal settlement for the three months ended December 31, 2021 compared to a $571,891 settlement of contingency for the three months ended December 31, 2020, due to a settlement with the former president of HGI following the sale of HGI in 2020.

- The Company recorded a $647,156 gain on debt settlement during the three months ended December 31, 2021 compared to a $35,813 gain on debt settlement during the three months ended December 31, 2020.

6. LIQUIDITY AND CAPITAL RESOURCES

The Company had the following balances and activities during the year ended December 31, 2021:

- As at December 31, 2021, the Company had total assets of $11,073,616 (December 31, 2020 - $12,580,607) and working capital of $6,362,216 (December 31, 2020 - $8,459,522).

- As at December 31, 2021, the Company had cash of $582,304 and prepaid expenses and deposits of $88,695 (December 31, 2020 - $98,113 and $307,600, respectively).

- As at December 31, 2021, and December 31, 2020, share capital was $23,183,398, comprising 112,417,435 issued and outstanding common shares.

- During the year ended December 31, 2021 the Company used net cash of $1,839,606 in continuing operating activities as compared to $2,066,494 during the year ended December 31, 2020.

- Operating activities from discontinued operations provided cash of $nil during the year ended December 31, 2021, as compared to $1,057,353 during the year ended December 31, 2020.

- During the year ended December 31, 2021 the Company received cash of $2,162,858 from continuing investing activities compared to $565,224 during year ended December 31, 2020 from the sale of IMC Shares.

- During the year ended December 31, 2021 the Company received cash of $nil from discontinued investing activities as compared to $1,242,947 during the year ended December 31, 2020.

- During the year ended December 31, 2021 the Company used cash of $309,550 in continuing financing activities compared to $2,294,336 during the year ended December 31, 2020.

At present, the Company relies on the sale of its investments to generate cash inflows, while the Company actively reviews opportunities in a variety of industries as part of its restructuring efforts.

6.1 Working capital

Working capital as at December 31, 2021, and December 31, 2020, consisted of the following:

	2021	2020
	$	$
Cash	**582,304**	98,113
Restricted cash	**897**	471,386
Goods and services tax recoverable	**86,064**	38,211
Prepaid expenses – current portion	**88,695**	307,600
Investments	**10,249,135**	11,152,935
Total current assets	**11,007,095**	12,068,245
Accounts payable and accrued liabilities	**1,138,584**	2,358,723
Loans payable	**3,506,295**	1,250,000
Total current liabilities	**4,644,879**	3,608,723
Working capital	**6,362,216**	8,459,522

As at December 31, 2021, the Company had $6,362,216 working capital (December 31, 2020 - $8,459,522). The decrease in working capital was primarily driven by the $2,256,295 reclassification of the MYM loan payable from a non-current liability to a current liability and decrease in the fair market value of current investments from $11,152,935 at December 31, 2020 to $10,249,135 as at December 31, 2021, offset by an increase in cash from the sale of IMC Shares during the year ended December 31, 2021.

6.2 Cash flows for the year ended December 31, 2021 and 2020

	2021	2020
	$	$
Operating activities		
Cash used in continuing operating activities	**(1,839,606)**	(2,066,494)
Cash provided by discontinued operating activities	**-**	1,057,353
Investing activities		
Cash provided by continuing investing activities	**2,162,858**	565,224
Cash provided by discontinued investing activities	**-**	1,242,947
Financing activities		
Cash used in continuing financing activities	**(309,550)**	(2,294,336)
Change in cash, continuing operations	**13,702**	(3,795,606)
Change in cash, discontinued operations	**-**	2,300,300

An explanation of cash flows from continuing operations is as follows:

- Operating activities used $1,839,606 cash during the year ended December 31, 2021 compared to $2,066,494 cash used during the year ended December 31, 2020. The decrease in cash used is primarily due to a reduction in cash paid on salaries and wages, consulting, insurance, and professional fees off set by the settlement of accounts payable.

- Investing activities provided $2,162,858 cash during the year ended December 31, 2021 related to the sale of its investment in IMC compared to $565,224 cash provided during the year ended December 31, 2020.

- Financing activities used $309,550 cash during the year ended December 31, 2021 as compared $2,294,336 cash used during the year ended December 31, 2020. The decrease in cash used is due a reduction in debt repayments from $240,287 for the year ended December 31, 2021 compared to $3,163,676 for the year ended December 31, 2020. This reduction is partially offset by a $1,000,000 loan received in the year ended December 31, 2020 compared to $nil during the year ended December 31, 2021.

6.3 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 continued 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 (together the “MYM Loan”). The MYM Loan bears interest at a 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 MYM Loan is calculated from July 31, 2020 on a monthly basis and payable every fourth month 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.

   As at December 31, 2021, the Company the carrying value of this loan is $2,256,295. Subsequent to December 31, 2021, this note matured and is due on demand.

b) 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 December 31, 2021, the carrying value of these loans are $1,250,000 (December 31, 2020 - $1,250,000).

7. 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 December 31, 2021, the Company had access to cash through the sale of its investments, and goods and services tax recoverable. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments.

At present, the Company does not have positive cash flows from operations and has no source of revenues. Its financial success is dependent on proceeds from the sales of its investment and on management's ability to continue to obtain sufficient cash to sustain operations beyond its restructuring efforts. Management has implemented new procedures to reduce operational costs to a minimum while the Company evaluates its next opportunity.

The Company may not be able to generate sufficient cash flows from its operations and the sale of its investments in the foreseeable future to support its working capital needs. As a result, the Company may 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.

8. 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:

	Date of this MD&A
	#
Common shares	112,417,435
Stock options	3,000,000
Warrants	5,357,143
Fully diluted	120,774,578

9. 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.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered 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 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 and Chief Financial Officer. During the year ended December 31, 2021 and 2020, key management compensation consisted of the following:

	Year ended December	
	2021	2020
	$	$
Share-based compensation	**52,327**	-
Deferred compensation	**60,000**	-
Professional fees	**364,006**	
Consulting fees	**-**	1,056,700
Interest expense	**-**	23,800
	476,333	1,080,500

The following table summarizes the amounts due to related parties as at December 31, 2021 and December 31, 2020:

	2021	2020
	$	$
Accounts payable and accrued liabilities	**194,324**	325,906
Loans payable	**1,250,000**	1,250,000
	1,444,324	1,575,906

As at December 31, 2021, accounts payable and accrued liabilities include $194,324 due to related parties comprised of the following:

- $60,000 in deferred compensation to directors of the Company related to the sale of HGI. The amount has been recorded in salaries, wages and benefits in the statement of loss and comprehensive loss. The deferred compensation is payable at the earlier of November 5, 2022, or IMC Shares trading at greater than $8.86 per share.

- $127,500 for accrued management fees to the Chief Executive Officer related to services from 2020 and 2021 authorized during the year. The amount has been recorded included in professional fees on the statement of loss and comprehensive loss.

- $6,824 for amounts owed to the Chief Executive Officer for expenses incurred on behalf of the Company.

As at December 31, 2020, accounts payable and accrued liabilities include $325,906 due to related parties comprised of the following:

- $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.

- $104,921 for fees payable to the former Chief Financial Officer of the Company. The amount was unsecured, non-interest bearing and due on demand.

As at December 31, 2021, the Company has loans payable totaling $1,250,000 (December 31, 2020 - $1,250,000) to an entity under control of a significant shareholder of the Company. The balance payable is secured by promissory notes, non-interest bearing and due on demand.

11. CRITICAL ACCOUNTING ESTIMATES

The audited 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 audited consolidated financial statements relate to share-based compensation, warrants, and the estimated deferred tax assets and liabilities. Actual results could differ from these estimates.

12. 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, 2021. The audited consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

During the year ended December 31, 2021, the Company did not adopt any new or amended accounting standards.

During the year ended December 31, 2020, the Company adopted the following new or amended accounting standards:

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 audited condensed consolidation statement of loss and comprehensive loss.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value measurement of financial assets and liabilities

IFRS 13 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, restricted cash, accounts payable and the loans payable are held at amortized cost and approximate their respective fair values due to the short term nature of these instruments. Investments are a level 1 financial asset with fair value determined in whole by reference to the bid price of the shares on the CSE at each reporting date.

As at December 31, 2021, the Company's financial instruments consist of cash, restricted cash, investments, accounts payable and loans payable.

Financial risk management objectives and policies

The risks associated with the Company's 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.

As at December 31, 2021, 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 debt and other accounts payable relative to the sale of investments (marketable securities). Due to the ongoing COVID 19 pandemic, liquidity risk has been assessed as high.

(v) *Maturity risk*

At December 31, 2021, the Company had cash of $582,304. As at December 31, 2021, the Company had accounts payable and accrued liabilities of $1,138,584 and loans payable of $3,506,295. All accounts payable and accrued liabilities and loans payable are current.

As at December 31, 2021, the Company did not have derivative financial liabilities with contractual maturities.

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 December 31, 2021, based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year
	$	$	$
Accounts payable	1,138,584	1,138,584	1,138,584
Loans payable	3,506,295	3,510,178	3,510,178
Total	**4,644,879**	**4,648,762**	**4,648,762**

(vi) *Market risk*

The Company is exposed to market risk because of the fluctuating values of its publicly traded investment in MYM. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2021 value of investments, a 10% increase or decrease in the share price of MYM would have impacted income (loss) for the period, up or down, by approximately $1,024,914 (for the year ended December 31, 2020 - $1,115,294) before income taxes.

14. SUBSEQUENT EVENTS

As a result of decline in IMC share price subsequent to December 31, 2021, the Company is currently renegotiating the term of the IMC loan.

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 losses since its inception and has an accumulated deficit of $19,299,485 as at December 31, 2021 (December 31, 2020 - $19,159,556). There is a material uncertainty related to these conditions that casts doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends upon its ability to realize sufficient cash from the sale of its marketable securities and generate profitable operations in the future.

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. DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements for the year ended December 31, 2021 and 2020, and this accompanying MD&A (together, the "Annual Filings"). In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual and Interim Filings on SEDAR at www.sedar.com.

17. ADDITIONAL INFORMATION

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