MANAGEMENT DISCUSSION AND ANALYSIS
For the Three Months Ended November 30, 2019

The following is a discussion and analysis of the financial condition and operating results of Lotus Ventures Inc. (the "Company") for the three months ended November 30, 2019. The discussion should be read in conjunction with the Interim Financial Statements (unaudited) for the three months ended November 30, 2019; together with the audited financial statements of the Company and the notes thereto for the year ended August 31, 2019 and the Annual MD&A for the year ended August 31, 2019. The audited financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

Caution on Forward-Looking Information

This MD&A contains forward-looking statements with respect to the Company. These forward-looking statements by their nature involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but caution the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect.

HISTORY

On November 27, 2014 the Company was formed by the amalgamation of Strachan, a capital pool company and Private Lotus, a private company, under the provisions of the Business Corporations Act (British Columbia).

The Company obtained a receipt for its non-offering prospectus from the British Columbia Securities Commission on December 1, 2014 and was listed on the Canadian Securities Exchange on December 8, 2014 under the symbol "J". The Company is a reporting issuer in British Columbia, Alberta and Ontario.

On February 11, 2019 Lotus Ventures Inc. submitted its Cannabis License Evidence Package to Health Canada, advising that it was ready to produce inside its facility.

On March 8, 2019 Lotus Ventures obtained a "Standard Cultivation" license and a "Sale for Medical Purposes" license pursuant to the Cannabis Act and Cannabis Regulations. The licenses gave Lotus the ability to begin cultivation at its fully constructed 22,500 square-foot, indoor, purpose-built facility in Armstrong, British Columbia. In April, the company imported mother plants and seeds into the facility and on June 24th the first clones were taken. The first harvest of cannabis at the Armstrong facility was October 1, 2019 and the production cycle has since continued uninterrupted with a harvest approximately every 12 days.

MARKET TRENDS

On October 19, 2015, the Liberal Party of Canada was elected as a majority government of Canada. It included in its election platform a commitment to legalize marijuana production and sale including for recreational purposes. This commitment stated as "legalize, regulate and restrict" access to marijuana was repeated in the throne speech and in interviews by Prime Minister Trudeau and the

Health Minister.

On February 24, 2016, the Federal Court of Canada made a decision about marijuana in Canada in the Allard case. Allard and others had licenses to grow for personal use under the old Medical Marijuana Access Regulations (MMAR). The decision confirmed the constitutional right of Canadians to use marijuana for medical purposes, and to reasonable access, first granted by the Supreme Court of Canada in 2001 in the Parker case. The Court declined to order that the MMAR continue and found that the MMPR system is not producing and selling in a manner which satisfies the Parker decision and therefore is unconstitutional. MMPR has not provided sufficiently convenient access. The court however suspended the operation of its decision that the MMPR is unconstitutional for six months to give the Federal Government time to change the regulations so that there is reasonably convenient access to meet the requirements of the Parker decision.

On August 24, 2016, the new Access to Cannabis for Medical Purposes Regulations ("ACMPR") came into force. The ACMPR replaced the MMPR stemming from a decision by the Supreme Court of Canada According to the Health Canada website, "Under the ACMPR, Canadians who have been authorized by their health care practitioner to access cannabis for medical purposes will continue to have the option of purchasing safe, quality-controlled cannabis from one of the producers licensed by Health Canada. Canadians will also be able to produce a limited amount of cannabis for their own medical purposes or designate someone to produce it for them."

On October 17, 2018, Legalization of recreational cannabis use came into effect under the Cannabis Act and Cannabis Regulations. Canada became the second country in the world, and the first G7 nation to legalize cannabis for adult use.

Even though legalization for recreational use took effect in October 2018, the sector remains constrained by the availability of high-quality cannabis. As per multiple industry reports, as well as internal data, Lotus has realized that there is an oversupply of low-to-mid grade product currently occupying shelves, while high-end product has yet to make a name for itself. Selling price compression has commenced for lower grade product, while companies selling a premium product have maintained higher margins, similar to the wine or spirits business.

Licensed producers have started to transition away from forward-looking projections of funded capacity to the fundamentals of the company, the talent of the management, and the expertise around the plant.

After a slow rollout of secondary cannabis products on October 17, 2019, only a limited number of producers were ready for the launch of "Cannabis 2.0". Similar to the flower market, Lotus believes there is still an opportunity for craft style producers to carve out their own niche and supply Canadians with a safe access to consistent, quality-controlled cannabis products.

DISCUSSION OF OPERATIONS

On November 27, 2014, Private Lotus and Strachan were amalgamated pursuant to an amalgamation agreement dated July 30, 2014 and as amended September 1, 2014. The shareholders of each of Private Lotus and Strachan exchanged their respective shareholdings on a one-for-one basis for the share capital of the Company. The effect of these exchanges and other issuances of Company shares is that the shareholders of Private Lotus obtained control of the Company immediately subsequent to completion of the amalgamation.

On November 7, 2015 the Company entered into a three-year lease agreement on the property near Armstrong, British Columbia. The Company acquired the right to purchase the 23-acre property at any time during the lease for $1.1 million by payment of $50,000. The Company also paid a further $50,000 in March 2016. The company exercised the purchase option on the land June 8, 2018.

As noted above the Company received its Cultivation and Medical Sales license for cannabis on March 8, 2019 and initiated all systems and controls attendant with the first crops. Subsequent to receiving the licenses, Lotus imported 3,500 seeds, 229 varieties of strains, and 75 live plants into the facility.

During the month of August 2019 Health Canada made an initial inspection at the Armstrong, B.C. facility, and has confirmed that the operation is compliant under the Cannabis Act and Cannabis Regulations.

In November 2019 Lotus finalized the details of its first shipment to Auxly Cannabis Group Inc. (TSXV: XLY). Pursuant to Lotus and Auxly's definitive agreement (the "Agreement") dated September 11, 2018, Auxly is entitled to purchase the first 50% of Lotus' cultivation at a fixed price, with a right of first offer to purchase the remaining 50% at market prices. Auxly has agreed to purchase 100% of the initial crop and has an ongoing interest in high-quality flower production.

Lab Testing: Lotus was pleased with its initial batch yielding more cannabis than originally expected, while passing all quality control measures. The Company grew multiple strains in its initial batch, optimizing the growing environment and learning what strains worked best for the current market demand. Out of the initial batch, one strain tested at 22.6% THC while the average amongst the group tested at approximately 19.1% THC. Subsequent batches (Crop 2 & 3) produced over 60,000 grams of product with an average THC level of 21.5% and the Kali strain at slightly above 24%.

The company will soon apply for a processing license which will enable sales to the public in accordance with Provincial sale and distribution procedures.

OVERALL PERFORMANCE

The Company has transitioned from the start-up phase and has commenced operating cash flow. The Company may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data (unaudited)

The financial results of the Company for the eight most recent quarters are summarized below:

Description	**Three months ended Nov 30, 2019**	**Three months ended Aug 31, 2019**	**Three months ended May 31, 2019**	**Three months ended Feb 28, 2019**	**Three months ended Nov 30, 2018**	**Three months ended Aug 31, 2018**	**Three months ended May 31, 2018**	**Three months ended Feb 28, 2018**
Revenues	-	-	-	-	-	-	-	-
Net Income (loss)	$839,554	(973,537)	($488,258)	($611,431)	($839,264)	($281,440)	($1,053,885)	($481,957)
Net income (loss) per share, basic and diluted	$0.01	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(0.01)
Total Assets	$16,853,975	$15,593,896	$15,430,037	$14,621,681	$15,588,263	$9,289,994	$8,274,726	$8,605,891
Total Long-Term Liabilities	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Cash Dividends / Share	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

During the three months ended November 30, 2019, the Company recognized income of $839,554 compared a loss of $839,264 for the three months ended November 30, 2018.

Significant items making up the change for the three months ended November 30, 2019 as compared to the three months ended November 30, 2018 were as follows:

- Consulting fees decreased by $280,613 as a result of the Company capitalizing certain consulting fees to biological assets during the current period to assist with the growing activities at the Company's Armstrong facility.

- Advertising and promotion decreased by $1,545 due to the Company decreasing investor relation activities in order to close its private placement during the period.

- Professional fees decreased by $20,338 due to the Company decreasing legal activities as there were no private placements during the period.

- Share-based compensation decreased by $233,870 as less share purchase options were issued during the period.

FINANCIAL POSITION AND LIQUIDITY

Cash Flows

A summary and discussion of the Company's cash inflows and outflows for the three months ended November 30, 2019 and 2018 are as follows:

Operating Activities

During the three months ended November 30, 2019, the Company spent $402,079 on operating activities compared to $1,212,041 during the comparative quarter. The decrease is primarily due to the decrease in consulting and legal fees as a result of less corporate activity, such as private placements, during the period.

Financing Activities

The Company received $495,000 from financing during the three months ended November 30, 2019, compared to $6,624,750 during the three months ended November 30, 2018.

Investing Activities

The Company used $133,433 in investing activities during the three months ended November 30, 2019, compared to $3,476,701 during the three months ended November 30, 2018.

Cash Resources and Going Concern

The Company's cash was $70,236 at November 30, 2019. The Company has no other liquid assets other than GST receivable of $17,306 and other receivables of $22,032.

As at November 30, 2019, the Company had net working deficiency of $110,603 (August 31, 2019 – Deficit $1,573,074). In order to maintain operations and cover administrative costs, the Company may need to raise additional financing. There can be no assurance that additional funding will be available in the future.

ADDITIONAL DISCLOSURE

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Compensation	Three months ended November 30, 2019	2018
	$	$
Consulting fees	37,500	42,000
Share-based payments	81,120	252,070
	118,620	294,070

Refer to Note 9 of the accompanying Interim Financial Statements for further details on the Company's related party transactions and amounts owing to related parties as at and for the three months ended November 30, 2019.

Proposed Transactions

The Company does not currently have any proposed transactions approved by the Board of Directors.

OUTSTANDING SHARE CAPITAL

The authorized share capital of the Company consists of unlimited common shares without par value.

During the three months ended November 30, 2019, the Company completed the following share issuance:

- On October 4, 2019, 975,000 options expiring November 3, 2020 were exercised at $0.20 per share for gross proceeds of $195,000.

During the three months ended November 30, 2018, the Company completed the following share issuances:

- On September 12, 2018, the Company issued 3,755,868 common shares at $0.71 per share in connection with the XLY agreement.

- On September 13, 2018, 100,000 share purchase warrants exercisable at $0.25 were exercised for proceeds of $20,000.

- In October 2018, the Company completed a private placement of 11,260,000 units ("Units") at a price of $0.25 per Unit for gross proceeds of $2,815,000. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.30 per share for a period of five years from closing.

  In relation to this private placement, the Company paid cash finders fees of $210,250.

As at the date of this MD&A, the following common shares and stock options were issued and outstanding:

	Number of Shares	Exercise Price $	Expiry Date
Common shares	85,074,799	-	-
Stock Options	500,000	0.25	December 14, 2019
	510,000	0.20	November 3, 2020
	150,000	0.25	January 4, 2021
	1,465,000	0.35	November 9, 2027
	1,240,000	0.50	March 20, 2028
	1,100,000	0.30	October 4, 2028
	2,520,000	0.20	July 4, 2029
	975,000	0.20	October 31, 2029
Warrants	100,000	0.20	December 29, 2020
	1,608,750	0.25	May 31, 2021
	3,361,750	0.25	October 14, 2021
	3,748,416	0.35	August 14, 2020
	392,158	0.35	September 14, 2020
	10,036,100	0.70	January 22, 2023
	909,090	1.00	February 8, 2021
	7,680,000	0.30	October 1, 2023
	780,000	0.30	October 15, 2023
	2,800,000	0.30	October 26, 2023
	9,485,000	0.26	April 18, 2024
Fully diluted	134,436,063		

ADDITIONAL DISCLOSURE FOR ISSUERS WITHOUT SIGNIFICANT REVENUES

A breakdown of the material components of the Company's general and administrative expenses is disclosed in the Company's interim financial statements for the period ended November 30, 2019.

RISKS AND UNCERTAINTIES

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: regulatory risk relating to the Company; change in laws, regulations and guidelines; limited operating history; reliance on a single facility; reliance on management; requirements for additional financing; competition; risks inherent in an agricultural business; vulnerability to rising energy costs; unfavourable publicity or consumer perception; product liability; product recalls; reliance on key inputs; dependence on suppliers and skilled labour; difficulty in forecasting sales; conflicts of interest; litigation; price fluctuation of the Company's shares; no earnings or dividend record; limited market for Lotus's securities; and other factors beyond the control of the Company. Additional risks that the Company currently believes are immaterial may indeed become important factors that affect the Company's business.

ADDITIONAL INFORMATION

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