SPROUTLY CANADA INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS („MD&A")

FOR THE THREE AND NINE MONTHS ENDED November 30, 2019

The following is a discussion and analysis of the financial condition and results of operations of Sproutly Canada Inc. ("Sproutly" or the "Company") for the three and nine months ended November 30, 2019. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine months ended November 30, 2019. All amounts in the MD&A are in Canadian dollars, except share and per share amounts or as indicated otherwise. The Company's accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The effective date of this MD&A is January 28, 2020.

For reporting purposes, the Company prepares consolidated financial statements in Canadian dollars. Unless otherwise indicated, all dollar (''$'') amounts in this MD&A are expressed in Canadian dollars.

All references to we, our, us and Sproutly refer to the Company.

All references to management refer to the directors, senior officers and other officers of Sproutly, unless otherwise stated.

Cautionary Statement on Forward Looking Information

This MD&A and the Company's other public disclosure contain "forward-looking information" within the meaning of applicable Canadian securities laws ("forward-looking information") concerning the Company's business plans, including, but not limited to, anticipated results and developments in the Company's operations in future periods and other matters that may occur in the future. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "target", "scheduled", "estimates", "forecasts", "intends", "anticipates", "determine", "continue", "projects", "potential", "proposed" or "believes", or variations or the negative of such words and phrases, or statements that certain actions, events or results "may", "could", "whether to", "would", "should", "likely", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Forward-looking information contained in this MD&A includes, but is not limited to, statements regarding the competitive and business strategies of the Company, the Company's ongoing investment strategy, market prices, values and other economic indicators, receipt and timing of governmental approvals, including Health Canada approvals, the performance of the Company's business and operations, the intention to grow the business, operations and potential activities of the Company, the expected production capacity and revenue of the Company's projects, the competitive conditions of the industry, the anticipated changes to Canadian federal laws regarding the use of recreational cannabis and the business impacts on the Company, whether the Company will continue to be in compliance with regulatory requirements, the Company's intention to build a brand and develop cannabis products, the Company's intention to build valuable intellectual property and the anticipated benefits therefrom including accelerated sales growth and profit margins, analyses and other information based on expectations of future performance and planned products, possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action, timing, costs and potential success of future activities on the Company's facilities and projects, future outlook and goals, permitting time lines and requirements, regulatory and legal changes and requirements for additional capital, whether the Company will have sufficient working capital and its ability to raise additional financing required in order to develop its business and continue operations, and planned expenditures and budgets and the execution thereof.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, including, without limitation, assumptions about possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action, revenue from the Company's proposed operations, general economic, financial market, regulatory and political conditions in which the Company operates ,general demand and consumer interest in the Company's products, competition anticipated and unanticipated costs, the future market price of medical and recreational cannabis, the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms, government regulation of the Company's activities and products, including in the areas of taxation and environmental protection, the timely receipt of any required regulatory approvals, the ability of the Company to obtain qualified staff, equipment and services in a timely and cost-efficient manner, and the ability of the Company to conduct operations in a safe, efficient and effective manner.

While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Furthermore, by their very nature, forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, events, results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation, those related to the industry-wide risks, fluctuations in capital markets and share prices, risks related to the ability to obtain financing needed to fund the continued development of the Company's business, the Company's ability to manage anticipated and unanticipated costs, risks related to securing users and customers of the Company's product, risks related to securing and protecting the Company's intellectual property rights, risks related to the Company's failure to economically commercialize its product, risks related to delays or other problems in the third-party manufacturing process, risks related to the Company's failure to obtain necessary Health Canada approvals as scheduled or at all, risks related to the Company's inability to maintain or improve its competitive position, risks related to the Company's ability to establish its business internationally, risks related to the Company's ability to maintain or improve upon the medical effectiveness and usefulness of its product to intended users in the medical services industry, risks related to the Company's failure to retain key personnel and hire additional personnel needed to develop its business, risks related to the Company's failure to adequately evaluate its current business and its future prospects, risks related to the Company's business practice reputation being negatively affected by unfavourable publicity or consumer perception of the cannabis industry or the Company, the impact of any negative scientific studies on the effects of cannabis, market conditions, volatility and global economic conditions, risks associated with agreements with third parties relating to the Company's business, including agreements to manufacture and sell the Company's product and the ability to conclude such agreements on favorable terms, environmental risks, governmental regulations, restrictions imposed by the Canadian Securities Exchange and other regulatory authorities on the Company’s business, the uncertainty of profitability based upon the Company's history of losses, risks related to foreign exchange rate fluctuations, as applicable, insurance and tax risks, general risks and uncertainties related to the Company’s 's prospects and business strategy; and the risks described in the section of this MD&A entitled “Risk Factors”.

This is not an exhaustive list of the risks and factors that may affect the Company’s forward-looking information. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events, conditions, results, performance or achievements not to be as anticipated, estimated or intended. In addition to those discussed in this MD&A, please refer to the risks described in the Company's public disclosure record.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained in this MD&A. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake any obligation to publicly update or revise any forward-looking information other than as required under applicable securities laws.

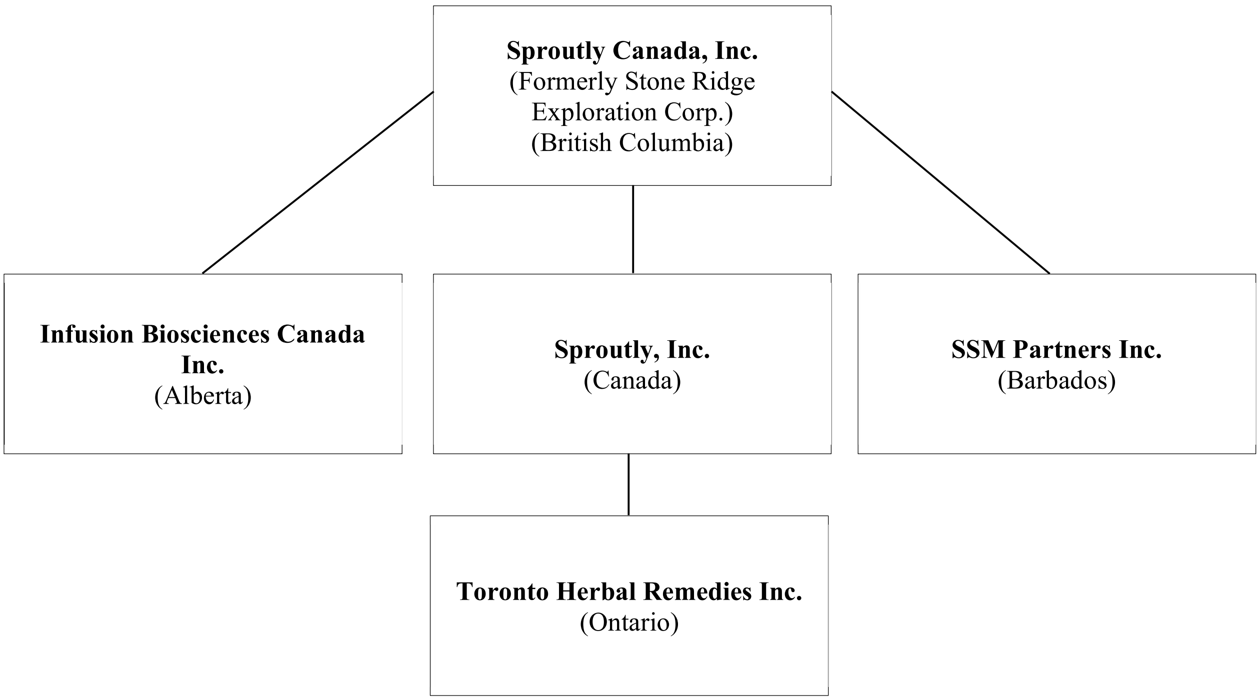
Description of Business

Sproutly Canada, Inc. was incorporated on January 26, 2012, pursuant to the BCBCA. On July 6, 2018, the Company closed a plan of arrangement under the CBCA pursuant to which, among other things, Sproutly, Inc. completed a reverse takeover (the “Arrangement”) of Sproutly Canada, Inc. and became a wholly-owned subsidiary of the Company.

Sproutly Canada, Inc., through its wholly owned subsidiary Sproutly, Inc., is a licensed producer of medical cannabis pursuant to the Access to Cannabis for Medical Purposes Regulations (Canada) (the “ACMPR”) and operates a 16,600 square foot production facility in Scarborough, Ontario, Canada.

The Common Shares of the Company resumed trading following the Amalgamation on the CSE on July 9, 2018 under the symbol “SPR”. The Company is also quoted on the Frankfurt, Berlin and Munich exchanges under the symbol “38G”, and on the OTCQB Venture Marketplace under the symbol “SRUTF”

Due to the fact that the Arrangement was considered to be a reverse takeover transaction, the comparative financial information of the Company for the three and nine month period ended November 30, 2019 consists of financial information of Sproutly Inc. References to the Company in this MD&A prior to July 6, 2018 refer to Sproutly Inc. unless otherwise noted.



Recent Developments

On September 10, 2019, the final earn-out provision related to the Infusion acquisition was completed by obtaining the analytical results of cannabinoids on water soluble and oil preparations from the Aqueous Phytorecovery Process (the "**APP Technology**") that met regulatory requirement for commercial sale of productions in a specified jurisdiction. As a result, the Company issued 36,857,675 common shares to the sellers of Infusion Biosciences Canada Inc. and SSM Partners.

On October 16, 2019, THR receive a Flower Sales License (the "**Flower Sales License**") from Health Canada. The Flower Sales License allows THR to sell dried cannabis flower products provincially and territorially in Canada through authorised distributors and retailers. The sales will commence through the launch of Sproutly's premium cannabis brand CALIBER.

On December 3, 2019, THR has entered into a cannabis standing offer contract with the province of Alberta from Alberta Gaming, Liquor & Cannabis Commission ("AGLC"), the province's wholesaler and operator of Alberta's only legal online recreational cannabis store. THR will supply AGLC with its craft, indoor-grown dried flower products produced at THR, under the Company's premium cannabis brand "CALIBER". The first shipment of CALIBER flower arrived on December 6, 2019.

On December 5, 2019, THR has entered into a cannabis supply agreement in the price of New Brunswick through Cannabis NB. As part of the supply agreement, THR will supply Cannabis NB with its craft, indoor-grown dried flower products produced at THR, under the Company's premium cannabis brand "CALIBER". The first shipment of CALIBER flower arrived on December 19, 2019.

On January 28, 2020, the Company secured a private loan with Infusion Biosciences Inc., a related party, for $1 million. The loan carries an interest rate of 10% per annum accruing and compounding monthly, payable on maturity on or before October 24, 2020. The Loan is evidenced by a secured convertible debenture (the "**Convertible Debenture**") that provides the Lender with the right to convert the principal of the Loan into units of the Company (the **"Units"**) at a conversion price of $0.19 per Unit, subject to adjustment in accordance with the terms of the Convertible Debenture. Each Unit will consist of one common share in the capital of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"), with each Warrant entitling the Lender to acquire one Common Share at an exercise price equal to $0.20 for a period of two years from date of issuance.

Outlook

The Company's objective is to capitalize on the growing medicinal and legal recreational cannabis markets in Canada, as well as in other global jurisdictions that are legally regulated for cannabis sales both medically and recreationally by legislation similar to the *Cannabis Act* (Canada), the *Cannabis Regulations* and other applicable law. The Company's vision is to become a leader in the production of cannabis and cannabis-based products specifically in the beverage and consumables markets by utilizing the APP cannabis extraction technology acquired in the Company's acquisition of Infusion Biosciences Canada. The Company intends to work with partners to formulate, brand and distribute cannabis-infused beverages and other consumer packaged goods products to the market as well as developing a proprietary line of consumable products.

Now that the Company has obtained its licence to sell cannabis from Health Canada, the Company intends to distribute its products through other licensed producers who have obtained a dealer's licence and to distribute its product through the distribution channels permitted in the recreational cannabis market.

RESULTS OF OPERATIONS

Selected Operational Information	For the three months ended November 30,		For the nine months ended November 30,	
	2019	2018	2019	2018
	$	$	$	$
Revenue	640,925	-	774,757	-
Gross profit	1,082,804	(44,025)	2,174,692	(44,025)
Expenses	1,773,649	2,268,140	6,972,576	4,818,657
Loss from operations	(690,845)	(2,312,165)	(4,797,884)	(4,862,681)
Net loss	(1,444,048)	(1,848,080)	(7,309,869)	(8,563,161)
Total comprehensive loss	(1,444,048)	(1,848,080)	(7,309,869)	(8,563,161)
Basic and diluted loss per share	(0.01)	(0.01)	(0.04)	(0.07)
Weighted average of number of common shares	220,157,235	161,792,272	197,611,419	117,999,482

Selected Statements of Financial Position Information	November 30, 2019	February 28, 2019
	$	$
Cash	456,931	9,644,015
Biological assets	633,872	120,513
Inventories	2,144,997	206,232
Other working capital	554,800	1,068,583
Non-current assets	66,107,281	65,410,623
Shareholders' equity	57,347,269	56,345,360

Financial Results for the three months ended November 30, 2019 and 2018

During the three months ended November 30, 2019, the Company reported a net loss of $1,444,048 and a loss per share of $0.01, compared to a net loss of $1,848,080 and a loss per share of $0.01 for the three months ended November 30, 2018.

For the three months ended November 30, 2019, the Company generated revenue of $640,925 from the sale of 366,100 grams of flower and incurred cost of sales of $784,618. Cost of sales included $431,066 of losses related to inventory impairment, while $353,552 was related to production costs. In addition, the Company recognized $287,123 of realized fair value adjustments on inventory sold during the quarter.

The Company recognized an unrealized gain of $1,513,620 on changes in fair value of biological assets for the three months ended November 30, 2019 as compared to an unrealized loss of $28,198 for the three months ended November 30, 2018.

The Company also incurred expenses of $52,258 related to changes in fair value of contingent consideration for the period ended November 30, 2018 and nil for the three months ended November 30, 2019 as the contingent liability was settled prior to the quarter.

General and administrative expenses increased by $88,450 for the three months ended November 30, 2019, compared to the same period in 2018. The quarter-over-quarter increase was due to the increase in size, scale and operations of the company, resulting in an increase in office and general administration of $217,412. Within the same period, the Company implemented cost cutting strategies to reduce head office expenditures. As a result, the Company reduced wages by $99,832 and professional fees by $29,130 compared to the three months ended November 30, 2018.

Depreciation increased by $38,192 during the three months ended November 30, 2019 due to the installation of additional building improvements and equipment at THR during the current year. In addition, the Company did not incur depreciation from the right-of-use assets for the three months ended November 30, 2018.

Financing and other costs increased to $758,674 for the three months ended November 30, 2019, an increase of $299,298 over the three months ended November 30, 2018. This was the result of an increase in interest and accretion expenses.

Marketing expenses decreased by $356,904 during the three months ended November 30, 2019 as compared to the same period in the previous year. This was due to a reduction in spending on investor relations and other marketing initiatives in the current period.

Share-based payments decreased by $264,229 for the three months ended November 30, 2019, as compared to the previous period due to options that have vested during prior periods.

Other expenses decreased by $56,832 as the Company incurred one-time transfer agent and filing fees during the three months ended November 30, 2018 related to the special warrants bought deal financing.

Financial Results for the nine months ended November 30, 2019 and 2018

During the nine months ended November 30, 2019, the Company reported a net loss of $7,309,869 and a loss per share of $0.04, compared to a net loss of $8,563,161 and a loss per share of $0.07 for the nine months ended November 30, 2018. The net loss was lower primarily due to a one-time listing expense for the reverse takeover transaction for the nine months ended November 30, 2018 of $4,656,288, which was offset by an increase in operating expenses of $2,153,919 and a reduction in the gain on extinguishment of loans of $895,749.

For the nine months ended November 30, 2019, the Company generated revenue of $774,757 from the sale of 399,558 grams of flower and incurred cost of sales of $1,133,062. Cost of sales included $646,005 of loss related to inventory impairment, while $487,057 was related to production costs. In addition, the Company recognized $323,516 of realized fair value adjustments on inventory sold during the nine months ended November 30, 2019.

The Company also incurred a gain on extinguishment of loans of $356,234 in the nine months ended November 30, 2019 as compared to $1,251,983 for the same period in 2018. The company recognized an unrealized gain of $2,856,513 for the nine months ended November 30, 2019 on changes in fair value of biological assets as compared to an unrealized loss of $28,198 recognized for the nine months ended November 30, 2018.

General and administrative expenses increased by $1,342,242 for the nine months ended November 30, 2019, as compared to the same period in 2018. The increase is due to the increase in size, scale and operations of the company, resulting in an increase in wages of $431,564 as well as office and general administration of $608,100. Professional fees increased by $302,578, as the Company incurred additional legal and professional fees for services related to the Joint Venture, the Reagent Facility, and additional financial advisory services.

Marketing expenses increased by $456,967 during the nine months ended November 30, 2019 compared to the same period in the previous year. This is due to increased spending on investor relations and brand awareness.

Depreciation increased by $299,591 during the nine months ended November 30, 2019 as the THR facility was fully operational for the entire period. In the prior year, construction was not completed until September 12, 2018. The Company also installed additional building improvements and equipment at THR and did not incur depreciation on right-of-use assets for the nine months ended November 30, 2018.

Share-based payments increased by $55,119 for the nine months ended November 30, 2019, as compared to the previous period. This was driven by stock option related expenses for 15,639,807 remaining options granted to employees, consultants and Board members compared to 13,940,307 during the same period in the previous year. As of November 30, 2019, 6,462,170 options have vested.

Financing and other costs increased to $2,530,426 for the nine months ended November 30, 2019, an increase of $1,500,594 over the nine months ended November 30, 2018. This was the result of an increase in interest and accretion expenses.

Summary of Quarterly Results

	Nov 30 2019 $	Aug 31 2019 $	May 31 2019 $	Feb 28 2019 $	Nov 30 2018 $	Aug 31 2018 $	May 31 2018 $	Feb 28 2018 $
Revenue	640,925	133,832	-	-	-	-	-	-
Cost of sales								
Production costs	353,552	133,505	-	-	15,827	-	-	-
Loss related to inventory impairment	431,066	214,939	-	-	-	-	-	-
Gross loss before fair value adjustments	(143,693)	(214,612)	-	-	(15,827)	-	-	-
Realized fair value adjustments on inventory sold	287,123	36,393	-	-	-	-	-	-
Unrealized gain on changes in fair value of biological assets	(1,513,620)	(324,249)	(1,018,644)	(177,982)	28,198	-	-	-
Gross profit	1,082,804	73,244	1,018,644	177,982	(44,025)	-	-	-
Expenses								
General and administration	1,216,527	1,409,980	1,513,360	1,185,691	1,128,077	822,177	1,218,301	580,814
Marketing	80,161	358,832	753,635	1,041,415	437,065	227,657	70,940	2,260
Depreciation and amortization	137,190	136,895	131,970	134,009	98,998	6,001	1,464	-
Share-based payments	339,771	403,104	491,150	609,864	604,000	408,549	166,357	87,007
Loss from operations	(690,845)	(2,235,567)	(1,871,472)	(2,792,997)	(2,312,165)	(1,464,384)	(1,457,062)	(670,081)
Other expense (income)								
Listing expense	-	-	-	-	-	4,285,463	370,825	-
Other expense (income)	(9,526)	59,046	(19,241)	8,410	47,306	42,566	9,701	32,830
Finance and other costs	758,674	881,793	889,959	871,744	459,376	79,344	491,112	18,533
Foreign exchange	4,055	6	1,290	(2,243)	990	31	-	-
Loss on settlement of contingent consideration	-	-	296,965	-	24,064	-	-	-
Changes in fair value of contingent consideration	-	-	5,198	23,274	52,258	-	-	-
Gain on extinguishment of loans	-	(356,234)	-	-	-	(766,928)	(485,055)	-
Advance receivables write-off	-	-	-	-	-	-	-	984,461
Net loss before tax	(1,444,048)	(2,820,178)	(3,045,643)	(3,694,182)	(2,896,159)	(5,104,860)	(1,472,715)	(1,705,905)
Income tax expense (recovery)	-	-	-	-	(1,048,079)	137,505	-	(28,648)
Net loss	(1,444,048)	(2,820,178)	(3,045,643)	(3,694,182)	(1,848,080)	(5,242,365)	(1,472,715)	(1,667,257)
Net loss per share (i)(ii)	(0.01)	(0.01)	(0.02)	(0.03)	(0.01)	(0.04)	(0.04)	(0.05)

The changes in the Company's financial results on a quarter-by-quarter basis are due primarily to the increase level of operational and finance activities undertaken to complete the construction of its facility and increase production to full scale. During the quarters within fiscal 2019, the Company incurred costs related to the RTO, the acquisition of Infusion Biosciences and SSM Partners.

(i) Net loss per share fluctuates from period to period and is impacted by the amount of loss incurred and the number of weighted average number of common shares outstanding.

(ii) On July 6, 2018, the Company completed a reverse takeover transaction with Sproutly Inc. For the period in which a reverse acquisition occurs, the weighted-average number of common shares outstanding is calculated as the weighted average of:

- for the period from the beginning of the reporting period to the RTO date: the weighted average number of common shares of Sproutly Inc. (accounting acquirer) outstanding during that period multiplied by the exchange ratio established in the acquisition agreement (1:2), and

- for the period from the RTO date to the end of the reporting period: the actual number of common shares of Sproutly Canada Inc. (legal acquirer) outstanding during that period.

Financial Position, Liquidity and Capital Resources

	November 30, 2019	February 28, 2019
	$	$
Cash	456,931	9,644,015
Other current assets	3,333,669	1,395,328
Non-current assets	66,107,281	65,410,623
Current liabilities	8,471,924	9,127,201
Non-current liabilities	4,078,688	10,977,405
Working capital	(4,681,324)	1,912,142

As at November 30, 2019, the Company had cash available of 456,931 (February 28, 2019 - $9,644,015) and a negative working capital of $4,681,324 (February 28, 2019 – positive working capital of $1,912,142). The Company used $5,272,228 in operating activities during the nine months ended November 30, 2019. The Company has incurred losses to date. The Company began to generate revenue in the second quarter of fiscal 2020 and will incur losses until revenues reach a level where operations become profitable. The Company's subsidiary, THR, received its flower sales licence from Health Canada effective October 16, 2019. As a result, the Company's focus is now be on the sale of flower through authorized distributors and retailers, and had signed supply agreements with the Provinces of Alberta and New Brunswick. In addition, the Company has closed a $1 million convertible debt financing with an insider, and will continue to pursue other financing options. Meanwhile management continues to explore various opportunities to reduce the operating costs of the business. The Company's ability to reach profitability is dependent on successful implementation of its business strategy. While Management is confident in the success and profitability of the business, there can be no assurance that Sproutly will gain adequate market acceptance for its products or be able to generate sufficient gross margins to reach profitability.

Cash from Financing Activities

During the nine month period ended November 30, 2019, Sproutly received $137,005 from option exercises, $1,584,918 on warrant exercises and $13,161 from Broker Equity Warrant exercises. The Company also paid $232,694 in lease obligations.

Cash from Investing Activities

During the nine month period ended November 30, 2019, Sproutly paid $4,975,000 of contingent consideration for the completion of an earn-out milestone as part of the acquisition of SSM Partner and used $442,246 for plant and equipment.

Capital Resources

To date and for the foreseeable future, the Company expects to finance its operations through the issuance of common shares until the point at which its operations are profitable and self-funding. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

Capital Structure

The following table summarizes the maximum number of common shares potentially outstanding as at November 30, 2019 and as of the date of this MD&A if all outstanding options and warrants were converted to common shares:

	As November 30, 2019	**As of the date of this MD&A**
Common shares	227,898,854	227,898,854
Options	15,639,807	15,639,807
Warrants	21,273,481	18,934,386
Convertible Debenture units	11,000,000	11,000,000
Broker Convertible Debenture units	1,182,498	1,182,498
Broker Equity Warrant units	1,586,631	1,586,631
Fully diluted	**278,581,271**	**276,242,176**

Off-Balance Sheet Arrangements

As at November 30, 2019, the Company had no off-balance sheet arrangements.

Related Party Transactions and Balances

(a) Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of key management personnel during the three and nine months ended November 30, 2019 are as follows:

	Three months ended		Nine months ended	
	2019	November 30, 2018	2019	November 30, 2018
	$	$	$	$
Management compensation(i)	198,276	352,961	890,622	738,860
Share-based payments(ii)	209,963	440,132	807,621	917,150
	408,239	**793,093**	**1,698,243**	**1,656,010**

(i) As of November 30, 2019, the Company owed $134,904 to key management personnel and directors.

(ii) Share-based payments are the fair value of options granted and vested to key management personnel and directors of the Company under the Company's stock option plan.

(b) Contingent consideration payable

The Company settled a contingent consideration payable to a related party on March 20, 2019 of $4,975,000 as part of the acquisition of SSM Partners. For the period ended November 30, 2019, the Company recognized a change in fair value of contingent consideration of $5,198 and a loss on settlement of contingent consideration of $296,965.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carry amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described in Note 2 to the Company's financial statements which accompany this MD&A and are available under the Company's profile at www.sedar.com.

Recent Accounting Pronouncements Adopted

For details please refer to Note 3 of the November 30, 2019 condensed interim consolidated financial statements which accompany this MD&A and are available under the Company's profile at www.sedar.com.

Financial Instruments and Other Instruments

For details please refer to Note 13, Note 14 and Note 20 of the November 30, 2019 condensed interim consolidated financial statements which accompany this MD&A and are available under the Company's profile at www.sedar.com.

Commitments

On June 1, 2019 the Company entered into a one year building lease agreement for monthly payments of $7,200 expiring on May 31, 2020.

Future lease payments of the remaining lease are $43,200.

	$
2020	21,600
2021	21,600
	43,200

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and that required information is gathered and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, including Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, the Company's management cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company has been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Risks and Uncertainties

For details please refer to the Company's Annual Information Form dated July 3, 2019 which is available under the Company's profile at www.sedar.com.

CORPORATE DIRECTORY

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Exchange - CSE

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Craig Loverock – CFO and Corporate Secretary
Karin Studer - COO
Michael Bellas – Director
Gregg Orr – Director
Justin Kates – Director
Dr. Arup Sen – Director
Constantine Constandis - Director

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Constantine Constandis
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