

***ASIA GREEN BIOTECHNOLOGY CORP.***

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

## MANAGEMENT'S DISCUSSION & ANALYSIS

The following management's discussion and analysis ("MD&A") should be read in conjunction with Asia Green Biotechnology Corp.'s ("AGBC" or the "Corporation") unaudited condensed interim financial statements as at and for the three months ended March 31, 2021 and 2020, and the audited annual financial statements for the year ended December 31, 2020 and 2019. The financial data presented herein, including comparative periods, have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Accordingly, certain information and disclosure normally included in audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

The MD&A is dated **May 21, 2021**. The reader should be aware that historical results are not necessarily indicative of future performance.

Additional information about the Corporation, filed with the Canadian securities commissions, including periodic yearly and quarterly reports, is available online at [www.sedar.com](http://www.sedar.com).

Asia Cannabis Corp. was incorporated by Certificate of Incorporation pursuant to the provisions of Alberta, Canada on December 19, 2017. During the year ended December 31, 2018, the Corporation initiated a process to become a publicly-listed entity on the Canadian Securities Exchange ("CSE"); on January 24, 2019, the Corporation successfully listed on the CSE under the symbol "ASIA". The address of the registered office of the Corporation is Suite 1150, 707 – 7th Avenue S.W., Calgary, Alberta, T2P 3H6.

On April 16, 2020, the Corporation changed its name to Asia Green Biotechnology Corp. by Certificate of Amendment pursuant to the provisions of Alberta, Canada.

Asia Green Biotechnology Corp. is focused on hemp research and development. The Corporation is in the process of establishing and implementing research and development programs in Cambodia and Thailand and continues to evaluate the potential to expand its business operations to other countries in the region.

## FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking or outlook information which reflects management's expectations regarding the Corporation's growth, results of operations, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Although management believes the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. Readers should not put undue reliance on forward-looking information. These statements are made as of the date hereof and management assumes no obligation to update or revise these statements to reflect new events or circumstances, except as required by securities legislation.

## BUSINESS PLAN

Asia Green Biotechnology Corp. is focused on hemp research and development. The Corporation is in the process of establishing and implementing research and development programs in Cambodia and Thailand and continues to evaluate the potential to expand its business operations to other countries in the region.

As an early-stage international agro-technology company, the Corporation is creating a business focused on the development, evaluation, testing, application and, ultimately, supply to the market of proprietary organic hybridization technology and certain products derived from that technology (the "Technology").

The core approach of the business is centered on the planting, growth and harvesting of new and valuable strains of hemp and related crops in commercial quantities under the terms of the license agreement with InPlanta Biotechnology Inc. ("InPlanta"), an Alberta company controlled by Drs. Igor Kovalchuk and Darryl Hudson, two directors of the Corporation, and the evaluation and development of medicinal and related cannabinoid extracts under the terms of license agreements with Swysh Inc. ("Swysh"), an Alberta company controlled by Dr. Igor Kovalchuk, a director of the Corporation, and Pathway Rx Inc. ("Pathway Rx"), an Alberta company also controlled by Dr. Igor Kovalchuk, a director of the Corporation.

## **Research and Development**

The following outlines the technology and intellectual property that has been licensed under the terms of the license agreements to which the Corporation is a party:

**InPlanta:** InPlanta Biotechnology Inc. has a research and development team based in Lethbridge, Alberta. Under the terms of the agreement, the Corporation has the right to access the intellectual property and associated research and development information gained by InPlanta at its University of Lethbridge facility.

The InPlanta research center includes greenhouses, breeding rooms and labs to facilitate the continued optimization of its proprietary strains. InPlanta works with research partners including licensed producers, government agencies, and companies such as the Corporation. InPlanta has already developed an extensive catalog of strains available to its partners, including high-CBD hemp strains with significant potential for industrial hemp products.

Moving forward, the Corporation intends to work in partnership with InPlanta to improve its hemp varieties and select those which offer the greatest resiliency in the particular geographic regions to which the license extends. Moreover, the partners are also focused on optimizing strains to produce specific qualities in accordance with the growing use cases for medical, nutritional and industrial hemp.

**Swysh:** Swysh Inc. owns proprietary technology and related intellectual property which it believes provide the basis for development of various treatments of external and internal conditions and ailments affecting general elements of human health and, in particular, possesses rights to the intellectual property associated with that technology. The Issuer has agreed to deploy this technology for the purpose of completing further research, development, testing and further validating and establishing the practical applications with a view to commercialization of it. Swysh granted the exclusive right to undertake, administer, operate, and complete those activities in the countries geographically referred to as Asia for a period of 20 years in order to evaluate the technology. The Issuer will carry out the necessary research, development, testing and further validation trials to determine whether the technology is suitable for use in the Territory. The Corporation shall keep full and accurate records and provide Swysh with the results of the trials, etc. in a suitable form. Swysh shall provide data and materials to allow the Corporation to initiate and carry out the trials, and supply such technical and other relevant information in its possession as will assist the Corporation to effectively act.

**Pathway Rx:** Pathway Rx Corp. ("Pathway Rx") also owns unique proprietary technology and related intellectual property which it believes provide the basis for development of various treatments of external and internal conditions and ailments affecting general elements of human health and, in particular, possesses rights to the intellectual property associated with that technology. The Corporation was granted an exclusive license to clinically develop and commercialize the *Cannabis sativa* varieties to which Pathway Rx owns the rights for prevention and for treatment of COVID-19 and other infectious diseases. Both companies wish to see those varieties, and possibly other versions of the strains, studied for their efficacy in humans and eventually approved and applied as new drugs and as over-the-counter health products. This agreement grants a license to the Corporation to deploy the technology for the purpose of completing further research, development, testing and additional validation and establishment of practical applications with a view to commercialization of the technology in the greater region of Asia.

## **Research and Development Activities Based on the InPlanta License Agreement**

In its prospectus dated October 29, 2018, the Corporation provided detailed disclosure of its business plan for the implementation of research, development and general business expansion activities in the territory accessible to it in Asia (the "Territory") pursuant to the terms of the license agreement executed between it and InPlanta (the "License"). The License provides the Corporation with the exclusive right to grow trial varieties in the Territory, for a period of up to 20 growing seasons (years) in order to evaluate the hybridized material owned and provided by InPlanta. The Corporation shall and has been endeavoring to, in relation to each of the trial varieties, carry out the necessary trials to determine whether they are suitable for use in the Territory. Under the agreement, InPlanta will provide the Corporation with sufficient seed to carry out trials, and supply such technical and other relevant information in its possession as will assist the Corporation to effectively to evaluate the Trial Varieties.

Under the terms of the Inplanta license agreement, the Corporation makes regular payments to Inplanta for, inter alia, provision of services which include development, evaluation, testing and application of hemp-oriented proprietary organic hybridization technology. Those payments commenced at the inception of the business activities of the Corporation post-closing. On the direction of management, InPlanta was asked to proceed with the evaluation and seed variety selection process in Canada based on its understanding of conditions in Cambodia and in anticipation of receiving an initial approval for conduct of research or other activities in the country. InPlanta proceeded with that activity and at least twelve strains were identified as having potential to thrive in the Cambodian climate and agricultural conditions. Once permits are in place, steps will be taken to export the seeds to Cambodia and indications are positive that importation will be permitted.

In that vein, the Corporation continues to implement its business plan in Cambodia with the execution in March, 2021 of a Memorandum of Understanding with the Prek Leap National Institute of Agriculture in Phnom Penh ("Prek Leap"). This agreement will allow AGBC and Prek Leap to collaborate in the pursuit and execution of a business development plan tied to the evaluation and implementation of seed and plant production techniques relating to hemp and other plants with medicinal, practical or other benefits. Prek Leap will play a leading role in the research and development of industrial and other varieties of hemp using Cambodian heritage varieties and varieties provided by AGBC and InPlanta in order to obtain suitable varieties that can be utilized for biofuel, fibre, food, foundation and medical proposes. The partners intend to study cultivation systems and techniques for production and industrial use of hemp in Cambodia with the aim of applying the knowledge gained directly to current agricultural practices employed in the country. The parties to this agreement include the Corporation, Prek Leap and InPlanta Biotechnology Inc., a company controlled by Dr. Igor Kovalchuk, and Asia Cannabis Industry Co., Ltd., a Cambodian company which has provided consulting services to AGBC is prepared to jointly provide managerial input, equipment, intellectual property and material to facilitate the operational needs of this project. Next steps include setting budgetary limits, formulating research and related protocols, and liaising with other government departments for input on the processes.

As part of the expansion of the role of hemp in Asian agriculture and the ability of the Corporation to aid in that development, the Corporation announced on May 10, 2021 that InPlanta has been granted its first full registration of a unique and proprietary hemp variety on Health Canada's list of approved cultivars. This variety has been in development over a four-year period, and was in the approval process for the past year and is designed to add a significant new element to the agronomic base for hemp production in Canadian as well as relevant international market places. To be produced and marketed under the brand name "Bountiful", this cultivar will be the leading hemp-based source of CBD oil with an average recovery rate of CBD in the range of 5%. The Bountiful cultivar represents a significant step forward in providing the market with robust, hardy seeds with high-yield potential. Developed with a focus on outdoor growing environments, this new variety is considered a triple purpose crop, providing high yield of biomass for CBD oil production, high yield of seeds for human consumption, and relatively high yield of fiber. Given the high-CBD content of this variety which can be extracted from a large proportion of the plant's biomass, the Corporation and InPlanta expect to be able to address the significant demand for CBD oil for the recreational and medicinal market, while simultaneously fulfilling the significant demand for CBD oil in Asia.

Management of the Corporation has also been sourcing exclusive relationships established by the provision of and transfer of that intellectual property to other industry partners as may exist in South East Asia. The Corporation plans to utilize well-characterized hemp strains developed by InPlanta and, with the assistance of InPlanta, to either integrate this material into strains grown in the licensed territories or arrange for its direct introduction into the growing environments of those locales. It is the Corporation's intention to use the Technology to develop specialized genetic varieties of hemp plants which will, initially, produce superior agricultural products relative to any specific region in the licensed territory and, secondly, to focus attention on those strains which offer potential for development of new products with applications in a broad range of areas. The range of product applications contemplated includes a number of core strains which have been the focus of the work hitherto undertaken by InPlanta personnel. These strains have been engineered to provide a discernable benefit around the food, fuel, fibre and foundation pillars of the hemp industry as presently exist in the licensed region and will be used to support and stimulate local hemp industry accordingly. These activities and the related projects remain in their early stages and, despite the completion of a number of elements in this development process, it is too early for the Corporation to accurately quantify the costs necessary to complete next steps.

### **Research and Development Activities Based on Swysh and Pathway Rx License Agreements**

As management continued with the development of the Corporation's business plan, it became clear that a number of derivative opportunities were available to it based on its participation in research into potential applications of cannabinoid elements derived from certain hemp strains and its maturing relationships with both business partners and regulatory bodies in countries forming the licensed territory.

In that vein, the following material developments occurred:

In March 2020, the Corporation entered an agreement with Swysh and focused on the conduct of specific cannabinoid-based research and development activities and that owns proprietary technology and related intellectual property aimed at providing the basis for creation of topical treatments for a variety of external and internal conditions and ailments, including a number of anti-viral and preventative health-care applications. This agreement grants a license to the Corporation to deploy the technology for the purpose of completing further research, development, testing and additional validation and establishment of practical applications with a view to commercialization of those technologies in the greater region of Asia.

In August 2020, the Corporation entered an agreement with Pathway pursuant to which the Corporation is granted an exclusive license to clinically develop and commercialize the Cannabis sativa varieties to which Pathway owns the rights for prevention and for treatment of COVID-19 and other infectious diseases. Both companies wish to see those varieties, and possibly other versions of the strains, studied for their efficacy in humans and eventually approved and applied as new drugs and as over-the-counter health products. This agreement grants a license to the Corporation to deploy the technology for the purpose of completing further research, development, testing and additional validation and establishment of practical applications with a view to commercialization of the technology in the greater region of Asia.

On December 21, 2020, the Corporation entered into a secondary agreement with Pathway Rx and Swysh, pursuant to which the Corporation has expanded its commitment to assist in the development and commercialization the Cannabis sativa varieties. This agreement serves as an adjunct to the initial agreements by addressing funding for pre-clinical toxicity trials required by Health Canada as precursors to more detailed clinical work to be completed in association with regional universities or similar institutions.

These agreements function in part as a supplement to and expansion of the activities commenced by the Corporation developed through its license agreement with InPlanta. The Swysh agreement provides, among other things, that the Corporation will participate in research and development activities based on Swysh's intellectual property and associated rights and will ultimately be in a position to control and market health, skin care and a variety of other products successfully derived from those activities. In so doing, the Corporation has committed to a budget of \$100,000 to affect research activities directed by Swysh, and will pay Swysh a royalty based on actual sales of products derived from that research. In addition, the Corporation has agreed to pay monthly consulting fees of \$5,000 per month commencing April 2020 to Swysh.

The agreement with Pathway Rx contemplates employment of a similar royalty payment program, applies to the same territory, and is similarly oriented to providing that the Corporation will participate in research and development activities based on Pathway Rx's intellectual property and associated rights and will ultimately be in a position to control and market development of various treatments of external and internal conditions and ailments affecting general elements of human health and a variety of other products successfully derived from those activities. In so doing, the Corporation has committed to a budget of \$100,000 to initiate and affect research activities directed by Pathway Rx. In particular, Health Canada had indicated that the completion of a multi-phase toxicity study was a prerequisite and would establish an initial foundation upon which further and more detailed clinical trials may be undertaken with the approval of Health Canada. Pathway Rx is now in negotiations with Health Canada and a partner academic institution to determine the full extent of the requirements for that study and is preparing for the eventual next steps of the program, which may include basic human trials. Ultimately, the Corporation will pay Pathway Rx a royalty based on actual sales of products derived from that research.

Currently, assuming the full toxicity study needs to be completed, Pathway Rx anticipates that the initial phase of that study will commence in 90 days from the approval date and will be completed at a cost of \$20,000. Within six months of the conclusion of this initial phase, Pathway Rx expects to have concluded an agreement to conduct second phase studies with a certified academic institution or private research facility, and will then be in a position to commence those activities, the cost thereof being \$80,000. In addition to these cost estimates, other elements of these activities and the related projects remain in their early stages and, despite the completion of a number of factors in this development process, it is too early for the Corporation to accurately quantify the costs necessary to complete next steps.

Dr. Igor Kovalchuk is a principal of each of InPlanta, Swysh and Pathway Rx, and has been a professor in the Department of Biological Sciences at the University of Lethbridge since 2001, and is an expert in plant genetic engineering, including plant transformations, tissue culture, next generation sequencing, gene expression analysis, bioinformatics and molecular biology. As such, he has obtained the appropriate licenses under which he and his related entities operate. He has Research License #LIC-62AHHG0R77-2019 and a contract with Swysh and Pathway Rx to conduct all medical research. Swysh and Pathway Rx do not have research licenses.

InPlanta has two of its own licenses that it operates under: Nursery and Hemp.

InPlanta Nursery License: LIC-ZHS5J6JUHI-2019  
InPlanta Hemp license – LIC-TH6EJ5NXXK4-2019-1

## **Asian Market**

The Corporation has, with the assistance of InPlanta, evaluated Asian market data and established viable strategies to execute its business model with a starting point in Cambodia. While varying Asian influences such as tastes, culture, and geographical factors present challenges to the Corporation's growth, the Corporation's early-entry status is serving as an advantage which will allow it to seek strategic partnerships with consumer product producers in Asia. The potential for future expansion and development in Cambodia and surrounding areas is and is expected to grow once the Corporation has established operations in Cambodia and/or the SE Asian region. The Cambodian government has historically made significant efforts to foster wide-spread adoption of hemp as a cash crop and has, in the past, made some efforts to promote the crop to small-scale farmers to grow the plant for personal, medicinal and nutritional consumption. In-country presence and the relationship with InPlanta has led management of the Corporation to focus all of its efforts on the evaluation, development and implementation of commercial growing and production strategies based solely on the use of the various hemp strains sourced from InPlanta.

The Corporation has determined that the market potential of the South East Asian region is significant for a variety of products on a variety of levels, including, but not limited to:

- hemp-derived CBD sales in bulk liquid, gels, pills, foods, tinctures and beverages;
- infused food products and beverages;
- integration of traditional health and consumer products into legalized medical formats;
- integrating new and traditional extract production with existing distribution channels and complimentary product lines;
- adapting traditional fibre production to new strains and developing new primary and secondary markets for fibre, including advancing biofuel and related derivatives;
- processing of waste products into fuel pellets to reduce local deforestation; and
- identifying uses for waste products in shelter construction.

In order to execute the Corporation's business plan, it has been applying to the appropriate institutions and regulatory authorities in Cambodia for research accreditation and permits to support and permit importation of Canadian-developed hemp strains and to address the product varieties and uses therefore outlined above. In concert therewith, the Corporation will seek alliances with local partners to affect the introduction of seed and/or genetic material to allow cross-pollination of identified strains with demonstrated economically viable traits.

With strong genetic strains identified, the Corporation will then move to expand and encourage integration of hemp farming into the local and regional economy in a responsible manner, approaching growth and expectations of the local community in a reasonable way as dictated by demand. In this context, the Corporation will seek to identify and establish partnerships with local industry players including those with production, processing and distribution capabilities.

As the Corporation intends to become a participant in all facets of a revised and revitalized segment of significant hemp agricultural industry in the region, the Corporation anticipates that it will have an early opportunity to source revenue from each level of that activity. In particular, the Corporation intends to develop novel and adaptable strains of hemp to be used for production of hemp hearts, hemp seed oil, CBD oil and hemp fibre for local and international markets, and expects to be well-placed to take advantage of the integration of the technology sourced through its relationship with InPlanta with the natural potential of the hemp plant in the region.

### **Thailand**

The first such formal relationship was established between the Corporation and the Thai-based AmeriSeed Group ("AmeriSeed"). The purpose of this agreement is to allow AGBC and AmeriSeed to collaborate in the pursuit and execution of a business development plan tied to the evaluation and implementation of seed and plant production techniques relating to hemp and other plants with medicinal, practical or other benefits. The parties are now engaged in the joint provision of managerial input, equipment, intellectual property and material to facilitate the operational needs of such a project in Thailand or wherever the parties determine is a viable venue for such an operation. In particular, testing activity has commenced using the partner's facilities and with reliance on legacy hemp varieties already recognized by the Thai government. As an adjunct to this, the parties have entered into a Memorandum of Understanding with Maejo University in Chiang Mai, Thailand, to conduct similar hemp-based trials using the University's facilities and in accordance with the regulatory licenses held by that institution. The legal framework for the conduct of this research activity in Thailand remains in a state of flux, with recent developments suggesting that additional amendments to laws associated with both research and possible commercial production of hemp plants may be upcoming. The Corporation is in communication with its local partner and other industry participants in order to monitor and evaluate these potential regulatory developments.

### **Cambodia**

Management had determined that the initial focus of the business would be in the country of Cambodia, a small South-East Asian nation located in a tropical belt near the equator. Certain members of the Board have extensive business experience in Cambodia and are therefore familiar with the cultural, geo-political and climatic factors likely to be encountered while operating in that country. In consultation with InPlanta,

initial assessments have determined that Cambodia features a variety of elements conducive to the commencement of viable hemp production utilizing certain of the genetic strains already available to the Corporation under that License Agreement.

The Corporation immediately commenced the process of liaising with Cambodian government bodies and agencies to ensure that the basic business model contemplated in the business plan was feasible. The commercial potential of hemp production in Cambodia has long been recognized by government and the Corporation's limited focus on hemp, coupled with the encouraging prospects for maximum growth potential with the introduction of the InPlanta Technology, have produced a number of positive responses from Cambodian authorities. In particular, the Cambodian government has engaged with the Corporation's representatives to develop and formulate amendments to existing laws governing the growing and use of hemp in the country. InPlanta representatives and members of the Corporation's management and its agents in country have all played active roles in this liaison and consultative process which, to a large degree, had no precedent in terms of policy formulation and application. To date, the Corporation has actively worked with the Ministry of Health and the Ministry of Justice to advise as the country moves to the establishment of policies and procedures designed to promote the safe and equitable adoption of hemp as an alternative commercial crop.

Nevertheless, due to the variety of conditions which might be expected as a foreign company attempts to introduce new and sometimes controversial products to a developing market, the implementation of the Corporation's business plan has evolved on a number of levels since the issuance of the Corporation's IPO.

A summary of those developments is as follows:

1. In the first quarter of 2019 and after the closing of the IPO issue, the Corporation commenced in earnest the process which it understood would include or result in an application to the appropriate government ministries in Cambodia for permission to implement its business plan in that country as described on the IPO documents. Counsel was retained and instructions were provided to determine details of this application procedure and conditions for execution of the process. Concurrently, management had retained the services of several consultants in the country who had represented their experience as including government liaison abilities in general and specifically an understanding of issues associated with the status of the country's cannabis and hemp legislation and how that could be applied in the case of the Issuer's intentions.
2. The Corporation's first dealings with this consulting group produced recommendations to apply for permission to conduct initial research activities aimed at introducing and evaluating hemp varieties under license to the issuer through InPlanta Biotechnologies Inc ("InPlanta"). The process to effect that permission was outlined in the IPO and formed the fundamental basis for initial activities undertaken by the Corporation in Cambodia after the closing of the IPO.
3. In that context, discussions ensued with representatives of the Ministry of Health with a view to obtaining a license or other form of permission to initiate and undertake hemp research and development related activities on a scientific and industrial basis under Article 12 of the Drug Law of Cambodia. Pursuant to Article 12, where the applicant has provided evidence that the grant of a license would be for medical, scientific or police science research purposes, the Ministry of Health of Cambodia may grant the authorization to individuals or a corporate organization to cultivate, manufacture, purchase, use and store drugs within the required quantity as listed in Table I, II and III of the Drug Law. Cannabis and hemp, as a deemed derivative or related product, is listed in the Table I of the Drug Law.
4. Through this consulting group and its working in concert with counsel, it became apparent that, while the Cambodian Drug law made provisions for research activities and that it was open to this ministry to grant the license in question, the political nature of the request and nature of the matter in general was regarded as highly sensitive in more senior levels of the Cambodian government. Consequently, the Ministry of Health demurred from making a decision dealing directly with our application. Counsel then advised that we were likely in a situation where lack of clarity of the law combined with a lack of understanding about the expanding liberalization of related laws in other countries were auguring against the immediate development of the Corporation's business plan.



5. Management thereupon re-evaluated that plan, and determined that the potential for implementing that business plan in the country remained great, but that other avenues would need to be explored in order to achieve that potential. At that point, and on the recommendation of counsel, the Corporation concluded its relationship with certain of its consultant advisors, and moved to retain the services of certain other individuals whose suite of skills provided a broader base for the Corporation to achieve its goals. In particular, at this point it was determined that, as the political sensitivity of the Corporation's application seemed to be a significant stumbling block in moving ahead, then it made sense to explore the basis for that sensitivity and pursue our application with the senior bureaucrats and political leaders who would be in a position to either issue a directive to the Ministry of Health vis a vis grant of a research permit to the Issuer, or affect amendments to existing law and/or policy such that the Ministry of Health would not feel restricted in exercising that authority.

6. In evaluating this regulatory landscape, the Corporation's consultants determined that the key government agency for setting and implementing such policy was the National Authority for Combating Drugs ("NACD"), a counterpart to the Ministry of Health and the enforcement arm of the government's drug control legislation. Through its consultants, management of the Corporation was able to make direct contact with a number of the key individuals in this agency, and discussions were held regarding Western policies, drug liberalization trends in Canada and elsewhere, and potential amendments to Cambodian legislation which may have the effect of ameliorating those policies in that country.

7. In the process of engaging in these discussions, management was able to learn and understand both the motivations which lead to the imposition of the particular provisions of the Drug Law that were under consideration, and the perspective of both legislators and officials in enforcing those provisions. In particular, it was acknowledged regularly that, historically, hemp as a cash crop was a significant component of the agricultural base of the country and the region and, moreover, given the recent issues with drought in the country, access to a second and more robust base form of crop was actively being sought by the Ministry of Agriculture and that hemp was under consideration in that regard. Management was informed that the devolution of the original hemp trade had been promulgated not by any difficulties with the plant itself, but with technical issues associated with its illegal brethren, marijuana. A number of international trade relations with certain western countries relied somewhat on the willingness of third world countries to criminalize production and sale of the illicit drug. Unfortunately, as the technical ability of police forces and other drug monitoring agencies was extremely limited in these countries, and as the ability to identify and differentiate hemp plant strains from marijuana plants was difficult without access to sophisticated equipment, the decisions were made to ban hemp production at the same time.

8. Management of the Corporation and its consultants have continued to be engaged with the NACD as it explores means of implementing a liberalized law relative to the use of hemp. In particular, solicitations have been made of management to submit a position paper on its understanding of Canadian law and its recommendations for amendments to Cambodian law. Management has been advised that the NACD has been engaged in detailed discussions with both the Ministries of Health and Justice relative to potential amendments to the Drug Law and management remains optimistic that these discussions will lead to a rejuvenation of the historically significant hemp production and trade industry in Cambodia.

9. Management recognizes that the original time estimations associated with the Corporation's business plan as indicated in the IPO have been varied since the filing of that document. Nevertheless, the Corporation has maintained a consistent pursuit of the goals set out therein. Coupled with a stringent and effective management of the funds originally forecast to be applied to that exercise, the Issuer remains in a strong position to finalize the execution of the plan in Cambodia. In addition, the success management has been able to reap from expansion of its activities into Thailand and other countries under the technology license agreement underlines the compliance of the Issuer maintained with the general disclosure of the IPO. There have been circumstances, however, where, for sound business reasons, a reallocation of funds may have been or was necessary.

## **Cambodia Acquisition**

In a news release dated February 19, 2019, the Corporation indicated that it intended to acquire all of the issued shares of a Cambodian private company. The Company was to acquire the issued shares for \$1.00 (US) and the assumption of the Cambodian entity's existing debt of approximately \$150,000 (US). This private company acquisition in Cambodia has not been completed. The initial agreement was indeed executed and matters were handed to counsel in Cambodia for completion. Advice was then provided that the costs of completing the acquisition were extensive and material, as were fees and associated capital taxes payable to the government. At that point management determined to suspend further actions related to the takeover until more clarity was obtained relating to the license applications and related business activity pursued by the Issuer in Cambodia. Targeted because of its existing and early participation in the hemp industry, the Corporation has continued to work with the principals of this company and intends to build on these initial activities in Cambodia. In the meantime, both the Corporation and the vendors have agreed to hold the transaction in abeyance. The vendors are independent of the Issuer but have provided some consulting services to the Issuer and not related parties.

## **Hemp Production as an Industry**

While hemp is a variety of *cannabis sativa*, one of the three main subtypes of the cannabis plant, it is different from marijuana in a number of ways. Hemp contains negligible amounts of tetrahydrocannabinol (THC) and also contains more CBD, a non-intoxicating compound with medical applications, than marijuana. Hemp was selectively bred for a range of consumer and industrial uses and has been grown in Asia for centuries. The fibers from the stalk can be used to make rope, clothes and other textiles, and as an organic construction material. The seeds are also edible and provide the source ingredients for a wide variety of medicinal products. The biological robustness of hemp plants, coupled with the broad range of applications developed for its products and by-products over years of use in Asia, make it a viable choice as a focus for new business development, particularly in an environment where the negative stigmas associated with hemp have been or are being eliminated.

It was originally anticipated that the Corporation's business development in Cambodia would include a particular focus on the potential medical benefits which might be derived from the specialized application of the proprietary organic hybridization technology to be accessed by the InPlanta agreement. The potential medical benefits provided by hemp are leading to the de-stigmatization of this crop and related cannabinoids acceptance and such will continue to grow and present significant opportunities in South East Asia, a region much more accustomed to non-traditional medical practices and where herbs, hemp and their many derivatives play significant current and historical roles in both the practice of medicine and various other conventional industries. The Corporation has been exploiting this experience as it moves forward and, as a consequence, has successfully expanded its ability to participate in this industry by entering into agreements with companies specializing in research of particular strains and elements of hemp-derived cannabinoids for the treatment of significant medical conditions and ailments.

## **Risk Factors**

### **Risks Relating to the Industry**

***The Corporation's business is dependent on applicable regulatory licensing in the jurisdictions in which it plans to operate.***

Successful execution of the Corporation's business plan is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all the requisite licenses, permits and other regulatory approvals (the "Regulatory Approvals"). Failure to receive the necessary Regulatory Approvals, comply with requirements of the Regulatory Approvals or maintain the Regulatory Approvals in good standing, will have a material adverse impact on the business, financial condition and operating results of the Corporation. Although the Corporation believes it will be able to qualify for the Regulatory Approvals and meet requirements thereof, there can be no guarantee that the relevant regulators will accept the Corporation's applications for the Regulatory Approvals or, if they do, whether

such regulators will continue to be satisfied with the Corporation's maintenance of the Regulatory Approvals.

The commercial hemp industry is an evolving industry and the Corporation cannot predict the impact of the compliance regimes in Cambodia, Canada or elsewhere. In particular, some of the Corporation's business plan is contingent on important and satisfactory amendments being undertaken by foreign governments to facilitate the importation, development of, and ultimate supply to the market and application of the various hemp products that the Corporation may have access. The Corporation's ongoing efforts to apply for and obtain some form of license or other consent to conduct both research and development in respect of hemp plants and move to commercial operations based on those results are contingent upon either the direct grant of a license to the Corporation or its partner for this purpose, or the amendment of existing laws and other regulatory requirements to allow the Corporation or its partner to conduct its business in compliance therewith. There is no guarantee that either of those conditions or circumstances will be satisfied in the near future.

Similarly, the Corporation cannot predict the time required to secure all appropriate Regulatory Approvals for its products, or the extent of testing and documentation that may be required by the relevant governmental and regulatory authorities. The impact of the applicable compliance regimes, and any delays in obtaining, or failure to obtain, Regulatory Approvals, may significantly delay or impact the development of markets, products and sales initiatives, and could have a material adverse effect on the business, financial condition and operating results of the Corporation.

The Corporation cannot predict the time required to secure all appropriate Regulatory Approvals for its products, or the extent of testing and documentation that may be required by governmental and regulatory authorities. Any delays in obtaining, or failure to obtain, necessary Regulatory Approvals will significantly delay the development of markets and products, and could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

***The Corporation currently and may in the future face intense competition in the market from larger more established companies in the hemp technology industry that offer a wider array of products. These competitors will make it difficult for the Corporation to offer competing products and grow its business.***

The Corporation will be competing with the producers of other products and competition in the hemp technology, seed supply and production, and base-level agricultural production industries will limit the availability of channels required for the successful distribution of the Corporation's products and access to opportunities to initiate activities aimed at promoting the hemp development activities set out in the Corporation's business plan. The Corporation may not be able to compete successfully against its current and future competitors and competition could have a material adverse effect on its business, results of operations and financial condition. The Corporation's potential competitors may develop superior technology and services that achieve greater market acceptance and penetration than the Corporation. Accordingly, failure of the Corporation's marketing campaign will result in the failure of the business.

***Industry changes may have a negative impact on the Corporation's operations***

The hemp industry, in general, is undergoing significant changes, primarily due to, first, technological developments and, second, changes in legislation in a variety of countries aimed at promoting new crop production. These developments have resulted in the availability of alternative forms of crop enhancing technologies and related opportunities.

It is impossible to accurately predict the effect that these and other new technological developments may have on the Corporation's licensed technology at any time. These uncertainties as well as others outlined herein may have a negative impact on the Corporation's operations and could result in the complete failure of its business.

***The Corporation's success is dependent on foreign markets.***

Foreign and ancillary markets are expected to become increasingly important in the hemp industry and this potential is a significant impetus for the Corporation to develop its business plans. As such, the Corporation

will likely rely on foreign and ancillary markets for its revenue, particularly in Asia, where it has the exclusive licenses to deploy the Technology. Neither foreign nor ancillary markets provide a guarantee of revenue. Also, licensing in other foreign markets may be dependent upon performance in certain markets and if the Technology is not successful it may be a financial failure which would result in the operational and financial hardship of the Corporation.

***Foreign rules and regulations may have an adverse impact on the Corporation's operations.***

There is an ongoing risk that some foreign countries may impose government regulations on the distribution of the Corporation's products which may affect demand for the Technology. An addition, revenues derived from the distribution of the Corporation's products in foreign countries, if any, may be subject to currency controls and other restrictions that may temporarily or permanently prevent the Corporation's ability to receive or account for such revenue. To the extent that the Corporation has made the economic decision to pursue a particular project based upon foreign distribution, its operations may suffer.

***The Corporation's business is vulnerable to unfavorable publicity, cultural acceptance or negative consumer perception.***

There is an ongoing risk that the success of the industrial hemp industry may be significantly influenced by the public's perception of industrial hemp. The market for industrial hemp is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of industrial hemp may have a material adverse effect on our operational results, consumer base and financial results.

In addition, as many of the Corporation's target business markets are in foreign countries, the cultural differences and subsequent potential adverse reactions which may accompany the Corporation's efforts to amend legislation and introduce hemp-based agricultural activity and by-product production may not be well received. The risk of activity and product rejection in foreign markets may be significant and, if the Technology and business plan execution is not successful, it may be a financial failure which would result in the operational and financial hardship of the Corporation.

***The Corporation's growth targets will be difficult to realize.***

The Corporation's ability to begin commercial production of industrial hemp and products derived from industrial hemp is affected by a number of factors, including the Corporation's ability to successfully utilize the Technology, plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, as well as factors specifically related to indoor agricultural practices, such as reliance on provision of energy and utilities to the facility, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes or storms.

***The Corporation will be subject to risks associated with agricultural operations.***

Since the Corporation's business will revolve mainly around the growth of industrial hemp, an agricultural product, the risks inherent with agricultural businesses will always apply. Such risks may include disease and insect pests, among others. There is no guarantee that changes in outside weather and climate will not adversely affect production. Further, any rise in energy costs may have a material adverse effect on the Corporation's ability to produce industrial hemp mainly through the cost of fertilizers.

In addition, as it is the Corporation's intent to introduce new hemp varieties to climate and growth zones where they had not previously flourished, there is a possibility that some or all of these varieties fail to successfully germinate and otherwise reproduce in these zones. The number of varieties available to the Corporation under the umbrella of the InPlanta Technology is large, but there is not guarantee that research and development activities conducted by the Corporation will produce successful applications for those varieties in these alternate areas and regions.

***The hemp industry is subject to inherent risk relating to fluctuating prices of raw materials.***

The Corporation's revenues, if any, are expected to be in large part derived from the production, sale and distribution of hemp. The Corporation will not be insulated from the price variation of raw material to

produce, sale of hemp hearts, hemp seed oil, oil and hemp fibre for local and international markets and the price of raw material may increase as a result of competition for the same raw materials at any time. The effect of these factors on the price of product produced by the Corporation and, therefore, the ongoing economic viability of any of the Corporation's business, cannot accurately be predicted.

### **General Risk Factors**

***The Corporation's auditor has disclosed that the Corporation will require additional funding to continue as a going concern.***

The Corporation's independent auditors have issued a going concern opinion expressing that there are factors that indicate the existence of material uncertainty that may cast doubt on the Corporation's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Corporation be unable to continue as a going concern for a reasonable period of time.

***To date, the Corporation has not generated revenues from operations and the Corporation may have additional capital requirements to continue its operations but they might not be available to the Corporation on favorable terms or at all, and if unavailable its ability to run its business will be impaired.***

As of the date hereof, the Corporation has limited working capital. If the Corporation is unable to generate sufficient revenues to cover operating expenses or raise additional funds in the next 12 months should the Corporation determine to undertake additional projects outside of its current business plan, the Corporation will be unlikely to expand its business operations.

***The Corporation has a limited history of operations and unless it is able to successfully execute its business plan in the near future, its business and operating results will suffer resulting in the complete failure of its business.***

The Corporation's operations remain subject to all of the risks inherent in the establishment of a new business. The likelihood of the Corporation's success must be considered in light of the risks, problems, expenses and delays frequently encountered in connection with the formation of a new business in general, as well as the highly competitive environment in which the business is operating. To address these risks, the Corporation must, among other things, continue to respond to competitive developments, product failure causing personal injury and property damage, attract, retain and motivate qualified personnel, commercialize products, and implement and successfully execute its marketing strategy and advertising sales strategy. There can be no assurance that the Corporation will be successful in addressing such risks.

***The Corporation's products may not be accepted by the market and its business may fail as a direct result of such lack of market acceptance.***

The ultimate profitability of any product depends upon its audience appeal in relation to the cost of its production and distribution. The audience appeal of a given product depends, among other things, on unpredictable critical reviews and changing public tastes, particularly in foreign markets, and such appeal cannot be anticipated with certainty. If certain segments of the viewing public do not like, are willing to pay for, or otherwise approve of the Corporation's products, the Corporation's business may fail.

***Cost overruns will affect the Corporation's results of operations and may cause the failure of its business.***

The costs of marketing/selling the Technology may be increased by factors beyond the Corporation's control. Such factors may include weather conditions, taxation, labor disputes, governmental regulations, equipment breakdowns and other production disruptions. While the Corporation intends to engage qualified personnel, the risk of running over budget is always significant and may have a substantial adverse impact on the Corporation's profitability.

***The Corporation is currently dependent on its officers and directors for its success and its future operations may require that the Corporation can attract and retain qualified employees, which it may not be able to do.***

The Corporation's current operations are managed by its officers and directors, and should its officers and directors resign, the Corporation would have no personnel to undertake its operations and therefore the Corporation would be adversely affected. The Corporation has no key-person insurance policy for the President or any other officers and/or directors and at this time, the Corporation has no intention of acquiring same. The Corporation's future operations may depend, in part, on its ability to attract, employ and retain additional qualified employees. No assurance can be given that the Corporation will be able to attract or retain such personnel, if required.

***The Corporation will rely on consultants and employees and if it is unable to retain these or other similarly qualified individuals, the Corporation may not be able to carry out its business operations.***

The Corporation expects to be dependent upon contract service providers and loss of their services could adversely affect the Corporation's business and its ability to maintain its operations or develop new products. The Corporation has not entered into any employment or non-competition agreements with any individuals and do not plan to in the future. The Corporation's success will depend on its ability to attract and retain qualified personnel. If the Corporation cannot attract and retain the necessary individuals, its operating results will suffer.

***The Corporation will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm the Corporation's operating results.***

As a public company, the Corporation will incur significant additional legal, accounting and other expenses that it would not incur as a private company, including costs associated with public company reporting requirements. These rules and regulations substantially increase its legal and financial compliance costs and to make some activities more time-consuming and costly. These rules and regulations also make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage previously available. As a result, it may be more difficult for the Corporation to attract and retain qualified individuals to serve on the Board or as executive officers.

***The Corporation is subject to certain uninsured or uninsurable risks.***

The Corporation may be subject to liability for risks against which it cannot insure or against which the Corporation may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Corporation's usual business activities. Payment of liabilities for which the Corporation does not carry insurance may have a material adverse effect on the Corporation's financial position and operations.

***The Corporation will be subject to risks associated with transportation disruptions.***

The Corporation will depend on fast, cost-effective and efficient transportation services to distribute its product. Any prolonged disruption of this transportation service could have an adverse effect on the financial condition and results of operations of the Corporation. Rising costs associated with the courier service used by the Corporation to ship its products may also adversely impact the business of the Corporation and its ability to operate profitably.

#### **Risks Relating to the Corporation's Technology and the License Agreements:**

##### ***Efficacy and Scope of Technology Grant***

The Corporation cannot be certain that the Technology granted under the License Agreements will not infringe upon patents, trademarks, copyrights or other intellectual property rights held by third parties. In addition, since the Corporation may rely on third parties to help it develop some of its products, the Corporation cannot ensure that litigation will not arise from disputes involving these third parties. The Corporation's success depends in part on InPlanta's, Swysh's and Pathway Rx's abilities to enforce intellectual property protection for the Technology and to operate without infringing the proprietary rights of third parties, as previously stated. The Corporation does not have a patent on the Technology and the intellectual property is owned by InPlanta, Swysh and Pathway Rx. Furthermore, there can be no assurance that others have not developed or will not develop similar concepts to the Technology. In addition, others

may hold or receive intellectual protection covering concepts that were subsequently developed by InPlanta, Swysh and Pathway Rx and which may adversely impact the demand for the Technology deployed by the Corporation. No assurance can be given that others will not or have not independently developed or otherwise acquired substantially equivalent intellectual property.

***Early failures would impair the Corporation's ability to attract additional capital.***

The Corporation is anticipating revenue from its sales to finance an increased level of operations. In the event that its early operations are not profitable, the Corporation will need to raise additional capital from outside investment. There are no guarantees that the Corporation will be able to raise such capital, or that if the Corporation is able to do so, that it will be on favorable terms. Early failures are likely to make such additional financing difficult to obtain and the Corporation may not be able to raise any additional capital, if required.

***There is no guarantee that the Corporation will be able to sell enough, or any, of the Technology and related products to generate a profit and failure to become profitable will result in the failure of its business.***

The market for the Technology is limited in scope and there is no assurance that the Corporation's products will generate market acceptance and result in sales. The inability to sell and deploy the Technology will result in the failure of the Corporation's business.

***The Corporation must comply with Various Environmental and Employee health and safety regulations, factors which may be Exacerbated by Application of and Use of the Technology.***

In each of the countries in which it does or intends to operate, the Corporation's operations are or will be subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and nonhazardous materials and wastes, and employee health and safety. The Corporation will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Corporation's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

***The Corporation's operations in Asia are subject to political and economic instability.***

The Corporation may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Corporation's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

***The Corporation's operations are subject to Economic and Political Developments in Cambodia, Including Export Controls***

In the past few decades, the Cambodian economy has experienced some periods of extreme volatility including periods of low or negative growth and variable levels of inflation. However, in 2016, Cambodia graduated from the status of a least developed country to a lower middle-income country. Cambodia still has a stable exchange rate and low inflation; however, there is no guarantee of economic stability. As is the case in many other nations, should inflation rise and government popularity decrease, the economic situation in Cambodia could quickly deteriorate as it has done throughout the country's history.

## **Risk Factors Relating to the Corporation:**

### ***Insufficient Capital***

The Corporation does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Corporation will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Corporation will be successful in obtaining such additional financing; failure to do so could result in failure of the Corporation and total loss of your investment.

### ***Financing Risks***

The Corporation has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Corporation will be profitable. The Corporation has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Corporation is through the sale of its equity shares and there is no assurance that any such funds will be available on terms acceptable to the Corporation, or at all. If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

### ***Dilution section removed here***

***The Corporation incurs significant costs as a result of operating as a reporting company, and management will be continuing to be required to devote substantial time to compliance initiatives.***

The Corporation incurs significant legal, accounting and other expenses as a fully-reporting public company. The Corporation's management devotes a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased the Corporation's legal and financial compliance costs and will make some activities more time-consuming and costly.

***The Corporation does not plan to pay dividends in the foreseeable future, and, as a result, shareholders will need to sell shares to realize a return on their investment.***

The Corporation has not declared or paid any cash dividends on its capital stock since inception. The Corporation intends to retain any future earnings to finance the operation and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future. As a result, shareholders will need to sell shares of common stock in order to realize a return on their investment, if any. If no market develops for the common shares in the future investors would lose their entire investment.

### ***Common Shares/Market Risk***

Despite a CSE listing of the Corporation's common shares, there is no guarantee that a market will develop for the Common Shares and therefore, investors may find it difficult or impossible to sell their Common Shares.

If a market develops, it is anticipated that the market price of the Common Shares will be subject to wide fluctuations in response to several factors including:

- the ability to generate revenues from sales;
- the ability to generate brand recognition of the products and services and acceptance by consumers;
- increased competition from competitors who offer competing services;
- the financial condition and results of operations; and
- the ability to continue to generate or otherwise acquire new products and develop those assets into viable commercial products.

Furthermore, the stock market may experience extreme price and volume fluctuations, which, without a direct relationship to the Corporation's operating performance, may affect the market price of the Common Shares.



***The Corporation may, in the future, issue additional Common Shares which would reduce investors' percentage ownership and may dilute the value of the Common Shares.***

The Corporation's Articles of Incorporation authorize the issuance of unlimited Common Shares. There are no other classes of securities authorized other than preferred shares. The Corporation may value any securities issued in the future on an arbitrary basis. The issuance of additional securities for future services or acquisitions or other corporate actions may also have the effect of diluting the value of the Common Shares held by the Corporation's investors and might have an adverse effect on the trading market for the Common Shares.

***Resale of Common Shares***

The continued operation of the Corporation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Corporation is unable to generate such revenues or obtain such additional financing, any investment in the Corporation may be lost.

***Price vol section removed***

***Negative Operating Cash Flow***

Since inception, the Corporation has had negative operating cash flows. The Corporation expects to incur losses over the next several years. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the business plan. The Corporation cannot predict when it will reach positive operating cash flow.

***Conflicts of Interest***

There are potential conflicts of interest to which the directors, officers, insiders and promoters of the Corporation are subject in connection with the operations of the Corporation. Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (Alberta).

These risk factors, individually or occurring together, would likely have a substantial negative effect on the Corporation's business and would likely cause it to fail.

**INTELLECTUAL PROPERTY AND RELATED EXPENSES**

On March 7, 2018, the Corporation entered into a license agreement (the "License Agreement") with InPlanta Biotechnology Inc. ("InPlanta"), an Alberta company controlled by 2 directors of the Corporation, wherein InPlanta granted the Corporation the exclusive license to use a proprietary organic hybridization technology for planting, growth and harvesting of new and valuable hemp strains and related crops in commercial quantities. Pursuant to the Agreement, the Corporation issued 2,000,000 common shares to the shareholders of InPlanta on February 23, 2018 for aggregate consideration of \$40,000, which was determined using the share price of \$0.02 per common share representing the fair value of shares issued in proximity to this transaction.

In return for the grant of license to the Corporation, the Corporation will pay royalties on the sale of seed and related by-products on a sliding scale basis. In addition, the Corporation has agreed to complete a test program in the subject territory to demonstrate the application of the licensed technology and to pay monthly consulting fees of \$5,000 per month commencing January 2019 to the licensor for completion of related laboratory work and analysis. During the year ended December 31, 2019, the Corporation paid \$79,226 in relation to this agreement, of which, \$20,000 remained in prepaids as at December 31, 2019.

In May 2019, the Corporation prepaid InPlanta its monthly consulting fees up to and including April 30, 2020. The entire prepaid balance was expensed during the year ended December 31, 2020.

In line with the requirements of IFRS, as at December 31, 2019, the Corporation carried out an impairment test of the intellectual property as it was not available for use as at the reporting date. Management determined that indications existed that the carrying amount may not be recoverable. The Corporation has concluded that there is uncertainty around the future cash flows generated from the intellectual property, and therefore, the value of the intellectual property is deemed to be \$nil. Accordingly, impairment of \$40,000 was recorded, and is included in the statement of loss and comprehensive loss during the year ended December 31, 2019.

In March 2020, the Corporation entered into an agreement with Swysh Inc. focused on the conduct of specific cannabinoid-based research and development activities and that owns proprietary technology and related intellectual property aimed at providing the basis for creation of topical treatments for a variety of external and internal conditions and ailments, including a number of anti-viral and preventative health-care applications. This agreement grants a license to AGBC to deploy the technology for the purpose of completing further research, development, testing and additional validation and establishment of practical applications with a view to commercialization of the technology in the greater region of Asia.

The agreement with Swysh functions in part as a supplement and expansion of the activities commenced by the Corporation developed through its license agreement with InPlanta Biotechnology Inc. under which AGBC has begun the development, evaluation, testing, application and, ultimately, supply to the market of hemp-oriented proprietary organic hybridization technology and certain products derived from that technology. The Swysh agreement provides, among other things, that AGBC will participate in research and development activities based on Swysh's intellectual property and associated rights and will ultimately be in a position to control and market health, skin care and a variety of other products successfully derived from those activities.

In August 2020, the Corporation entered into an agreement with Pathway Rx pursuant to which the Corporation is granted an exclusive license to clinically develop and commercialize the Cannabis sativa varieties to which Pathway Rx owns the rights for prevention and for treatment of COVID-19 and other infectious diseases. Both companies wish to see those varieties, and possibly other versions of the strains, studied for their efficacy in humans and eventually approved and applied as new drugs and as over-the-counter health products. This agreement grants a license to the Corporation to deploy the technology for the purpose of completing further research, development, testing and additional validation and establishment of practical applications with a view to commercialization of the technology in the greater region of Asia.

For further information, please visit [www.sedar.com](http://www.sedar.com).

#### SELECTED FINANCIAL INFORMATION (\$)

	December 31, 2020	December 31, 2019	December 31, 2018
Revenue	-	-	-
Net loss and comprehensive loss	(552,833)	(767,180)	(921,579)
per share (basic and fully diluted)	(0.02)	(0.03)	(0.06)
Total assets	441,377	1,054,830	554,115

**QUARTERLY DATA (\$)**

<b>Period ended</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net Loss</b>	<b>Basic and Fully Diluted</b>	<b>Total Assets</b>
March 31, 2021	-	(152,470)	(152,470)	(0.00)	302,673
December 31, 2020	-	(110,581)	(110,581)	(0.00)	441,377
September 30, 2020	-	(83,125)	(83,125)	(0.00)	551,531
June 30, 2020	-	(178,563)	(178,563)	(0.01)	721,064
March 31, 2020	-	(180,564)	(180,564)	(0.01)	821,888
December 31, 2019	-	(156,849)	(156,849)	(0.01)	1,054,830
September 30, 2019	-	(103,453)	(103,453)	(0.00)	1,189,359
June 30, 2019	-	(181,512)	(181,512)	(0.01)	1,291,986

**SUMMARY OF RESULTS (\$)**

	<b>Three Months Ended Mar. 31 2021</b>	<b>Three Months Ended Mar. 31 2020</b>
Revenue	-	-
<b>Expenses</b>		
General and administrative expenses:	(117,787)	180,564
Share-based compensation	(34,683)	-
Net loss and comprehensive loss	(152,470)	(180,564)
Loss per share – basic and diluted	(0.00)	(0.01)
Net cash used in operating activities	(116,674)	(221,402)
Net cash from financing activities	-	-
Total assets	302,673	821,888
Working capital <sup>(1)</sup>	295,261	785,317

<sup>(1)</sup> Working capital is calculated as current assets less current liabilities. This is a non-IFRS measure.

**GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSES (\$)**

	<b>Three Months Ended Mar. 31 2021</b>	<b>Three Months Ended Mar. 31 2020</b>
G&A expenses	117,787	180,564

G&A expenses for the three months ended March 31, 2021 totaled \$117,787 (March 31, 2020 - \$180,564).

The following table breaks down G&A expenses by category (\$):

	<b>Three Months Ended Mar. 31 2021</b>	<b>Three Months Ended Mar. 31 2020</b>
Advertising and promotion	3,900	-
Audit and legal fees	2,140	6,939
Consulting fees	55,900	97,333
Filing and registration fees	7,221	5,282
Office	18,626	8,461
Research and development	30,000	15,997
Travel and meals	-	46,552
	<b>117,787</b>	<b>180,564</b>

## SHARE CAPITAL

a) Authorized

Unlimited number of voting common shares, without par value.

Unlimited number of preferred shares issuable in series, as determined by the directors.

b) Issued

<b>Common shares</b>	<b>Number of shares</b>	<b>Amount</b>
<b>Balance at December 31, 2019 and 2020</b>	<b>36,247,100</b>	<b>\$ 1,738,186</b>
<b>Balance at March 31, 2021</b>	<b>36,247,100</b>	<b>\$ 1,738,186</b>

In connection with the completion of IPO on January 11, 2019, the Corporation reserved 403,760 common shares for issuance upon the exercise of the common share purchase warrants granted to the Agent upon completion of the IPO (the "Agent's Warrants"); these Agent's Warrants are exercisable at a price of \$0.25 per common share until January 10, 2021. The fair value of the 403,760 warrants granted on January 10, 2019 was \$75,800. On January 10, 2021, 403,760 warrants expired unexercised.

c) Options

Under the Corporation's share option plan, the Corporation may grant options to its directors, officers, employees and consultants up to a maximum of 10% of the issued common shares. The exercise price of each option is determined by the Board of Directors of the Corporation when such option is granted. The options fully vest and are expensed at grant date. The option's maximum term is five years.

The following is a summary of changes to the Corporation's share option plan:

	Three Months ended March 31, 2021			Year ended December 31, 2020		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price	Weighted Average Remaining Life
Outstanding, beginning of period/year	2,690,003	\$0.25	1.79	3,180,007	\$0.25	2.85
Granted (i), (ii)	250,000	\$0.10	4.83	-	-	-
Forfeited (iii)	-	-	-	(490,004)	(\$0.25)	(3.12)
Outstanding, at end of period/year	2,940,003	\$0.24	1.79	2,690,003	\$0.25	1.79
Exercisable at end of period/year	2,940,003	\$0.24	2.05	2,690,003	\$0.25	1.79

- (i) On January 22, 2021, the Corporation granted an aggregate of 250,000 stock options to a director of the Corporation in accordance with the Corporation's stock option plan, which vested immediately. Each stock option is exercisable into one common share in the capital of the Corporation at a price of \$0.10 per share for a period of five years from the date of grant.

The Corporation calculated the fair value of options granted in 2021 using the Black-Scholes option pricing model using the following weighted average assumptions:

	2021
Share-price	\$0.15
Risk-free interest rate	0.44%
Expected volatility	150%
Dividend yield	0%
Expected life of each option granted	5 years
Estimated forfeiture rate	0%
Weighted average fair value per option	\$0.14

The fair value of the 250,000 fully vested options granted on January 22, 2021 was \$34,683, with a corresponding credit to contributed surplus.

- (ii) On May 21, 2019, 490,003 stock options to a former consultant were forfeited. On January 19, 2020, 490,004 stock options to a former consultant were forfeited.
- (a) Escrow shares

Pursuant to the terms of an escrow agreement dated April 25, 2018, a total of 14,953,933 common shares issued to the directors and officers of the Corporation will be held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released upon the listing date and an additional 15% will be released therefrom every 6-month interval thereafter, over a period of 36 months. These escrow shares, which are considered contingently issuable, are excluded from loss per share calculations. As at March 31, 2021, 4,486,180 common shares are held in escrow (December 31, 2020 – 6,729,270 common shares).

## NET LOSS AND COMPREHENSIVE LOSS, AND CASH FLOWS FROM OPERATING ACTIVITIES (\$)

	Three Months Ended Mar. 31 2021	Three Months Ended Mar. 31 2020
Net loss and comprehensive loss	(152,470)	(180,564)
Per share – basic and diluted	(0.00)	(0.01)
Net cash from (used in) operating activities	(116,674)	(221,402)
Net cash from (used in) financing activities	-	-

During the three months ended March 31, 2021, the Corporation recorded a net loss and comprehensive loss of \$152,470 (March 31, 2020 - \$221,402). On a per share basis, this loss equates to \$0.00 per share (March 31, 2020 - \$0.01 per share).

### RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2021, legal fees of \$nil (2020 - \$4,799), were incurred to Heighington Law, a firm controlled by David Heighington, an Officer of the Corporation, and are included in audit and legal fees. At March 31, 2021, \$nil (2020 – \$nil) is included in accounts payable.

During the three months ended March 31, 2021, research and development fees of \$15,000 (2020 - \$14,750) were incurred to InPlanta Biotechnology Inc., a company controlled by 2 Directors (Igor Kovalchuk and Darryl Hudson), and are included in consulting fees. At March 31, 2021, \$nil (2020 – \$nil) is included in accounts payable.

During the three months ended March 31, 2021, research and development fees of \$15,000 (2020 - \$nil), were incurred to Swysh Inc., a company controlled by a Director (Igor Kovalchuk), and are included in consulting fees. At March 31, 2021, \$nil (2020 – \$nil) is included in accounts payable.

During the three months ended March 31, 2021, accounting and management fees of \$nil (2020 - \$25,000), were incurred to Speed Systems Inc., a company controlled by a Director and Officer (Vincent Ghazar), and are included in consulting fees. At March 31, 2021, \$nil (2020 – \$nil) is included in accounts payable.

During the three months ended March 31, 2021, accounting and management fees of \$15,000 (2020 - \$nil), were incurred to Ghazar Consulting Corporation, a company controlled by a Director and Officer (Vincent Ghazar), and are included in consulting fees. At March 31, 2021, \$nil (2020 – \$nil) is included in accounts payable.

During the three months ended March 31, 2021, management fees of \$15,000 (2020 - \$35,000), were incurred to David Pinkman, a Director and Officer, and are included in consulting fees. At March 31, 2021, \$nil (2020 – \$nil) is included in accounts payable.

During the three months ended March 31, 2021, consulting and management fees of \$10,900 (2020 - \$2,000), were incurred to Poor AI Consulting Inc., a company controlled by a Director (Alisdair Leeson), and are included in consulting fees. At March 31, 2021, \$2,100 (2020 – \$2,100) is included in accounts payable.

The related party transactions are in the normal course of operations and have been initially measured at fair value, which is the amount of consideration established and agreed to by the related party and is similar to amounts negotiated independently with third parties.

Key management personnel include Executive Officers and Directors. Executive Officers receive consulting fees by virtue of their consulting agreements with the Corporation, and also participate in the Corporation's

share option program.

Key management personnel compensation included in total remuneration is as follows:

	<b>Three Months Ended Mar. 31 2021</b>	<b>Three Months Ended Mar. 31 2020</b>
Total remuneration	\$ 70,900	\$ 81,549
Share-based compensation	34,583	-
	<b>\$ 105,583</b>	<b>\$ 81,549</b>

## RESEARCH AND DEVELOPMENT COSTS (“R&D”)

The Corporation incurred R&D costs in the amount of \$30,000 for the three months ended March 31, 2021 (March 31, 2020 - \$15,997) and these amounts have been recorded on the Statement of Loss and Comprehensive Loss.

The following table breaks down the R&D costs for the three months ended March 31, 2021 and 2020:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
InPlanta Biotechnology Inc.	\$ 15,000	\$ 14,750
Swysh Inc.	15,000	-
Ameriseed AFM LCC Group	-	-
Zhonglong Kenaf Seeds Co.	-	1,247
	<b>\$ 30,000</b>	<b>\$ 15,997</b>

## SUPPLEMENT TO THE FINANCIAL STATEMENTS

The outstanding common shares and share options are summarized below (also see note 7 of the interim financial statements):

	<b>May 21, 2021</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Common shares	36,247,100	36,247,100	36,247,100
Warrants	-	-	403,760
Share options	2,390,003	2,940,003	2,690,003

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Corporation had a working capital surplus of \$295,261, which included cash of \$270,286.

## OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

## CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

There are no contractual obligations or capital commitments.

## **CAPITAL MANAGEMENT**

The Corporation's capital consists of share capital. The Corporation's objectives when managing capital are:

- (i) to maintain a flexible capital structure, which optimizes the cost of capital and acceptable risk; and,
- (ii) to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation is not subject to any externally or internally imposed capital requirements at March 31, 2021.

## **FINANCIAL INSTRUMENTS**

The Corporation, as part of its operations, carries financial instruments consisting of cash held in trust, due from shareholder and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments, except as otherwise disclosed.

During the year ended December 31, 2020, the bank account in which the Corporation's cash was being held was closed and the full balance of the cash was transferred to the bank account under a numbered company owned 50-50 by the CEO and Director together with the CFO and Director. A trust deed has been declared that the numbered company is holding the funds in trust and will transact on behalf of Corporation.

### **Credit risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. As at March 31, 2021, the Corporation's cash was held with one financial institution, which is a Canadian Bank and \$5,809 (\$4,805 USD), was held in United States Dollars ("USD") with a shareholder (note 4). Management believes that the risk of loss is minimal but the Corporation is subject to concentration of credit risk.

### **Liquidity risk**

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to settle its liabilities as and when they fall due. As at March 31, 2021, the Corporation had cash of \$270,286 to settle obligations of \$7,412. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. The Corporation is not exposed to interest rate risk.

- (i) Foreign currency risk

The Corporation has assets denominated in a foreign currency (see "Liquidity risk" above). As at March 31, 2021, the Corporation had USD of \$4,805 (December 31, 2020 – \$25,030). A 1% change in the exchange rate at March 31, 2021 of the USD is estimated to have approximately a \$58 (December 31, 2020 - \$328) effect on the net loss and comprehensive loss for the year.



## **Fair value**

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of the Corporation's financial instruments, consisting of cash, due from shareholder and accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these items.

## **NEW STANDARDS ADOPTED DURING THE YEAR**

There are currently no new standards or amendments that impact the Corporation's financial statements.

## **MATERIAL TRANSACTIONS**

On May 10, 2021, the Corporation announced that InPlanta Biotechnology Ltd., the Corporation's partner and licensor to it of various hemp and related agricultural products, has been granted its first full registration of a unique and proprietary hemp variety on Health Canada's list of approved cultivars. This variety has been in development over a four-year period, and was in the approval process for the past year and is designed to add a significant new element to the agronomic base for hemp production in Canadian as well as relevant international market places. To be produced and marketed under the brand name "Bountiful", this cultivar will be the leading hemp-based source of CBD oil with an average recovery rate of CBD in the range of 5%.

## **CRITICAL ACCOUNTING ESTIMATES**

### ***Taxes***

The Corporation files corporate income tax, goods and service tax and other tax returns with various provincial and federal taxation authorities in Canada. There can be differing interpretations of applicable tax laws and regulations. The resolution of any differing tax positions through negotiations or litigation with tax authorities can take several years to complete. The Corporation does not anticipate that there will be any material impact upon the results of its operations, financial position or liquidity.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain.

Estimates of future taxable income are based on forecasted funds from operations. During the current year, the Corporation has not recorded any deferred tax assets or liabilities due to the uncertainty of future taxable profits.

***Share options and warrants***

The amounts recorded relating to the fair value of share options and warrants issued are based on estimates of the volatility using historical volatilities of peer companies that are publicly traded, market price of the Corporation's shares at the grant date, expected lives of the options and warrants, risk-free interest rate, forfeiture rate, expected dividends and other relevant assumptions.

The Corporation adopted a share option plan, which allows the Corporation to issue options to the directors and officers of the Corporation to purchase ordinary shares of the Corporation at a stipulated price. The option grants will not exceed 10% of the issued and outstanding ordinary shares of the Corporation. The Corporation measures these amounts at fair value at the grant date using the Black-Scholes option pricing model and compensation expense is recognized over the vesting period.