ORION NUTRACEUTICALS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED MAY 31, 2020

OVERVIEW

The following management discussion and analysis ("MDA") of the financial position of Orion Nutraceuticals Inc. ("the Company" or "the Issuer"), and results of operations prepared on September 28, 2020 should be read in conjunction with the unaudited consolidated condensed interim financial statements for the period ended May 31, 2020 and 2019. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The head office and registered and records office of the Company is located at 810-789 West Pender Street Vancouver, British Columbia, V6C 2V6.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com or by requesting further information from the Company's head office in Vancouver.

DESCRIPTION OF BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) on November 7, 2017. The Company completing its initial public offering and started trading on the CSE on October 17, 2018. On January 22, 2019, the Company's shares were approved for listing on the OTC Markets Group OTCQB Market under the ticker symbol ORONF. The Company's business has been the acquisition of, or investment in, subsidiaries in global markets to grow cannabis and extract cannabis oil that will be used as an ingredient in proprietary health and beauty products and distributed in bulk to other manufacturers.

On May 22, 2020, the Company consolidated its common shares on the basis of one (1) post-Consolidation Share for every twenty-five (25) pre-Consolidation Shares. The share numbers in this MDA have been adjusted to reflect the 25:1 consolidation of the Company's share capital.

HIGHLIGHTS AND OVERALL PERFORMANCE

During the year ended May 31, 2020, the Company has worked to re-position the Company's management team and overall strategic direction.

On August 21, 2019, the Company announced the resignation of Christopher Cherry, Chief Financial officer ("CFO") and Jonathan Fiteni, Chief Executive Officer ("CEO") and Director of the Company. On August 22, 2019, the Company appointed Joel Dumaresq as CFO and CEO.

During the year ended May 31, 2020, the Company issued 37,000 common shares with a fair value of $3,145 to settled debt with the former CEO and CFO with a fair value of $159,999. The Company recorded a gain on settlement of debt of $156,854.

On September 13, 2019, the Company appointed Sam Jenkins to the board of directors.

As an effort to re-position the Company, the Company terminated a letter of intent to acquire 26% of BioHemp Colombia.

On May 19, 2020, the Company announced that its Board of Directors has authorized the implementation of a consolidation of the Company's common shares on the basis of one (1) post-Consolidation Share for every twenty-five (25) pre-Consolidation Shares, effective May 22, 2020.

On May 28, 2020, the Company completed a first tranche of a non-brokered private placement of 4,727,274 units of the Company at a price of $0.11 per Unit for gross proceeds of $500,000. Each Unit consists of one common share of the Company and one transferable share purchase warrant. Each Warrant entitles the holder thereof to purchase one additional Share at a price of $0.14 per Share for a period of two years from the date of issuance.

Acquisition of MedicOasis

On May 31, 2018, the Company acquired 99% of MedicOasis. MedicOasis is a privately held, Québec company incorporated on December 19, 2013. As of the date of this MD&A, MedicOasis is an applicant in the process of obtaining a Cultivation License pursuant to the ACMPR. MedicOasis has submitted a site change in respect of its Cultivation License application; however, MedicOasis is still required to submit its application in respect of the new site to be located at the Dorval Property (as defined herein), which would allow MedicOasis to produce medical marijuana at such 30,000 square foot facility. The total purchase price is $3,150,000. The Company paid the shareholders of MedicOasis $400,000 in cash and is obligated to issue shares for the balance of the purchase price of $2,750,000. The Company has issued 52,000 shares issued to acquire 99% of the shares of MedicOasis.

Acquisition of FCM GLOBAL S.A.S

The Issuer has also made an investment into FCM Global S.A.S. ("**FCM Global**") which is a Colombian company with a medical cannabis production facility near Medellin, Colombia.

FCM Global is headquartered in Medellin, Colombia and operates through its facility located in La Ceja, Antioquia, Columbia, a town approximately 40km southwest of Medellin. The La Ceja facility is located on property identified by land registry number 017-17016 and was secured by FCM Global pursuant to a lease agreement between FCM Global as lessee and Carlos Andres Velasquez Agudelo as lessor dated June 1, 2017. FCM Global supplies pharmaceutical, nutritional, wellness, and cosmetic companies in legal markets worldwide with customized medical non-psychoactive cannabis extracts, oils, and isolates at commercial scale. FCM Global also collaborates with clients on research & development.

FCM Global is Colombia's first licensed producer and exporter of non-psychoactive medical cannabis extracts for medical and research purposes. FCM Global is permitted to cultivate in the following modalities: (1) the production of grain and seeds for planting; (2) the fabrication of derivatives; (3) for industrial purposes; and (4) for scientific purposes. However, pursuant to the terms of the FCM Cultivation License, FCM Global must carry on all cannabis activities in the La Ceja facility. Activities may be extended to other FCM Global properties and facilities if certain requirements are met.

During the year ended May 31, 2018, the Company paid $519,625 (USD $400,000) towards the acquisition and has received 1,608 FCM common shares. During the year ended May 31, 2019, the Company made payments of $1,847,685(USD$1,400,183) and issued 91,560 common shares with a fair value of $400,575 in exchange for common shares of FCM Global. In total, the Company has control of 13,271 shares of FCM Global. As at May 31, 2019, the Company was no longer pursuing the FCM acquisition and recognized an impairment of $2,767,885.On August 30, 2019, the Company entered into a settlement agreement with FCM Global to unwind the transaction with FCM Global. FCM Global is to return 2,289,000 common shares to the Company, and receive US $450,000 on September 30, 2019 and US $450,000 on October 31, 2019.

During the year ended May 31, 2020, the Company entered into a settlement agreement with FCM pursuant to which the parties agreed to:

a. Terminate all previous agreements;
b. Reverse the stock swap by means of which FCM owns 91,560 shares of the Company, and the Company owns 13,271 shares of FCM;
c. On the 30th calendar day following the date of the settlement agreement, FCM will pay the Company USD$450,000 in exchange for the return of 6,636 shares of FCM; and
d. Any time within the 60 days following the execution of the settlement agreement, FCM will pay the Company USD$450,000 in exchange for the return of the remaining 6,635 shares of FCM.

As at September 28, 2020, no payments had been received from FCM, as such, pursuant to the settlement agreement, the agreement is automatically terminated and the parties shall maintain their respective shares of each company.

LOI WITH BIOHEMP COLUMBIA

During the year ended May 31, 2019, the Company entered into Letter of Intents ("LOI") with BioHemp Colombia ("BioHemp") to acquire 51%. Pursuant to the terms of the arrangement, BioHemp and the Company would jointly develop projects related to research, cultivation, extraction, sale and distribution of seed genetics for CBD-rich hemp and cannabis. During the year ended May 31, 2020, the Company terminated this LOI.

Selected Annual Information

The following table sets forth selected audited financial information for the Company for the two most recently completed financial years ended May 31, 2020 and 2019. The financial information below has been prepared in accordance with IFRS.

For the year ended (Expressed in Canadian dollars)	May 31, 2020 $	May 31, 2019 $
Net loss and comprehensive loss	386,243	6,391,172
Comprehensive loss attributable to non-controlling interests	922	-
Basic and diluted loss per share	(0.20)	(3.66)
Cash	501,293	5,272
Total assets	584,967	86,642
Total liabilities	849,848	469,814
Working capital (deficit)	(264,881)	(383,172)
Number of common shares outstanding at year end	6,720,555	48,457,067

RESULTS OF OPERATIONS

For the year ended May 31, 2020, the Company incurred losses of $386,243 compared to losses of $6,391,172 during the year ended May 31, 2019. In general, the Company's operations decreased significantly during the year ended May 31, 2020 as cash reserves were low relative to the comparative period. Furthermore, during the year, the Company initiated management changes and new management focused on raising funding towards the end of fiscal 2020, capitalizing the periods that were affected by COVID-19. A discussion and analysis of the changes are below:

- Business development decreased to $nil from $643,542, as the Company incurred fees in the comparative year to increase brand awareness of the Company since going public.
- Consulting fees decreased to $311,526 from $503,680 due to limited financing during the year ended May 31, 2020. As the Company decreased its level of activities during the year, efforts were made by management throughout the year to limit the employment of consultants in order to conserve cash.
- The Company incurred management fees of $148,503 compared to $408,051 in the comparative year. During the year ended May 31, 2020, certain members of management resigned. The Company paid severance pursuant to the terms of former management's contracts. In the comparative year, the Company incurred a full year of management fees. In addition, management fees increased in the comparative year as the Company was more active.
- Professional fees decreased to $34,764 from $208,429 as the Company consulted legal counsel and completed due diligence on the various acquisitions mentioned above in the comparative period.
- Regulatory and transfer agent fees decreased to $28,241 from $62,942 as there were less shares issuance activities compared to the year ended May 31, 2019 when acquisitions were made.
- Marketing expenses decreased to $nil from $60,000 as the Company limited expenditures to maintain cashflow.
- During the year ended May 31, 2020, the Company issued 37,000 common shares to settle debt with a fair value of $159,999. The Company record a gain on settlement of debt of $156,854.
- The Company issued stock options to various management, consultants and directors, and incurred a non-cash expense of $544 (2019 - $726,993). The Company reversed stock options to the former CFO due to his resignation during the year. Management limited the issuance of stock options to reflect the level of activities during the year.
- During the year ended May 31, 2019, The Company entered into a lease agreement that was cancelled during the year, and incurred rent fees of $381,969.

For the three-month period ended May 31, 2020, the Company recorded a loss of $214,598 (2019 - $823,220). The significant decrease in expenses is a result of cash preservation and to re-focus the Company's strategic objectives. In comparison to the nine months ended February 29, 2020, there was an increase in the consulting fees incurred in the three-month period ended May 31, 2020 as there was an increase in capital restructuring activities and an increase in efforts to attract investors. The discussion of the variances for the three-month period ended May 31, 2020 are similar to the discussions above.

The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business activities.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements for quarters ending May 31, 2020:

	Three months ended			
	May 31, 2020	*February 29, 2020*	*November 30, 2019*	*August 31, 2019*
	-$-	-$-	-$-	-$-
Total assets	584,967	82,173	97,374	93,918
Working capital deficiency	(264,881)	(476,820)	(329,424)	(418,314)
Shareholders' deficiency	(264,881)	(476,820)	(329,424)	(418,314)
Net gain(loss) for the period	(214,598)	(150,396)	42,640	(63,889)
Gain (loss) per share	(0.13)	(0.00)	0.00	(0.00)

	Three months ended			
	May 31, 2019	*February 28, 2019*	*November 30, 2018*	*August 31, 2018*
	-$-	-$-	-$-	-$-
Total assets	86,642	4,357,684	4,761,349	3,275,683
Working capital	(383,172)	592,541	977,599	453,215
Shareholders' equity	(383,172)	4,259,156	4,609,214	3,217,008
Net loss for the period	(4,574,297)	(554,607)	(740,532)	(521,736)
loss per share	(0.10)	(0.01)	(0.02)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through receipt of loans from shareholders, and from the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

Net cash used in operating activities for the year ended May 31, 2020 was $47,979 (2019 - $1,782,562), which reflects the overall decrease in activity due to cash flow constraints. On May 28, the company completed the first tranche of a non-brokered private placement agreement. 4,727,274 Shares were issued at $0.11 per unit for gross proceeds of $500,000.

During the year, the Company received $44,000 from shareholders to pay key vendors in order to comply with regulatory requirements.

There can be no assurance of successfully completing future financings. The Company will need to raise further capital to continue operations. Management is actively seeking such opportunities.

Stock options

The Company had 102,000 stock options outstanding with a weighted average price of $6.41 as at the date of this report.

Warrants & Agent's Warrants

At date of this report, the Company had 24,417,525 warrants outstanding with a weighted average exercise price of $0.73.

RELATED PARTY TRANSACTIONS

The Company defines key management as directors and officers of the Company. Key management consists of:

Joel Dumaresq, CEO and CFO and Director
Robin Linden, Director
Sam Jenkins, Director

During the year ended May 31, 2020, the Company paid or accrued the following to key management and an Independent director of the Company.

RELATED PARTY TRANSACTIONS (CONTINUED)

	May 31, 2020 $	May 31, 2019 $
Management fees paid or accrued to the former CCO and related companies	-	166,000
Management and consulting fees paid or accrued to a director of the Company	38,336	66,664
Management fees paid or accrued to the former CFO and related companies	37,500	110,000
Management fees paid or accrued to the former CEO and related companies	36,000	132,051
Management and consulting fees paid or accrued to the current CEO and related companies	75,000	-
Management fees paid or accrued to a director of the Company	5,000	-
Share based compensation	12,146	412,732
Total	203,982	887,447

At May 31, 2020, the Company owes $183,800 (2019 - $135,697) directly or to companies controlled by key management personnel, which is included in accounts payable. At May 31, 2020, the Company owes $20,000 directly to key management personnel, which is included in loans payable. These amounts are unsecured, non-interest bearing and due on demand.

SUBSEQUENT EVENTS

Several events occurred subsequent to the year ended May 31, 2020.

- On June 2, 2020, the Company announced the appointment of Mr. Kevin Taylor as a director of the Company, effective June 1, 2020.
- On July 10, 2020, the Company has completed a second tranche of its non-brokered private placement through the issuance of 20,000,000 units of the Company at the fair value of $3,000,000. Each Unit consists of one common share of the Company and one transferable Share purchase warrant exercisable upon meeting certain requirements.
- On July 31, 2020, the Company issued 12,500 common shares to settle $5,000 of director fees charged in 2020.
- On August 25, 2020, the Company entered into a LOI with 2740162 Ontario Inc. (d/b/a August Therapeutics or "ATI") to acquire 100% shares in ATI with payment of 60 million common shares of the Company. The LOI is also binding the Company to provide ATI with a secured loan or a series of loans, bearing interest at 1% per annum compounded monthly, in the amount of USD$770,000, of which USD$20,000 was advanced on June 16, 2020, USD$250,000 was advanced on July 21, 2020 and USD$500,000 was advanced on August 31, 2020. The advance shall only be used by ATI to make subscription payment to InStatin Inc. ("InStatin") pursuant to a subscription earn-in agreement entered by ATI and InStatin on August 12, 2020.
- On August 26, 2020, the Company issued 1,510,908 common shares pursuant to warrants exercised for gross proceeds of $211,527.

FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest rate

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations.

FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts. This risk is managed by

using major banks that are high credit quality financial institutions as determined by rating agencies.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk.

Capital Management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

Classification of financial instruments

Fair values

The fair values of cash and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured at fair value using level 1 input.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at May 31, 2020, and up to the current date, the Company had no off-balance sheet arrangements.

Legal proceedings

As at the current date management was not aware of any legal proceedings involving the Company.

Outstanding Share Data

As at the date of this report, the Company has the following outstanding securities:

1) Common shares: 29,307,965
2) Warrants: 24,417,525 with a weighted average exercise price of $0.73 and weighted average life of 1.95 years.
3) Stock options: 102,000 with a weighted average price of $6.41 and weighted average life of 2.08 years.

CONTINGENT LIABILITIES

As at May 31, 2020 and up to the current date management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MDA is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended May 31, 2020. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.