CANBUD DISTRIBUTION CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis ("MD&A") is intended to provide a review of the financial position and results of operations of Canbud Distribution Corporation ("CBDX," the "Company", "we," "our," "us") for the nine months ended September 30, 2021. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2020 and December 31, 2019. Those financial statements are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all dollar amounts refer to Canadian funds. Information herein includes any significant developments up to November 29, 2021, the date on which this MD&A was approved by the Company's board of directors.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information is typically, but not always, identified by the use of words such as "will", "intends", "scheduled", "to be" and "may be" and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking information in this MD&A includes, but is not limited to, statements regarding: the anticipated timeframe to complete the retreat build-out; the anticipated closing date of the acquisition; and statements regarding the Company's goals or future plans relating to the build-out of the retreat. Such forward-looking information is based on various assumptions and factors that may prove to be incorrect, including, but not limited to, factors and assumptions with respect to: the ability of the Company to complete the acquisition within the specified time frame; the receipt of all necessary regulatory and other approvals or consents; the ability of the Company to successfully implement its strategic plans and initiatives relating to the acquisition and the retreat build-out, and whether such strategic plans and initiatives will yield the expected benefits; approvals and authorizations from regulatory authorities, and the timing thereof; the ability of the Company to obtain the necessary approvals, permits and licenses within the specified time frame to complete the build out; there being no material delay in the build out; the availability of materials; the availability of labour, contractors, employees and/or personnel necessary to undertake the retreat build-out; and the ability of the Company to close the acquisition within the anticipated time frame. Although the Company believes that the assumptions and factors on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that it will prove to be correct or that any of the events anticipated by such forward-looking information will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Actual results could differ materially from those currently anticipated due to a number of factors and risks including, but not limited to: conditions in the psychedelics industry in Jamaica; fluctuations in market conditions, including in securities markets; economic factors; the risk that the retreat build out will not be completed as anticipated within the specified timeframe, including the risk that the Company will not receive the approvals/permits/licenses necessary in connection with the retreat build out; the ability of management to execute its business strategy, objectives and plans; and the impact of general economic conditions and the travel restrictions imposed as a result of the COVID-19 global pandemic. Additional information regarding risks and uncertainties relating to the Company's business are contained under the heading "Risk Factors" in the Company's management discussion and analysis filed on SEDAR. The forward-looking information included in this MD&A is made as of the date of this MD&A and the Company does not undertake an obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise, except as required by applicable law.

This MD&A should be read in conjunction with the risk factors described in the "Risks and Risk Management" and the "Cautionary Statement on Forward-Looking Information" sections at the end of this MD&A.

THE COMPANY

Canbud Distribution Corporation ("Canbud" or the "Company" or the "Corporation") was incorporated on October 4, 2018 under the Canada Business Corporations Act as "Cannabis Clonal Corporation" and on September 19, 2019, the Company filed articles of amendment to (i) change its name to "Canbud Distribution Corporation"; (ii) re-designate its Class A shares to common shares; (iii) decrease the authorized capital of the Company by canceling the unissued Class B shares and deleting the rights, privileges, restrictions and conditions attaching to the Class B shares of the Company; and (iv) remove the private company restrictions.

On October 9, 2020, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol CBDX. The Company's registered office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1.

Overview

Canbud is an early-stage science and technology company focused on providing products and services within the hemp and cannabis space.

The Company's focus is on two strategic initiatives:

- Science and technology – to provide science-backed differentiated products and services that are critical within the sector
- Quality and compliance – to ensure all products and services meet the highest standards of quality, safety and adherence to compliance standards and requirements

As of the date hereof, Canbud D2385NR Inc. ("Canbud D23"), and Canbud D1726KC Inc. ("Canbud D17"), hold two industrial hemp licenses for the purposes of supplying medicinal and wellness cannabidiol and other cannabinoid-based products. As part of its annual review process, the Company is evaluating the need to maintain several cultivation locations, based on current market conditions including demand and competitor dynamics, and more importantly, capital resources utilization. Through these two (2) licensed subsidiaries, the Company is licensed to grow hemp CBD for medicinal and wellness products on leased lands located in Lakefield and Kettleby, all in Ontario, respectively, under two (2) industrial hemp licenses issued by Health Canada as follows:

  - Canbud D23 operates the business on approximately fifty-five (55) acres of farmable and tillable land located in Lakefield, Ontario, under its industrial hemp license number LIC-7S62J6ZAZR-2019 issued by Health Canada on November 15, 2019 (the "Canbud D23 License"); and

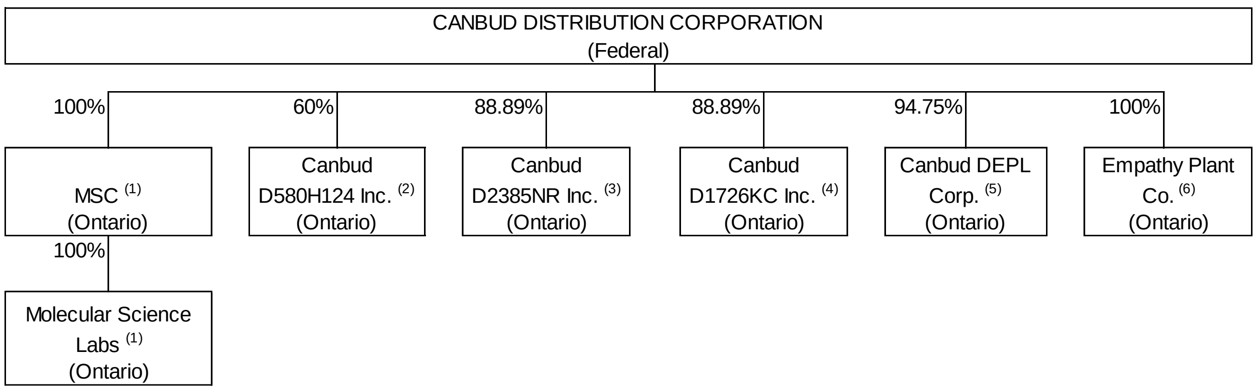
  - Canbud D17 operates the business on approximately eighty-five (85) acres of farmable and tillable land including three buildings located in Kettleby, Ontario, under its industrial hemp license number LIC-MGG9LOM6BH-2019 issued by Health Canada on November 29, 2019 (the "Canbud D17 License")

In the third quarter of 2021, the Company expanded its focus into complementary areas of analytical testing service market through the acquisition of Molecular Science Corp. ("MSC"). On July 8, 2021, the Company acquired MSC, a leading analytical testing entity based in Toronto that provides testing of cannabis and related pharmaceutical products. The acquisition is intended to enable the Company to expand its focus and become more intricately connected within the supply chain in the cannabis and hemp sector as licensed producers refine and expand their cannabis 2.0 type product offerings, which require additional testing to conform to Health Canada regulations. On August 3, 2021, MSC received the Dealer's License from Health Canada that allows it to work with psilocybin, Ketamine and other controlled substances in psychedelic space. This enables MSC to expand its service offerings into emerging markets such as testing for psychedelics, to drive revenue growth.

The Company is an early-stage entity and has not generated significant revenues to-date. The Company has relied on equity financings to date to support business endeavours and may continue to do so until significant revenue and profitability is achieved. The Company has sufficient funds, in view of management, to maintain its current operational objectives for the next 18-to-24-month period. The Company has 10 consultants primarily based in Ontario, Canada, including the executives, and there are no employees. The 100% owned subsidiary – MSC - has 14 employees and 2 consulting staff.

Intercorporate Relationships

The following diagram illustrates the intercorporate relationships between the Company and its subsidiaries, as well as the jurisdiction of incorporation of each entity.



Notes:

(1) Acquired on July 8, 2021.
(2) Incorporated on July 23, 2019.
(3) Incorporated on October 22, 2019 and holds the Canbud D23 Hemp License.
(4) Incorporated on October 31, 2019 and holds the Canbud D17 Hemp License.
(5) Incorporated on November 20, 2019.
(6) Incorporated on January 22, 2021

UPDATES DURING THE THREE-MONTH PERIOD SEPTEMBER 30, 2021 AND SUBSEQUENT TO THE PERIOD

Molecular Science Corp. Acquisition

On July 8, 2021 Canbud completed the acquisition of MSC. In connection with the acquisition, the Corporation issued an aggregate of 68,212,896 common shares (the "Canbud Shares") of the Corporation to the former shareholders of MSC on the basis of approximately 3.313 Canbud Shares for each MSC common share outstanding, representing approximately 43.7% of the issued and outstanding Canbud Shares. All outstanding common share purchase warrants of MSC were replaced with common share purchase warrants of the Corporation, entitling the holders thereof to purchase an aggregate of up to 3,958,800 Canbud Shares for a purchase price of $0.30 per share until July 8, 2024. In connection with the completion of the Acquisition, the Corporation also issued 1,765,000 Canbud Shares as an advisory fee. The Canbud Shares issued to the former shareholders of MSC are subject to resale restrictions, such that the holders thereof are permitted to trade 25% of such Canbud Shares on the date that is four months from July 8, 2021 and a further 25% of such Canbud Shares on the dates that are seven, 10 and 13 months after July 8, 2021. All of the Canbud Shares issued with respect to the advisory fee are subject to a hold period of four months plus a day from the date of issuance under applicable securities law. On July 30, 2021, Canbud's subsidiary, Molecular Science Corp. received the Dealer's License from Health Canada. As a result, MSC has become one of very few organizations able to work with Psilocybin with Health Canada approval.

Steep Hill Inc. Letter of Intent

On August 9, 2021, Canbud entered into a non-biding LOI with Steep Hill Inc. (“SH”) to acquire all of the issued and outstanding shares of SH (“Proposed Transaction”). Steep Hill’s first commercial cannabis laboratory founded in 2008, is one of the premier privately held analytical testing services companies in United States. SH's primary business is the licensing of its brand, trademark, licensed lab testing procedures and software to its licensees conducting analytical testing of cannabis and hemp products under the name "Steep Hill". The company's flagship laboratory is based in Berkeley, California. SH has license agreements in 12 territories the United States. and Mexico, whereby the company provides its analytical testing expertise.

The Proposed Transaction will allow Canbud to build on its recently completed acquisition of Canadian lab testing company, Molecular Science Corp. ("MSC"). The Proposed Transaction is expected to be structured as by way of a statutory merger, share purchase or other similar form of transaction and the holders of common shares of SH immediately prior to the acquisition would receive an aggregate of 82,000,000 common shares of the Corporation in exchange for their common shares of SH. Upon closing of the Proposed Transaction, the Corporation may also issue up to 2,870,000 common shares of the Corporation as a finder's fee (the "Finder's Fee Shares"). The Proposed Transaction is subject to receipt of all necessary regulatory approvals, including, as applicable, approval of the Canadian Securities Exchange ("CSE"), and certain other conditions as described below.

Upon closing of the Proposed Transaction, the outstanding capitalization of the Corporation is expected to consist of approximately 241,101,493 common shares and, options and warrants to purchase 14,526,000 and 49,630,491 common shares of the Corporation, respectively, excluding any Finder's Fee Shares issued. Current SH shareholders are expected to own approximately 66.0% of the Corporation's common shares on a non-diluted basis, and 73.1% on a fully diluted basis, before giving effect to the issuance of any Finder's Fee Shares. Prior to closing, all outstanding debt of SH will be converted into equity.

The Corporation and SH are continuing to finalize the terms of a definitive agreement. As per agreed terms, following execution of the Letter of Intent, the Corporation made available to SH a loan (the "**Loan**") of US$250,000, to be used by SH for working capital purposes. In the event that the definitive agreement is terminated (other than as a result of any breach of its terms by the Corporation), then the principal amount advanced under the Loan would become due and payable within 90 days.

The common shares of the Corporation issued in exchange for SH common shares would be subject to resale restrictions, such that the holders would be permitted to trade 25% of such shares only after three months from closing and a further 25% of such shares after each successive three-month period thereafter until the date that is 15 months from the closing date.

Completion of the Proposed Transaction would be subject to a number of conditions, including, without limitation, the following:

- receipt of the required approval for the Proposed Transaction from the shareholders of SH;
- receipt of all regulatory approvals (including applicable CSE approvals for the listing of the common shares of the Corporation issuable to the security holders of SH);
- confirmation that there having been no acquisitions or disposals (other than in the ordinary course of business), no debt or equity capital raisings (excepting for the Corporation), no new material contracts (excepting for the Corporation) or related party transactions and no loss of any material license;
- no material adverse change affecting SH or the Corporation; and
- such other conditions as the parties decide are reasonable in the context of the Proposed Transaction.

The Proposed Transaction would be an arms-length transaction for the Corporation and would not constitute a fundamental change or result in a change of control of the Corporation, within the meaning of the policies of the CSE.

Jamaican operations update

On December 4, 2020, Canbud entered into a definitive agreement to acquire 100% of the issued and outstanding securities of 2688453 Ontario Ltd. in exchange for 7,600,000 common shares at a deemed price per share equal to 19.5 cents. In furtherance of the agreement, the Company issued 1,520,000 shares (representing 20% of the consideration shares) on January 5, 2021. The agreement contemplated material capital investment (in excess of US$3.5 million) by the Company, over the course of a three-year period, to build and operate a commercial production supported by local staff and establish a retreat facility. During the subsequent period, the company completed the manufacturing and installation of the initial production facility in Jamaica at a cost of US$49,000 and entered into an MOU with the College of Agriculture, Science and Education ("CASE") to focus on the research and development of healing practices facilitated by psilocybin producing mushrooms.

Following a review process, the Company determined that the current and anticipated commercial state of the psychedelics market over the 18-to-24-month period will remain sluggish and anticipated economic benefits of Canbud's commercialization plan are not-conducive to continued financial commitment other than the research and development project which requires a financial commitment of up to CA$10,000 over the next 12-month period. As a result, on October 6, 2021, Canbud and 2688453 Ontario Ltd. agreed to a mutual termination of the 'agreement' entered into on December 4, 2020, whereby the Company agreed to issue 3,040,000 common shares to cancel the agreement (at a deemed price per share equal to $0.05 or a total price of $152,000). The shares issued as part of the termination agreement will remain in escrow and released in 3 different tranches during 2022.

Other business updates

On August 19, 2021, Canbud decided to re-evaluate its activities and consolidate its associated licenses. To rationalize its operations and optimize resources and capital investments, Canbud decided to voluntarily submit a request to cancel the Federal Sales License on Health Canada CTLS system. The Federal cannabis sale for medical purpose licence was granted by Health Canada on January 29, 2021. As careful consideration, including the current dynamics underway within the sector, management has elected to submit the cancellation request to eliminate idle cost which include regulatory adherence legal costs, reporting expenses, resourcing, and physical location rental, etc. On November 17, 2021, Health Canada confirmed that the request to cancel the license has been granted.

Through the acquisition of Molecular Science Corp. ("MSC") on July 8, 2021, Canbud has expanded the breadth of regulated activities including a Dealer's License received on July 30, 2021, that enable Canbud to focus on testing and formulations for both cannabis and controlled substances. Management believes such actions will result in appropriate reallocation of capital resources into growth areas.

On August 19, 2021, Canbud appointed a new independent director, Ian Morton, who will provide additional oversight as Canbud works towards closing the planned acquisition of Steep Hill Inc. Ian is an accomplished business leader and entrepreneur responsible for establishing and building several environmental services companies such as Eco Generation Home Services, Scout Environmental and Summerhill. He was the Chairman of the Board at Ample Organics, one of Canada's premier Cannabis seed-to-sale software providers, prior to its sale to Nasdaq listed Akerna Corp. in July 2020. He has been recognized by Strategy Magazine for his marketing expertise along with other recognitions and awards, Mr. Robert Tjandra, COO has stepped down as Director of the Company, but will continue in his capacity as COO.

On September 14, 2021, Canbud entered into a memorandum of understanding (the "MOU") with the College of Agriculture, Science and Education ("CASE"), establishing a business and research and development ("R&D") relationship between the parties. CASE is a tertiary educational institution located in Port Antonio, Jamaica, with a tripartite mandate of teaching, research, and outreach.

On October 6, 2021, Canbud completed a review process of its Jamaican operations. It is expected that the current and anticipated commercial state of the psychedelics market over the 18-to-24-month period will remain sluggish and anticipated economic benefits of Canbud's commercialization plan are not-conducive to continued financial commitment for the project other than the research and development project which requires a financial commitment of up to $10,000 over the next 12-month period. As a result, Canbud and 2688453 Ontario Ltd. agreed to a mutual termination of the definitive agreement entered into on December 4, 2020, whereby the Company has agreed to issue 3,040,000 common shares to cancel the agreement (at a deemed price per share equal to $0.05 or a total price of CA$152,000). The shares to be issued as part of the termination agreement will remain in escrow and released in 3 different tranches during 2022.

On October 6, 2021, Canbud appointed a new independent director, Dr. Jane Wright-Mitchell. Dr. Wright-Mitchell brings the breadth of knowledge and experience of the US cannabis market as the company ventures into the US Cannabis testing market. Dr. Wright-Mitchell is an experienced healthcare and life sciences attorney with more than 20 years working with pharmaceutical and medical device companies. She is currently General Counsel, Chief Compliance Officer and Corporate Secretary with Vaxcyte, Inc., a vaccine development company. Prior to joining Vaxcyte, she was Chief Legal Officer with Steep Hill, Inc., a state-licensed cannabis testing laboratory. She previously served as Chief Legal Officer at AcelRx Pharmaceuticals, Inc. where she also served as Chief Compliance Officer and Corporate Secretary. Earlier in her career, she served in legal roles of increasing responsibility at Mesoblast, Actelion, Purdue Pharma, and Neurogesx.

BUSINESS OVERVIEW AND DISCUSSION

Hemp Cultivation

The introduction of the Cannabis Act in October 2018 instituted, amongst other things, the framework for outdoor cannabis cultivation (noting cultivation previously was confined to indoor operations). The Company identified this trend towards outdoor cultivation, noting its cost advantages over indoor and greenhouse cultivation, as a market shift towards lower cost production and cannabis derivatives (such as oils and extracts). The Company has concentrated its efforts on low-cost outdoor Hemp cultivation which requires limited capital expenditure including the use of land lease agreements.

For 2020 cultivation, in light of Covid-19 challenges, the Company decided to concentrate on one property only and started to cultivate its Kettleby farm. The Company activities started in March 2020 with preparation to select female only mother plants for creating clones. Two cost effective custom built 40-foot containers were used to perform the mother plants selection. Female mother plants were then planted in several cold frame doubly poly plastic hoop houses.

Due to Covid-19 challenges, specifically related to finding suitable farm labors, there was no cultivation for 2021. The company will continue to evaluate the markets and decide on the continued operations of Hemp farms in 2022.

Kettleby Property

2020 cultivation season was the Company's first year pilot project to translate its clonal system into large acreage outdoor field cultivation. The Covid-19 pandemic created challenges for the Company to execute its cultivation development. Furthermore, it was the first year the Company tested some of the hemp cultivars approved by Health Canada. Despite the Covid-19 challenges, the Company successfully proved its clonal system by creating 20,000 clones and have them planted in the field in stages to understand how planting period effect the timing to harvest.

Distribution Channel Development

On January 29, 2021, Health Canada issued to the Company a Federal Sales License for Medical Purposes.

The Company signed a revenue growth partnership LOI with Hempsana, an EU GMP extraction company with the state of art extraction facility focusing on cannabidiol as primary extracts. The Company continues to explore the potential strategic partnership.

Canbud has decided to voluntarily submit a request to cancel the Federal Sales License on Health Canada CTLS system. The Federal cannabis sale for medical purpose licence was granted by Health Canada on January 29, 2021. As careful consideration, including the current dynamics underway within the sector, management has elected to submit the cancellation request to eliminate idle cost which include regulatory adherence legal and other costs. On November 17, 2021, Health Canada granted the notice of revocation of the Federal Sales Licence

Research and Development

The research partnership with Brock University investigates the potential application of fungi as a Climate Smart Sustainable Natural Fungi BioFertilizer for crop cultivation, inclusive of hemp plants is progressing well. The Company aims to develop a game-changing Climate Smart Sustainable Natural Fungi BioFertilizer for crops cultivation which could reduce and replace chemical fertilizer, likewise applicable to hemp plants, therefore supporting sustainable global hemp and food production. This agreement was amended on March 19, 2021, and its term will end on the later of the completion of the research project and December 31, 2021. In connection with this agreement, the Corporation has made expenditures of approximately $5,000 to Brock University as of the date.

The Company continues to explore research and development partnership to create intellectual property and game changing solutions encompassing its business lines.

Covid-19 Strategy

Given the current reality that started in March 2020 which we expect to continue through the years of 2020 and 2021 at the minimum. Our farming season is affected in many ways even though farming is considered essential service. We are affected in many ways including travel restrictions, getting temp workers, getting supplies in a timely manner. Considering all the current conditions management has come to decision to scale down the total outdoor cultivation acreage for the 2020 season by focusing on one of the three farm properties.

Psychedelics and functional mushroom market:

Based on a review, the Company determined that the current and anticipated commercial state of the psychedelics market over the 18-to-24-month period will remain sluggish and anticipated economic benefits of Canbud's commercialization plan are not-conducive to continued financial commitment other than a research and development project which requires a financial commitment of up to CA$10,000 over the next 12-month period. As a result, Canbud terminated its agreement with 2688453 Ontario Ltd. and in turn has terminated its commitment to the commercial endeavour in this market.

Empathy Plant Co.:

The Company has decided to put on hold launch of products under the Empathy Plant Company banner as management is refocusing its efforts on the business lines that has a distinct and clear path to revenue and profitability.

Molecular Science Corp.

MSC is an analytical science and services company, carrying on the business of testing cannabis and related pharmaceutical products. The business operations of MSC are conducted primarily through Molecular Science Labs Corp, MSC's wholly-owned subsidiary at its laboratory facilities in Scarborough, Ontario and pursuant to an analytical testing license issued by Health Canada under the *Cannabis Act*.

Selected Financial Information of MSC

The following table sets out selected financial information with respect to MSC as at the dates noted. The selected financial information is derived from MSC's audited consolidated financial statements for the year ended December 31, 2019 and December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board.

Balance Sheet Information	**As at December 31, 2019 ($)**	**As at December 31, 2020 ($)**
Current Assets	**1,047,184**	**727,896**
Investment	138,000	43,590
Property and equipment	3,542,941	2,476,815
Right-of-use assets	613,270	130,472
Intangible assets	24,184	8,518
Total Assets	**5,365,579**	**3,387,291**
Current Liabilities	1,340,814	1,051,116
Total Liabilities	**1,790,521**	**1,108,861**
Total Shareholder's Equity	3,575,058	2,278,430
Income Statement information	**Year Ending, December 31, 2019 ($)**	**Year Ending December 31, 2020 ($)**
Service Revenue	1,175,890	2,742,208
Operating expenses	5,418,154	4,890,802
Total Operating Loss	(4,242,264)	(2,148,594)
Net Loss	(4,272,761)	(1,572,457)
Total comprehensive loss	(4,991,903)	(1,674,367)

Research and Development

The Company is actively pursuing opportunities to develop additional IP through collaboration with Canadian universities and institutions. The Company continues to explore research and development partnership to create intellectual property and game changing solutions encompassing its business lines.

SELECTED QUARTERLY FINANCIAL INFORMATION

Selected financial information for the previous six quarters since inception is set out below.

	Quarter ended September 30, 2021 $	**Quarter ended June 30, 2021 $**	**Quarter ended March 31, 2021 $**	**Quarter ended December 31, 2020 $**
Loss before other income (expenses)	(1,182,918)	(467,105)	(964,360)	(1,275,299)
Other income (expense)	(145,774)	(7,311)	(7,616)	(29,271)
Net income (loss)	(1,328,694)	(474,416)	(971,676)	(1,304,570)
Total comprehensive income (loss)	(1,328,694)	(474,416)	(971,976)	(1,304,570)
Net loss per share*	(0.01)	(0.01)	(0.01)	(0.02)
	Quarter ended September 30, 2020 $	**Quarter ended June 30, 2020 $**	**Quarter ended March 31, 2020 $**	**Quarter ended December 31, 2019 $**
Loss before other income (expenses)	(287,896)	(324,547)	(233,603)	(214,621)
Other income	(259)	28,370	2,639	3,166
Net loss	(288,155)	(296,177)	(230,964)	(211,455)
Total comprehensive loss	(288,155)	(296,177)	(230,964)	(211,455)
Net loss per share*	(0.01)	(0.01)	(0.01)	(0.01)

Note: Fully diluted income (loss) per share is not presented since it would be anti-dilutive.*

SUMMARY OF QUARTERLY RESULTS

Results of Operations

For the three months ended September 30, 2021

The Company generated operating revenues of $526,734 ($Nil) during the three months ended September 30, 2021. The revenues were entirely generated from MSC, a newly acquired wholly owned subsidiary.

The Company recorded an operating loss of $1,182,918 for the three months ended September 30, 2021, compared to an operating income of $132,807 for the three months ended September 30, 2020. The increase of $1,315,725 is attributed primarily to expenses in MSC, specifically:

- Salaries and wages amounted to $284,284 (2020 - $Nil) and laboratory expenses of $166,858 (2020 – Nil) was all related to expenses incurred in MSC.
- Amortization of property, plant and equipment, was increased by $135,011, of which $126,127 was related to MSC.
- Amortization of intangible assets was increased by $52,096, of which $51,776 was amortization of licenses, intellectual property and website acquired through acquisition of MSC.

In addition, the increase of the loss is due to:

- Stock-based compensation amounted to $498,984 for the three months ended September 30, 2021 (2020 - $Nil) was due to the 7,000,000 stock options granted to directors, officers, and consultants of the Company in August 2021. There were no stock options granted in the comparative period.
- In the comparative period, the Company recognized an income of $297,615 related to the increase of fair value adjustment on growth on biological assets. The Company did not have any biological assets in 2021.

Other expense for the three months ended September 30, 2021 was $145,774, an increase of $137,912 compared to comparative period. The increase is mainly due to issuance of 1,765,000 common shares for advisory fees related to MSC acquisition, which have been valued at $141,200.

For the nine months ended September 30, 2021

The Company generated operating revenues of $526,734 (2020 - $Nil) during the nine months ended September 30, 2021. The revenues were entirely generated from MSC, a newly acquired wholly owned subsidiary.

The Company recorded an operating loss of $2,614,383 for the nine months ended September 30, 2021, compared to $411,600 for the nine months ended September 30, 2020. The increase of $2,202,783 is attributed primarily to the following:

- Consulting for the nine months ended September 30, 2021 increased by $508,712, compared to comparative period primarily due to issuance of 1,082,251 common shares, valued at $215,151, to a consultant of the Company to develop the plant-based protein market, $83,393 (2020 - $Nil) spent on consultants to develop plant-market protein market and $60,000 (2020 - $Nil) on strategic and financing consulting as well as increased number of consultants.
- Marketing and promotion amounted to $166,426 (2020 - $Nil) for the nine months ended September 30, 2021. Marketing and promotion expenses were incurred to bring awareness, development and expansion of the Company's brand.
- Salaries and wages amounted to $284,284 (2020 - $13,418) and laboratory expenses of $166,858 (2020 – Nil) was all related to expenses incurred in MSC in 2021.
- Share-based compensation amounted to $748,547 for the nine months ended September 30, 2021 (2020 - $Nil). The Company granted a total of 8,500,000 (2020 – Nil) options to various consultants of the Company.
- In the comparative period, the Company recognized an income of $297,615 related to the increase of fair value adjustment on growth on biological assets. The Company did not have any biological assets in 2021.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had a deficit of $5,304,588 (2020 - $2,543,323). For the nine months ended September 30, 2021, the Company's net loss was $2,775,084 (2020- $402,196), negative cash flows from operating activities were $1,165,640 (2020 - $894,436) and working capital of $2,292,843 (December 31, 2020 - $317,511) as of September 30, 2021. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. The Company's working capital may not meet corporate, development, administrative and property obligations for the coming year. As a result, the Company may require additional financing and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern.

Three months ended September 30, 2021

Cash used in operating activities was $97,497 during the three months ended September 30, 2021, a decrease of $233,324 from the comparative period. The decrease is primarily due to the cash inflow generated from revenue

Cash used in investing activities was decreased by $309,020 due to $496,590 of cash acquired through MSC acquisition.

Cash generated in financing activities was $192,992, a decrease of $167,992 from comparative period primarily due to the $150,000 repayment of loan payable.

Nine months ended September 30, 2021

Cash used in operating activities was $1,165,640 during the nine months ended September 30, 2021, an increase of $271,204 from the comparative period. The increased is primarily due to the increase in overall increase in operating loss.

Cash used in investing activities was $385,432, an increase of $104,820 from comparative period. The increase is primarily due to advances made of $66,497 to 2688453 Ontario Inc. as well as $318,500 (US$250,000) secured loan advanced to Steep Hill.

Cash generated from financing activities was $4,306,032, an increase of $4,335,532 from comparative period. During the nine months ended September 30, 2021, the Company closed 2 tranches of non-brokered private placements with an aggregate net proceed of $4,547,640 (2020 - $Nil). The increase is offset with repayment of $150,000 of loan payable

CAPITAL MANAGEMENT

The Company actively manages its capital structure and adjust accordingly. There is no return on capital measure imposed on the management rather board provides the opportunity to the management to use their expertise and business acumen to generate value for the Company and its stakeholders.

Management with the board reviews its capital management policies regularly. There were no changes to The Company's approach to capital management in the current period.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the Company; that has control or joint control over the Company; that has significant influence over the Company; or is a member of the key management personnel of the Company.

An entity is related to a Company if the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

A related party transaction is a transfer of resources, services or obligations between a Company, and a related party, regardless of whether a price is charged. All transactions with related parties are in the normal course of business and are measured at fair value.

Compensation awarded to key management personnel

Key management personnel refer to the Company's members of its executive management team and directors.

For the nine months ended		**September 30, 2021**		September 30, 2020
Consulting fee	**$**	**202,600**	$	193,500
Director fees		**15,755**		-
	$	**218,355**	$	193,500

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. The estimates and underlying assumptions are based on current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows:

Expected credit losses

The Company applies the simplified approach as permitted by IFRS 9 for the expected credit loss (ECL) associated with financial assets. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Capitalization and write-off of intangible assets

An intangible asset arising from development is recognised on satisfying the following criterions by the entity:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Estimated useful lives and amortization of long-lived assets

Depreciation of Property and equipment and intangible assets are dependent upon estimates of useful lives which are determined through the exercise of judgments. The assessment of any impairment of these assets is dependent upon estimates recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

Impairment of long-lived assets

Long-lived assets, including property and equipment and intangible assets are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Incremental borrowing rate and lease term on leases

The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease obligations, and the resulting interest and depreciation expense, may differ due to changes in the market conditions and lease term. Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions. The Company's incremental rates at the commencement of the leases on January 1, 2020 ranged from 4% to 10%.

Share-based compensation

In calculating share-based compensation expense, key estimates such as the rate of forfeiture of awards granted, the expected life of options, the volatility and the risk-free interest rate used.

Deferred tax

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax loss carry forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore, do not necessarily provide certainty as to their recorded values.

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires significant judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

New accounting standards, amendments and interpretations issued but only effective for the Company beginning on or after January 1, 2021 are as follows:

Amendment to IAS 1

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

Amendment to IAS 16

On May 14, 2020, the IASB amended IAS 16 "Property, Plant and Equipment" to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted.

The Company is currently assessing the financial impact of these amendments and expects to apply the amendments at the effective date.

SHARE CAPITAL

As at September 30, 2021, share capital consisted of:

- 156,061,493 issued and outstanding common shares;
- 14,526,000 options outstanding with exercise price ranges from $0.125 to $0.22 and weighted average remaining contractual life of 4.42 years; and
- 49,630,491 outstanding warrants with exercise price ranging from $0.20 to $0.22 and weighted average remaining contractual life of 1.40 years.

As at November 29, 2021, share capital consisted of:

- 156,061,493 issued and outstanding common shares;
- 14,526,000 outstanding options with exercise prices ranging from $0.10 to $0.22; and
- 49,630,491 outstanding warrants with exercise prices ranging from $0.20 to $0.30.

RISKS AND RISK MANAGEMENT

No Profits or Significant Revenues

The Company has no history upon which to evaluate its performance and future prospects. The Company's proposed operations are subject to all the business risks associated with new enterprises. Such risks include, but are not limited to, likely fluctuations in operating results as the Company makes significant investments in research, development and product opportunities, and reacts to developments in its market, including purchasing patterns of customers, and the entry of competitors into the market. The Company will only be able to pay dividends on any shares once its directors determine that it is financially able to do so. The Company cannot make any assurances that it will be profitable in the next three years or generate sufficient revenues to pay dividends to the holders of the Common Shares.

Plans for Growth

The Company intends to grow rapidly and significantly expand its operations within 24 months. This growth will place a significant strain on the Company's management systems and resources. The Company will not be able to implement its business strategy in a rapidly evolving market, without an effective planning and management process. In particular, the Company may be required to manage multiple relationships with various strategic industry participants and other third parties, which relationships could be strained in the event of rapid growth. Similarly, a large increase in the number of third-party relationships the Company has, may lead to management of the Company being unable to manage growth effectively. The occurrence of such events may result in the Company being unable to successfully identify, manage and exploit existing and potential market opportunities.

Limited Products

The Company will be heavily reliant on the production and distribution of psychedelics, nutraceuticals and related products. If they do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability.

The Company's revenue will be derived almost exclusively from sales of pharmaceutical and nutraceutical-based products, and the Company expects that its pharmaceutical and nutraceutical-based products will account for substantially all of its revenue for the foreseeable future. If the market declines or fails to achieve substantially greater market acceptance than it currently enjoys, the Company will not be able to grow its revenues sufficiently for it to achieve consistent profitability. Even if products to be distributed by the Company conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality of psychedelic pharmaceutical and nutraceutical-based products. Adverse publicity about products that the Company sells may discourage consumers from buying products distributed by the Company.

No Assurance of Commercial Success

The successful commercialization of the Company's products will depend on many factors, including, the Company's ability to establish and maintain working partnerships with industry participants in order to market its products, the Company's ability to supply a sufficient amount of its products to meet market demand, and the number of competitors within each jurisdiction within which the Company may from time to time be engaged. There can be no assurance that the Company or its industry partners will be successful in their respective efforts to develop and implement, or assist the Company in developing and implementing, a commercialization strategy for the Company's products.

Nature of Regulatory Approvals

The Company's development and commercialization activities are significantly regulated by a number of governmental entities, including Health Canada. The Company may fail to obtain the necessary approvals to commence or continue clinical testing. The Company must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and ultimately must obtain regulatory approval before it can commercialize a product. The time required to obtain approval by such regulatory authorities is unpredictable.

If there are changes in the application of legislation, regulations or regulatory policies, or if problems are discovered with the Company products, or if one of its distributors, licensees or co-marketers fails to comply with regulatory requirements, the regulators could take various actions. These include imposing fines on the Company, imposing restrictions on the Company's products or its manufacture and requiring the Company to recall or remove its products from the market. If any of these events occurs, the Company's ability to sell its products may be impaired, and it may incur substantial additional expense to comply with regulatory requirements, which could materially adversely affect its business, financial condition and results of operations.

Cultivation Risk

Risks inherent in the outdoor agriculture operations apply to the Company operations. The Company will carry out risk management to mitigate the potential damage due to climate. Proper farm-land management will be carried out to anticipate too much rain falls. Drought will be anticipated by having stand-by water wells whenever feasible. In the longer run, plant genetic breeding work would produce a more drought and frost resistant strains or cultivars The Company will also be implementing its technology platform "CanbudProve" which will include IOT sensors to provide cultivation environment data analytics. To manage risk of pest and plant disease, the Company will develop an integrated pest and disease management system.

Extraction and Processing Risk

The Company will develop relationship with several third-party extraction and processing companies to mitigate the risk of not having a capacity to extract and process the cultivated hemp CBD flowers.

Distribution and Trading Risk

The CBD market is highly competitive despite it is a new industry. The competitiveness is mainly due to regulatory requirements in marketing and sales of products containing CBD. Furthermore, many jurisdictions globally are still not permitting use of CBD for medical and wellness purposes.

The Company will manage the risk by exploring and developing numerous partnerships in offtake and distribution.

CBD Price Risk

Due to fierce competition in limited Canadian market, and United States' CBD supplies, there is a risk of decreasing CBD extracts pricing. The Company will continuously develop its cost leadership strategy to anticipate competitive pricing.

Access to Capital Market Risk

The capital market may not be conducive to raising additional capital in the near future. The Company has built a business model that demonstrates sustainability.

Regulatory Risk

The industry is highly regulated and the regulations in Canada as well as overseas jurisdictions continue to evolve. The Company will mitigate the regulatory risk by working with experts/consultants to monitor, anticipate, and comply with respective regulations.

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its short-term financial obligations as they come due. The Company has developed a planning and budgeting process to help determine the funds required to support The Company's ongoing liquidity needs. Historically, the Company's sole source of funding has been funds raised from the investors through private placements. The Company's access to financing is always uncertain and depends on the capital markets. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign Exchange Risk

The Company does most of its business in Canada but buys machinery and other agricultural equipment from United States and abroad. Also, company plans to sell its products in Europe once its export license is approved. Since most of the equipment purchase is complete and foreign sales are not expected this year, the Company is not exposed to foreign exchange risk.

Interest Rate Risk

Interest rate risk is the potential loss from investments in financial instrument due to changes in market interest rates. As at September 30, 2021, the Company is not exposed to interest rate risk.

COMPLIANCE PROGRAM

The Company oversees and monitors compliance with applicable laws in each jurisdiction in which it operates. In addition to the Company's senior executives and staff responsible for overseeing compliance, the Company has local counsel engaged in every jurisdiction in which it operates and has received legal opinions or advice in each of these jurisdictions regarding (a) compliance with applicable regulatory frameworks, and (b) potential exposure to, and implications arising from, applicable laws in jurisdictions in which the Company has operations or intends to operate.

The Company works with third parties who require regulatory licensing to handle products and raw material. The reliance on third party certifications is crucial to operations and loss of licenses and/or approvals by such third parties may impact the Company. Management is working to implement risk mitigation measures to ensure such entities comply with applicable regulations. The Company will continue to work closely with external counsel and other compliance experts and is evaluating the engagement of one or more independent third-party providers to further develop, enhance and improve its compliance and risk management and mitigation processes and procedures in furtherance of continued compliance with the laws of the jurisdictions in which the Company operates.

The Company and, to its knowledge, each of its third-party researchers, suppliers and manufacturers have not received any non-compliance, citations or notices of violation which may have an impact on the Company's licences, business activities or operations.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of September 30, 2021, and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management Discussion and Analysis ("MD&A") includes forward-looking statements concerning the Company's future performance, operations, and financial performance and financial condition. These forward-looking statements may include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used herein, the words "plan", "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on management's current expectations. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates, or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors including economic conditions, technological change, regulatory change, and competitive factors, many of which are beyond our control.

Future events and results may vary significantly from what is expected. We are under no obligation (and we expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise.