



# **Imperial Ginseng Products Ltd.**

## **Management's Discussion & Analysis**

For the Three-Month Periods Ended  
September 30, 2020 and 2019

## **IMPERIAL GINSENG PRODUCTS LTD.**

Management's Discussion and Analysis

Three-Month Period ended September 30, 2020

---

This management's discussion and analysis ("MD&A") reviews the operating results, financial position and liquidity of Imperial Ginseng Products Ltd. ("Imperial" or the "Company"). Information contained herein is presented as at November 26, 2020 unless otherwise indicated. All amounts are stated in Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three-month period ended September 30, 2020 and the audited consolidated financial statements and the notes thereto for the year ended June 30, 2020.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.imperialginseng.com](http://www.imperialginseng.com).

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information speaks only as of the date it is provided, is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "Cautionary Note Regarding Forward-Looking Information and Business Risks" in this MD&A.

### **About the Company**

Imperial was incorporated under the laws of the province of British Columbia in 1989. The Company's common shares are listed on the TSX Venture Exchange under the symbol "IGP". The Company cultivates and processes North American ginseng in Ontario and sells the root, almost exclusively to China, through a distributor.

### **Discussion of Operations, Overview and Outlook**

At the date of this MD&A, the Company has completed its fall harvest of approximately 122 acres of which 61 acres were five-year-old gardens. While the processing of ginseng is still underway, the Company's initial assessment is there will be a 15% to 20% decrease in yield compared to last year, resulting from the damages caused by the extreme weather conditions experienced in Ontario. In May 2020, all of Southern Ontario was hit by a record 6-day cold spell with both snow and temperatures up to 20 degrees below normal as well as multiple days of heavy frost. In July 2020, certain regions in Ontario were hit by severe storms and heavy rainfalls which, unfortunately, collapsed some of the five-year-old garden structures and damaged some of the crops underneath. It appears this decrease in yields, and probably quality this year, is prevalent throughout the Ontario ginseng industry.

For the quarter ended September 30, 2020, the Company sold approximately 134,000 lbs or 52% of its inventory from the harvest in the prior year. At the date of this report, the Company has now sold all the remaining inventory totalling 125,000 lbs, with an average price per pound of around \$10 for root only and \$9 for root and by-products combined. Although the recent prices stayed about the same as they were in the summer, they have fallen by more than 50% compared to a year ago. Unfortunately, even given the expected decrease in production in Ontario this year, it is forecasted at this time that prices this fall will not recover much, if at all, and are still in danger of decreasing further. In addition to the pricing issue is the fact that, as a consequence of quarantine requirements, many buyers may be unable, or unwilling, to travel to Ontario to view the root and hence it is also expected that sales will again be very slow and uneven this year.

As discussed in the MD&A for the year ended June 30, 2020, the causes of the rapid fall in ginseng prices, being the trade disputes between US and China, the civil unrest in Hong Kong, a deteriorated Canada-China political relationship and the global economic impact from the COVID-19 pandemic, are all out of the Company's and the industry's control. Despite the Company's efforts to cut spending over the past two years, there were and are serious concerns that the Company might not be able to cover its cost if future ginseng prices stay at the current level. As the Company had serious doubts that the political and economic

## IMPERIAL GINSENG PRODUCTS LTD.

Management's Discussion and Analysis

Three-Month Period ended September 30, 2020

---

situations would be improved or resolved in the near future, in June 2020, the Board made the decision to completely cease all new plantings. In October 2020, the Board concluded that it would be in the ultimate best interest of the stakeholders to abandon all the immature crops, being 203 acres of one- and two-years old crops. By doing so, there would be less cash flow uncertainties and the Company should have sufficient working capital for its operations and meeting of all its debt obligations, and should likely attain the most end value upon the Company's exit from the industry.

Subsequent to a public announcement of the decision to abandon the immature crops, the Company found an unrelated party who was interested in buying all the immature crops from the Company. In November 2020, the Company agreed to sell all the immature crops to the interested party for \$500,000, which also includes transferring all the corresponding land leases to the buyer, thereby releasing the Company from all the obligations and liabilities under the land lease agreements. Under the terms of the sales agreement, the buyer gets to use the infrastructure (shadecloth, posts, cable and irrigation) until the crops are harvested, at which time the infrastructure is to be returned to the Company.

At the date of this report, there remains 47 acres of four-year-old crops which the Company plans to harvest in the spring of 2021. The harvest of the remaining 149 acres of three-year-old crops is expected to be completed in fiscal 2022.

Below is a summary overview of the Company's ginseng operations for the past three fiscal years:

	Q1 FY2021	FY2020	FY2019
Number of acres harvested:			
4-year-old	62	112	115
5-year-old	61	54	-
	<u>123</u>	<u>166</u>	<u>115</u>
Total production (pounds of ginseng)	Not yet available	592,000	487,000
Average yield per acre (pounds of ginseng)	Not yet available	3,560	4,240
Number of acres under cultivation:			
1-year-old (sold in FY2021)	-	66	137
2-year-old (sold in FY2021)	-	137	149
3-year-old	149	149	109
4-year-old	47	109	173
5-year-old	-	61	54
	<u>196</u>	<u>522</u>	<u>622</u>
Average selling price:			
Root only	Not yet available	\$ 15	\$ 22
Root and by-products	Not yet available	13	20

---

The Company also harvested 7 acres for Ponderosa this fall, which were all the remaining crops planted for Ponderosa under a farming agreement (see "Transactions with Related Parties").

## IMPERIAL GINSENG PRODUCTS LTD.

Management's Discussion and Analysis  
Three-Month Period ended September 30, 2020

---

### Results of Operations

For the three-month ended September 30, 2020, the Company reports a net loss of \$4,200,000 or \$0.57 per share. This compares to a net loss of \$889,000 or \$0.12 per share for the same quarter of the prior year. The primary reason for the reported loss in this quarter was the recognition of an impairment loss of \$3,972,000 when the immature crops were re-classified as held for sale. Assets held for sale are measured at the lower of the carrying amount and fair value less cost to sell.

The following table compares the operating results for the three months ended September 30, 2020 and 2019.

<b>For the three months ended September 30,</b>	<b>2020</b>	<b>2019</b>	<b>Change from 2019</b>
Revenue	\$ 1,024,000	\$ 545,000	\$ 479,000
Cost of sales	967,000	450,000	517,000
Gross profit	57,000	95,000	(38,000)
Administrative expenses	218,000	262,000	(44,000)
Decrease in fair value of biological assets	1,704,000	1,075,000	629,000
Finance income	2,000	17,000	(15,000)
Finance costs	59,000	70,000	(11,000)
Other income	20,000	12,000	8,000
Gain from disposition of assets held for sale	127,000	-	127,000
Impairment loss on classification of assets held for sale	3,972,000	-	3,972,000
Income tax recovery	1,547,000	394,000	1,153,000
Net loss	(4,200,000)	(889,000)	(3,311,000)
Loss per share, basic and diluted	(0.57)	(0.12)	(0.45)

### Revenue from the sale of ginseng root

For the three months ended September 30, 2020, the Company sold approximately 134,000 lbs, or 52% of the inventory carried over from its harvest in the prior year, and generated \$1,024,000 with an average selling price of \$7.60 per lb. for root and by-products combined. This compares to 32,000 lbs sold for \$545,000 with an average selling price of \$17 per lb. for root and by-products combined for the same period in the prior year. Ginseng prices fell sharply in early 2020 and continued to decline for the factors discussed under Operations and Overview.

### Cost of sales and Gross Profit

The components of cost of sales are crop costs, drying cost and depreciation charge on the processing equipment. Under IAS 41 *Agriculture*, crop costs are the fair value of harvested crops which is estimated based on the Company's best knowledge of market prices at the point of harvest. As the crop costs, a major component of the cost of sales, are predominately an estimate, the cost of sales has little direct correlation to the actual cost of the harvested crops.

**IMPERIAL GINSENG PRODUCTS LTD.**  
Management's Discussion and Analysis  
Three-Month Period ended September 30, 2020

---

Administrative expenses

Administrative expenses in the first quarter of fiscal 2021 decreased to \$218,000 from \$262,000 in the same quarter of the prior year primarily due to no further legal expenses related to a shareholder dispute that was settled in December 2019. Depreciation of a right-of-use asset (office lease) is now included in office expense. In fiscal 2020, rent for the office was reported as short-term leases as permitted under IFRS 16. The following table details the composition of administrative expenses for the three-month periods ended September 30, 2020 and 2019.

For the three months ended September 30,	2020	2019	Change from 2019
Filing and transfer agent	\$ 3,000	\$ 5,000	\$ (2,000)
Insurance	16,000	9,000	7,000
Investor relations	1,000	-	1,000
Office	19,000	13,000	6,000
Professional fees	16,000	43,000	(27,000)
Salaries	164,000	175,000	(11,000)
Short-term leases	-	10,000	(10,000)
Travel	-	7,000	(7,000)
	<b>\$ 218,000</b>	<b>\$ 262,000</b>	<b>\$ (44,000)</b>

Change in fair value of biological assets

In the first quarter of fiscal 2021, the Company, based on the most recent sales prices and yield estimates, further lowered its forecast resulting in a decrease of \$1,704,000 in the fair value of ginseng crops. In the same quarter of the prior year, the Company reported a decrease of \$1,075,000 in the fair value of ginseng crops.

Finance income

Finance income is interest earned on demand deposits with Canadian chartered banks. Interest income fluctuates depending on the cash position of the Company. In the first quarter of fiscal 2021, the Company reported interest income of \$1,000. This compares to interest income of \$17,000 in the same quarter of the prior year. The decrease was due to the Company using its cash reserve for its operating requirements.

Finance costs

Finance costs consist of interest on mortgages and equipment loans, as well as interest accretion on long-term loans and lease liabilities. In the first quarter of fiscal 2021, finance costs decreased to \$59,000 from \$70,000 in the same quarter of the prior year. The decrease was primarily due to a decrease in interest accretion on long-term loans, on which the final payments are due in January 2021.

Other income

Included in other income in the first quarter of fiscal 2021 was a planting fee of \$4,000 from Ponderosa and a management fee of \$13,000 from Knightswood (See "Transactions with Related Parties"). Other income in the first quarter of the prior year consisted solely of a planting fee of \$12,000 from Ponderosa.

**IMPERIAL GINSENG PRODUCTS LTD.**  
Management's Discussion and Analysis  
Three-Month Period ended September 30, 2020

---

Gain from disposition of assets held for sale

In the first quarter of fiscal 2021, the Company completed the sale of its farm property in Walsingham, Ontario and recorded a gain of \$127,000. The sales agreement was entered in June 2020 upon which the property was re-classified as held for sale and measured at the carrying amount, which was the lower of its fair value less costs to sell.

Impairment loss on classification of assets held for sale

In November 2020, the Company entered into an agreement for the sale of all its immature crops to an unrelated party for \$500,000. As the Company regarded the sale highly probable, crop costs, right-of-use assets and lease liabilities allocable to these crops were re-classified as held for sale at September 30, 2020 and an impairment loss of \$3,972,000 was recognized upon classification.

Income tax recovery

Income tax recovery of \$1,547,000 and \$394,000 in the first quarters of fiscal 2021 and fiscal 2020, respectively, consisted solely of deferred tax recovery.

**Summary of Quarterly Results**

The following table summarizes the Company's unaudited consolidated quarterly operating results for each of the eight most recently completed quarters. These unaudited quarterly results should be read in conjunction with the consolidated financial statements and the discussions below.

		Total revenues	Net loss	Loss per share, basic and diluted
September 30, 2020	Q1 FY2021	\$ 1,024,000	\$ (4,200,000)	\$ (0.57)
June 30, 2020	Q4 FY2020	1,710,000	(5,166,000)	(0.70)
March 31, 2020	Q3 FY2020	3,519,000	(811,000)	(0.11)
December 31, 2019	Q2 FY2020	13,000	(488,000)	(0.07)
September 30, 2019	Q1 FY2020	546,000	(889,000)	(0.12)
June 30, 2019	Q4 FY2019	1,307,000	(932,000)	(0.13)
March 31, 2019	Q3 FY2019	2,269,000	(2,624,000)	(0.36)
December 31, 2018	Q2 FY2019	4,237,000	(279,000)	(0.04)

Generally, ginseng sales activities start in the winter and conclude in the spring of the following year. Consequently, the Company generates most of, and at times all of, its revenues for the year in the second and third fiscal quarters. The actual timing and volume of sales each year is however dependent on general economic conditions, market demand, global supply and inventory. Significantly adding to these factors now are the trade disputes between China and the United States, a continued poor political relationship between Canada and China, and the economic impact and uncertainty from the ongoing COVID-19 pandemic.

Fluctuations in net income among the quarters in a fiscal year, or between the same quarters in consecutive fiscal years, are primarily due to a change in the fair value of ginseng crops which result from changes in the estimate of prices and yields, the age of the crops and the number of acres under cultivation.

## **IMPERIAL GINSENG PRODUCTS LTD.**

Management's Discussion and Analysis

Three-Month Period ended September 30, 2020

---

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance, liquidity or capital resources of the Company.

### **Liquidity and Capital Resources**

The Company's approach to managing its liquidity is to ensure that it has sufficient resources to meet its liabilities when they come due and to have sufficient working capital to fund operations for the ensuing fiscal year. The Company has established a credit facility with a Canadian chartered bank, which include a revolving line of credit for day-to-day operations. At September 30, 2020, the Company did not draw on this facility.

The Company had a working capital surplus of \$4.63 million at September 30, 2020, almost all of which consisted of ginseng in the form of dried root inventory and mature crops. As discussed in the MD&A for the year ended June 30, 2020, fiscal 2021 is expected to be a continuation of the prior year which was challenging and difficult. Now with the Board's decisions to cease all new plantings and continue only with the mature and near-maturity crops, along with the sale of all the immature crops at a substantial loss, the Company will likely have sufficient cash flows to cover its operations and debt obligations when they come due without having to seek additional capital resources or financing alternatives, which in any event, would become very difficult given the Company's current plan to exit the industry after harvesting all the remaining crops. The Company would hope to be able to sell its real properties should it require additional working capital.

### **Transactions with Related Parties**

Knightswood Holdings Ltd. ("Knightswood");  
Elcyc Holdings Ltd. and Canterra Capital Corp. (collectively the "Operator")

Under a business management agreement between the Company and the Operator (the "Knightswood Agreement"), Knightswood, a wholly owned subsidiary of the Company, is solely managed by the Operator. Elcyc Holdings Ltd. is owned and controlled by Maurice Levesque, executive vice-president and director of the Company and Canterra Capital Corp. is owned and controlled by Stephen McCoach, CEO and director of the Company.

Under the Knightswood Agreement, the Company will not commit its management or resources and is under no obligation to advance funds to or cover the expenses of Knightswood. The Operator is solely responsible for managing the business operations and financial affairs, making decisions and setting out policies of Knightswood. In return, the Operator is entitled to all the cash surplus in Knightswood after paying a fixed annual fee of \$50,000 to the Company for holding the shares of Knightswood (the "Fixed Fee"). The Fixed Fee is due in four equal instalments at the end of each calendar quarter and will be paid by Knightswood directly to the Company. For the three months ended September 30, 2020, the Company reported \$13,000 in other income. No amount was outstanding from Knightswood at September 30, 2020.

Ponderosa Ginseng Farms Corp. ("Ponderosa")

The Company and Ponderosa, a private company having a director in common with the Company, have a ginseng farming agreement (the "Farming Agreement") under which the Company plants and maintains certain number of acres of ginseng in Ontario for the benefit of Ponderosa each year (the "Ponderosa Acres"). Pursuant to the Farming Agreement, Ponderosa reimburses the Company the actual farming and root processing expenses (the "Actual Costs"), which are estimated and prepaid annually (the "Prepayment") prior to the beginning of the Company's fiscal year. In return, the Company earns a planting

## IMPERIAL GINSENG PRODUCTS LTD.

Management's Discussion and Analysis  
Three-Month Period ended September 30, 2020

---

fee equal to 15% of the Actual Costs from Ponderosa. Subsequent to the completion of a farming year, the Company will calculate the Actual Costs and settle the account with Ponderosa accordingly.

In 2017, Ponderosa notified the Company to terminate planting new acres but continue with farming the existing Ponderosa Acres until they are gradually harvested out. At September 30, 2020, there remained 7 Ponderosa Acres which have all been harvested at the date of this report. For the three months ended September 30, 2020, the Company incurred Actual Costs of \$29,000. Total planting fee income realized in the period was \$4,000. At September 30, 2020, the balance of prepayment was \$49,000.

Pursuant to the Farming Agreement, the Company will undertake the selling of ginseng root harvested from the Ponderosa Acres and pay to Ponderosa the full amount of proceeds from each completed sale within 30 days of receipt by the Company. For the three months ended September 30, 2020, the Company made sales totaling \$153,000 for Ponderosa. No amounts were outstanding to Ponderosa at September 30, 2020.

### Key management personnel compensation

The Company's key management personnel include members of the Board and executive officers of both the Company and its subsidiary, Canadian Imperial Ginseng Ontario Ltd. ("CIGO"). Compensation of key management personnel consists of short-term benefits which include salaries, bonuses and medical benefits. Short-term benefits for the president of CIGO are included in crop expenses. The Company does not provide any post-employment benefits or other long-term employee benefits. No stock options were granted to key management personnel during the three-month periods ended September 30, 2020 and 2019. For the three-month periods ended September 30, 2020 and 2019, compensation to key management personnel was as follows:

<b>For the three months ended September 30,</b>	<b>2020</b>	<b>2019</b>
Short-term benefits:		
Executive officers	\$ 175,000	\$ 170,000
Directors	2,000	4,000
	<b>\$ 177,000</b>	<b>\$ 174,000</b>

### **Proposed Transactions**

There are no proposed transactions at the date of this report.

### **Critical Accounting Estimates**

Management of the Company is required to make critical accounting estimates and judgments in determining the carrying amount of the following and/or the nature of transaction when preparing the consolidated financial statements in accordance with IFRS. Actual amounts could differ materially from those estimates.

#### Fair value of biological assets

When determining the fair value of crops, management is required to make a number of estimates including market prices, yields, costs to complete and harvest, and a discount rate to calculate the present value of future cash flows. These estimates are subject to volatility in market prices and a number of uncontrollable

## **IMPERIAL GINSENG PRODUCTS LTD.**

Management's Discussion and Analysis

Three-Month Period ended September 30, 2020

---

factors. These factors could significantly affect the fair value of the crops resulting in fair value re-measurement in the future accounting periods.

### Fair value of investments

Management estimates the fair value of its investment in Ponderosa using a discounted expected cash flows model based on its own industry knowledge, historical experience and expectations of future operating results believed to be reasonable under the circumstances. These estimates are subject to a number of factors including the realization of expected yields, volatility of the ginseng market, a discount rate based on management's judgment and a number of uncontrollable factors. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

### Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated expenses necessary to make the sale. These estimates are based on the current market condition and it could change significantly.

### Assessment of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives, taking into account the residual value at the end of their useful life, and are written down if they are impaired. Management estimates the residual values, useful lives and impairment based on its past experience with assets of similar nature and functions. Actual results could differ from these estimates.

### Long-term borrowings and loans

Long-term borrowing and loans are classified as other financial liabilities, recorded at fair value on initial recognition and subsequently measured at amortized cost using the effective interest method. Estimates used in determining the effective interest rate include the risk-free interest rate, cost of borrowing and market risk.

### Leases

In assessing whether a contract contains a lease, management applies judgments when determining whether the contract involves the use of an identified asset, which should be physically distinct and provide the right to substantially all of the economic benefits from the use of the asset. Judgment is also applied in determining whether the Company has the right to control the use of the identified asset.

Lease liabilities are measured at the present value of the lease payments discounted using the Company's incremental borrowing rate. Management makes estimates in determining the incremental borrowing rate used to measure the lease liability for each lease contract when the interest rate implicit in the lease is not readily available. The incremental borrowing rate should reflect the interest rate that the Company would have to pay to borrow at a similar term and with a similar security. Determination of the incremental borrowing rate requires significant judgment and may have significant impact on the amount of lease liabilities recognized.

When estimating the lease term, on commencement date of the lease, management considers the facts and circumstances when determining whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company periodically reassesses whether it is reasonably certain to exercise the options and accounts for any changes at the date of the

**IMPERIAL GINSENG PRODUCTS LTD.**  
Management's Discussion and Analysis  
Three-Month Period ended September 30, 2020

---

reassessment. Judgment on the lease term may significantly affect the amount of lease liabilities and right-of-use assets recognized.

Income tax

Deferred tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of assets and liabilities, as well as accumulated tax losses. The Company estimates the timing of the reversal of these temporary differences and applies an applicable tax rate. Since there could be changes in the expected operating results or enacted tax rates and legislation, it might result in material adjustments to deferred tax.

Fair value measurement of share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option and volatility and making assumptions about them.

Contingencies

Provisions are accrued for liabilities with uncertain timing or amounts if it is likely that both a liability has been incurred and the amount can be reasonably estimated. The adequacy of provisions is regularly assessed as new information becomes available. No accrual will be made if it is not possible to determine whether such a liability has occurred or to reasonably estimate the amount of loss.

Determination of control of subsidiaries

The Company relies on its interpretation of the definition of control under IFRS in determining whether consolidation of the financial statements of the Company and its subsidiaries is required. In determining whether the Company controls its subsidiary, management assesses whether the Company has (i) power over the subsidiary; (ii) exposure, or rights, to variable returns from its involvement with the subsidiary and (iii) the ability to use its power over the subsidiary to affect those returns.

Going concern assessment

The ability of the Company to continue as a going concern involves management judgments in assessing whether the going concern assumption is appropriate, for which management takes into account all available information it has about the future. Management continues to closely monitor any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

**Financial Instrument and Risk Management**

The Company's financial instruments include cash and cash equivalents, trade and other receivables, investments, accounts payable and accrued liabilities, long-term loans and long-term borrowings.

Cash and cash equivalents are exposed to credit risk and the Company reduces the credit risk by placing all its cash with Canadian chartered banks in accounts that are drawn on demand.

## IMPERIAL GINSENG PRODUCTS LTD.

Management's Discussion and Analysis

Three-Month Period ended September 30, 2020

---

Trade receivables primarily relate to the timing of sales receivables. Generally, the Company does not have sales receivables as the transactions with the sole distributor of the Company are cash terms. Other receivables consist of input tax credit and security deposits, which credit risks are considered to be minimal.

The Company is exposed to liquidity risk with respect to its accounts payable and accrued liabilities. The Company attempts to manage its liquidity risk by ensuring that there is sufficient working capital for its ongoing operating expenditures through an arrangement with credit facilities.

The Company's term facilities and collateral loans are not subject to interest rate risk as they are fixed interest rate loans. However, the revolving line of credit is subject to interest rate risk as the interest rate is based on the prime rate. The Company does not use derivative instruments to mitigate this risk.

### Outstanding Share Data

At September 30, 2020 and the date of this report, there were 7,326,547 common shares issued and outstanding and stock options with a weighted average exercise price of \$0.85 per common share for the purchase of 182,000 common shares.

### Cautionary Note Regarding Forward-Looking Information and Business Risks

*This MD&A contains certain forward-looking statements and forward-looking information within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve risks, uncertainties and other factors beyond the Company's ability to predict or control which may cause actual results and performance to differ materially from those anticipated.*

*Although management believes that the assumptions made and the expectations represented in such forward-looking statements are reasonable, there is no assurance that such forward-looking statement or information herein will prove to be correct. Forward-looking information includes, without limitation, statement or information about the following:*

- *management's forecast for the yields and prices of ginseng.*

*Although management considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect. These assumptions include, but not limited to, the following:*

- *the Company's ability to meet the expected yields.*
- *the ability to sell the ginseng at a reasonable price and in a timely manner.*

*Although we have attempted to identify factors that may cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Also, many of the factors are beyond our control. The Company cannot guarantee future results, performance or achievements. There can be no assurance that any forward-looking statement will materialize. As actual results and future events could vary materially from those anticipated in such statements and information, readers should not place undue reliance on forward-looking statements or information.*

**IMPERIAL GINSENG PRODUCTS LTD.**  
Management's Discussion and Analysis  
Three-Month Period ended September 30, 2020

---

*Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may impact the financial performance of the Company when further information becomes available.*

*The forward-looking information contained in this MD&A is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*