

HempNova Lifetech Corporation

(Formerly Pacific Link Mining Corp.)

Management Discussion and Analysis
Three and Nine months ended September 30, 2019

Introduction

The following Management Discussion and Analysis (“MD&A”) of HempNova Lifetech Corporation. (the “Company”) has been prepared by management, in accordance with the requirements of National Instrument 51-102 (“NI 51-102”) as of November 29, 2019 and should be read in conjunction with the interim financial statements for the same period and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a “venture issuer” as defined in NI 51-102. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com. All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are presented in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Corporate Update and Subsequent Events

Nature of business, name change, delisting from the TSX Venture Exchange

HempNova Lifetech Corporation (formerly Pacific Link Mining Corp.) (the “Company”) was incorporated in British Columbia in October 1989. The Company changed its name to HempNova Lifetech Corporation on May 2, 2019. The registered address, head office, principal address and records office of the Company are located at 2060 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3.

The Company, through its wholly owned subsidiary HempNova Lifetech (Oregon) Corp., is currently pursuing a change of business as a life science company, engaging in industrial hemp related services and products. HempNova Lifetech (Oregon) Corp. was incorporated in Oregon, USA.

The Company voluntarily delisted its shares from the TSX Venture Exchange on May 1, 2019 and continues its efforts to secure a listing on the Canadian Securities Exchange.

Aibeida transaction

On September 18, 2018, the Company entered into a share exchange agreement (the “Definitive Agreement”) with Aibeida Lifetech Limited (“Aibeida”), Hang Zhou Aibeida Technologies Co. Ltd. (“HZAT”), Clever Splendor Limited (“Clever Splendor”) and H.K. Gimaras Industrial Co. Ltd. (“Gimaras”) pursuant to which the Company would acquire all of the issued and outstanding shares of Aibeida from Clever Splendor and Gimaras (the “Aibeida Transaction”).

As at September 30, 2019, the Company has an outstanding loan to Aibeida of \$200,000 (the “Loan”). The Loan is interest free and repayable on demand in the event that the Aibeida Transaction is terminated. Aibeida shareholders have pledged all outstanding shares of Aibeida as security for repayment of the Loan. The Company has also advanced \$38,497 (including in the Company’s receivables) to Aibeida and CBD 99 Inc. which is a wholly owned subsidiary of Aibeida. This advance is non-interest bearing, unsecured and payable on demand.

Subsequent to the period ended September 30, 2019, the Definitive Agreement was terminated on November 27, 2019 due to breaches of the Definitive Agreement by Aibeida and its shareholders. The Company is seeking to recover damages, receivables, and loan receivable from Aibeida, Clever Splendor and Gimaras.

New manufacturing facilities

During the nine months period ended September 30, 2019, the Company has leased a 23,000 square feet facility (the “Oscar Facility”) located at 706 Oscar St., Eugene, Oregon, USA. The Oscar Facility was a USDA certified food processing facility. The Company plans to convert this facility into a GMP certified hemp

processing facility providing one-stop solution to hemp growers, including hemp drying, biomass storage, research and development, product formulation, in-house analytical testing, and commercial hemp extraction producing CBD oil and isolates. HempNova Oregon has received an Industrial Hemp Handler License from Oregon Department of Agriculture (“ODA”) for the Oscar Facility.

The industrial hemp industry in Oregon is growing rapidly after the 2018 Farm Bill. There is a serious shortage of hemp drying and storage facilities. During the nine months ended September 30, 2019, the Company has completed the construction of 10,000 square feet drying shop (“Eugene Drying Shop”), in which four commercial dryers have installed. Test run has started October 1, 2019 and successfully completed on November 17, 2019, during which approximately 1.5 million pounds of dried hemp biomass were produced. Subsequent to November 17, 2019, Eugene Drying Shop has passed all building inspections and is in the final stage to obtaining final occupancy permit from City of Eugene.

In addition, HempNova Oregon has leased a 15,000 square feet warehouse located in White City, Oregon, USA (the “White City Facility”) in August. An Industrial Hemp Handler License has been granted to the White City Facility by ODA. The Company plans to convert this warehouse into a hemp storage facility. Two large commercial dryers are currently stored in the White City Facility.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly financial information for each of the last eight recently completed quarters:

Quarter ended	9/30/2019	6/30/2019	3/31/2019	12/31/2018
	\$	\$	\$	\$
Expenses	(438,030)	(361,766)	(38,603)	(130,535)
Net loss	(435,159)	(360,112)	(38,603)	(128,969)
Loss per share	(0.01)	(0.01)	(0.00)	(0.00)

	9/30/2018	6/30/2018	3/31/2018	12/31/2017
	\$	\$	\$	\$
Expenses	(51,734)	(15,244)	(9,022)	(17,263)
Net loss	(51,261)	(14,777)	(8,616)	(18,328)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Results of Operations

Nine months ended September 30, 2019

The Company’s loss for this nine-month period was \$833,874 (2018 - \$74,654), which mainly comprised of operating expenses of \$838,399 (2018 - \$76,000).

During this nine-month period, the Company incurred consulting expenses of \$224,747 (2018 - \$23,500), salaries and benefits of \$151,701 (2018 - \$3,789), legal and filing fees of \$92,635 (2018 - \$35,557), travel expenses of \$59,255 (2018 - \$Nil), and office expenses of \$119,667 (2018 - \$6,165). The Company has been actively developing its manufacturing facilities during the third quarter of 2019. As a result, operating expenses are generally higher.

Three months ended September 30, 2019

The Company’s loss for the period was \$435,159 (2018 - \$51,261), which mainly comprised of operating expenses of \$438,030 (2018 - \$51,734).

During the three months ended September 30, 2019, the Company incurred consulting fees of \$85,125 (2018 - \$19,000), salaries and benefits of \$101,666 (2018 - \$Nil), legal and filing of \$21,972 (2018 -

\$28,444), travel expenses of \$21,168 (2018 - \$Nil), and office expenses of \$73,686 (2018 - \$839). The Company has been actively developing its manufacturing facilities during the third quarter of 2019. As a result, operating expenses are generally higher.

Liquidity and Capital Resources

The Company has recurring losses and did not have revenue in the last three years. The Company's operations have been achieved primarily financed through equity financing.

The Company's capital resources in hands may not be sufficient to cover its operating costs and future capital expenditures to develop its business in the next twelve months. As such, the Company may need to raise additional capital. Even the Company has a proven history to obtain funding when needed in the past, there is not guarantee the Company can do so in the future.

The Company is not subject to external working capital requirements.

Transactions with Related Parties

The Company, Minco Capital Corp. ("Minco Capital") and Minco Base Metals Corp. ("MBM") are related as all entities have some management team members and certain directors in common.

Transactions with related parties

During the nine months ended September 30, 2019, the Company incurred \$7,200 (2018 - \$6,856) to Minco Capital for reimbursement of shared office and rent expenses for the headquarter in Vancouver.

Key management personnel compensation

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Accounting, consulting and management fees	93,804	21,000	188,804	27,750
	93,804	21,000	188,804	27,750

Due to related parties

As at September 30, 2019, the Company's amount payable to related parties are as follow:

- MBM of \$42,233 (December 31, 2018 - \$Nil),
- Minco Capital of \$6,144 (December 31, 2018 - \$1,109),
- the Company's CEO of \$63,707 (December 31, 2018 - \$Nil).

Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

Trust arrangement with Zhongjia Kailong

The Company has been purchasing substantial amount of manufacturing equipment from suppliers in China for its newly established manufacturing facilities in Oregon, USA. In order to facilitate such purchases, the Company entered into a trust agreement (the "Trust Agreement") with Beijing Zhongjia Kailong Technology Development Co. Ltd. ("Zhongjia"), a Chinese registered entity controlled by a brother of the Company's CEO. The Company transferred \$1,500,000 to Zhongjia's bank account. Zhongjia has processed all the purchase orders and payments on behalf of the Company for the production equipment acquired. As at September 30, 2019, the amount held by Zhongjia on behalf of the Company was \$260,171.

Risks and Uncertainties

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

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

Outstanding Share Data

As at the date of this report, the Company has 45,300,853 common shares outstanding.

Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions

Internal Controls over Financial Reporting

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements.

The management of the Company has filed the Venture Issuer Basic Certificate on SEDAR at www.sedar.com. In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Adoption of New Accounting Policies

Commencing January 1, 2019, the Company adopted IFRS 16-Leases. Details are available at the note 2

to the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2019.

Financial Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is the risk of liquidity of cash. As the Company's policy is to limit cash holdings to instruments issued by major Canadian or US banks, or investments of equivalent or better quality, the credit risk is considered not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at September 30 2019, the Company has positive working capital and had sufficient resources to repay current liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash which is not considered to be significant.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to the short-term nature.

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's cash is a Level-1 financial asset. The Company does not have Level 2 and Level 3 financial instruments.

Financial assets and liabilities included in the statements of financial position are as follows:

	September 30, 2019	December 31, 2018
Financial assets:		
Fair value through profit or loss:		
Cash	\$ 1,261,139	\$ 363,997
Amortized cost:		
Receivables	39,810	62,522
Loan receivable	\$ 200,000	\$ 200,000

	September 30, 2019	December 31, 2018
Financial liabilities:		
Amortized cost:		
Accounts payable and accrued liabilities	\$ 201,093	\$ 49,345
Customer advance	54,292	-
Due to related parties	\$ 112,084	\$ 1,109

Forward Looking Statements

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guaranteeing of future performance. Forward-looking statements in this MD&A include statements involving known and unknown risks and uncertainties such as general economic and business conditions, change in foreign currency exchange rates, and other factors, including but not limited to our evaluation of the impacts of the adoption of International Financial Reporting Standards. Since forward looking statements address future events and conditions, by their nature, they involve inherent risks and uncertainties. Therefore, actual results may be materially different from those expressed or implied in such statements. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. HempNova Lifetech Corporation has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.