

**HEMPNOVA LIFETECH CORPORATION  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

*This Management's Discussion and Analysis ("MD&A") of HempNova Lifetech Corporation ("we", "our", "us", "HempNova" or the "Company") has been prepared by management, in accordance with the requirements of National Instrument 51-102 ("NI 51-102"), and on the basis of available information up to October 4, 2021, and should be read in conjunction with the accompanying audited consolidated financial statements and related notes prepared by management for the year ended June 30, 2021, the six months ended June 30, 2020, and the year ended December 31, 2019. The Company's consolidated financial statements have been prepared in accordance with Financial Reporting of International Financial Reporting Standards ("IFRS").*

*Except as noted, all financial amounts are expressed in Canadian dollars. All references to "\$" and "dollars" are to Canadian dollars, all references to "US\$" are United States dollars. Some dollar amounts are rounded to thousand ('000) for discussion purpose.*

*Additional information regarding the Company, including our continuous disclosure materials, the audited consolidated financial statements and the MD&A is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's audit committee reviews the condensed consolidated interim financial statements and the MD&A, and recommends approval to the Company's board of directors.*

*Refer to Note 3 of the audited consolidated financial statements for the year ended June 30, 2021 for details of the Company's significant accounting policies.*

The Company was incorporated in British Columbia in October 1989. The Company changed its name from Pacific Link Mining Corp. to HempNova Lifetech Corporation on May 2, 2019. The head office, principal address and records office of the Company are 2060 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3. On May 1, 2019, the Company voluntarily delisted its shares from the TSX Venture Exchange.

The Company, through its wholly owned subsidiary HempNova Lifetech (USA) Corp. ("HempNova Oregon"), has been engaging in industrial hemp related services and products since 2019. HempNova Oregon was incorporated in Oregon, USA. On April 6, 2020, HempNova Oregon changed its name from HempNova Lifetech (Oregon) Corp. to HempNova Lifetech (USA) Corp. and its jurisdiction from the State of Oregon to the State of Delaware.

In April 2020, the Company also registered the following wholly owned subsidiaries in the USA:

HempNova Oregon LLC	100% owned by HempNova Lifetech (USA) Corp.
HempNova Asset Management LLC	100% owned by HempNova Lifetech (USA) Corp.
HNL2 Holdings LLC	100% owned by HempNova Asset Management LLC
HNL3 Holding LLC	100% owned by HempNova Asset Management LLC
HempNova Eugene LLC	100% owned by HempNova Oregon LLC
HempNova 238 LLC	100% owned by HempNova Oregon LLC

Since March 2020, the coronavirus ("COVID-19") has slowed down the global economy and caused volatility in the global financial markets. The extent to which COVID-19 may impact the Company's business will depend on the duration of the outbreak, travel restrictions, the effectiveness of actions and vaccine taken to contain and treat the disease. Although it is not possible to reliably estimate the financial impact, COVID-19 has an adverse effect on the Company's financial position, results of operations and cash flows in future periods.

**Change of fiscal year end**

On April 28, 2020, the Company changed its fiscal year end from December 31 to June 30 effective immediately

to better reflect the seasonality of its operations. The Company's transition period is the six months ended June 30, 2020, and the comparative period is the twelve months ended December 31, 2019. The Notice of Change of Fiscal Year End was filed on April 28, 2020 by the Company on SEDAR pursuant to NI 51-102.

The Company filed audited consolidated financial statements for the six-month transition period ended June 30, 2020, (with comparative figures to its old fiscal year ended December 31, 2019). In respect of its new fiscal year ended June 30, 2021, the Company also filed the following financial statements:

1. Unaudited interim consolidated financial statements for the first quarter ended September 30, 2020 (with comparative figures to the period ending September 30, 2019);
2. Unaudited interim consolidated financial statements for the second quarter ended December 31, 2020 (with comparative figures to the period ended December 31, 2019);
3. Unaudited interim consolidated financial statements for the third quarter ended March 31, 2021 (with comparative figures to the period ended March 31, 2019); and
4. Audited consolidated financial statements for the new fiscal year ended June 30, 2021 (with comparative figures to its six-month transition period ended June 30, 2020 and its old fiscal year ended December 31, 2019).

## Table of Contents

1.	CORE BUSINESSES AND STRATEGY .....	4
2.	BUSINESS ACTIVITIES.....	4
3.	SELECTED ANNUAL INFORMATION.....	6
4.	SUMMARY OF QUARTERLY RESULTS .....	7
5.	RESULTS OF OPERATIONS .....	7
6.	LIQUIDITY AND CAPITAL RESOURCES.....	11
7.	TRANSACTIONS WITH RELATED PARTIES .....	13
8.	OUTSTANDING SHARE DATA.....	15
9.	OFF-BALANCE SHEET ARRANGEMENTS .....	15
10.	INTERNAL CONTROLS OVER FINANCIAL REPORTING .....	16
11.	FINANCIAL INSTRUMENTS .....	16
12.	CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCY .....	18
13.	FORWARD LOOKING STATEMENTS .....	18

## **1. Core Businesses and Strategy**

The Company is engaging in industrial hemp related services and products. The Company's strategy is to become a leading vertical integrated one-stop service provider to hemp growers with services including germination, propagation, flower drying and processing, biomass drying and processing, marketing and sales of hemp related products to retailers, wholesalers, industrial users and consumers. The Company's goal is to create healthy returns to stakeholders through efficient management, organic growth and meaningful acquisitions. The Company currently operates two hemp centers – Oscar Facility in Eugene, Oregon, USA (“Oscar Facility”) and Seven Oaks Hemp Center (“7Oaks Hemp Center”) in Central Point, Oregon, USA. The Company has built up its Oscar Facility as a Good Manufacturing Practice (“GMP”) certified hemp refinery facility and expanded its 7Oaks Hemp Center currently focusing on cultivation, processing and sales of hemp smokable flowers.

## **2. Business Activities**

### **Oscar Facility**

In June 2019, the Company leased and started building up its first hemp processing facility (the “Oscar Facility”) in Eugene, Oregon, USA. The Oscar Facility, a U.S. Department of Agriculture (“USDA”) certified food processing facility, is a 1.7-acre commercial property with 23,000 square feet factory and warehouses. At the Oscar Facility, outside of the existing building, the Company built and fully permitted a 10,000 square feet hemp drying workshop and installed four commercial dryers therein.

During 2019 drying season, the Company provided drying and storage services to local hemp growers and dried 1.4 million pounds of died biomass in its 49 days drying operation and generated \$7 million revenue by providing drying and storage services. The Company also built up a laboratory inside the Oscar Facility for analyses, research, and development.

In 2020, the Company built a 10,000 square feet refinery to convert hemp crude oil into distillates, isolate and other hemp-derived products. In October 2020, the Company obtained a cGMP certificate for the Oscar Facility, which is a key qualification for safety, quality control and marketing the Company's products to large customers. The Company has completed product development on CBD isolate and full spectrum distillate with the capability of producing 200 kilograms of high-purity CBD isolate and 100 liters of full spectrum distillate per week.

During the fiscal year ended June 30, 2021, Oscar facility produced CBD isolate, Delta-8 oil and distillates, and also provided tolling etc. services, which generated \$510,000 of gross revenue.

The Company has also leased a 15,000 square feet warehouse located in Medford, Oregon, USA (the “Medford Facility”) since August 2019. An Industrial Hemp Handler License was granted to the Medford Facility by Oregon Department of Agriculture (“ODA”). The Company has converted this warehouse into a hemp storage facility. Two large commercial dryers are stored in Medford Facility.

### **7Oaks Hemp Center**

In early 2020, the Company started its expansion plan for a strategic acquisition in Southern Oregon, USA. On May 8, 2020, the Company acquired all assets of 7Oaks Hemp Center, a fully functional turn-key hemp operation, located at 5130 Seven Oaks Road, Central Point, Oregon, USA for \$2.03 million. This acquisition included:

- 45 Acres EFU land with water rights and best soil
- Excellent location, close to major hemp growing areas in Southern Oregon
- Winner of 4 hemp cultivation awards in 2019
- Two existing warehouses for about 16,000 square feet
- One 8,200 square feet greenhouse
- State-of-art irrigation system, water rights, natural gas and three-phase power supply

The Company plans to expand its 7Oaks Hemp Center into a major regional hemp one-stop service center for Southern Oregon growers, including drying and processing facilities for smokable flowers, drying shops for biomass, and extraction facility for hemp crude oil production.

#### Phase I Construction

During Phase I construction in 2020, the Company designed and constructed a 54,000 square feet state-of-the-art multipurpose greenhouse with an automatic climate control system. A new 18,000 square feet steel-structured warehouse was also built for flower drying, curing, and storage.

The Company substantially upgraded 7Oaks infrastructure by increasing the natural gas supply from 8 million to 50 million BTU, expanding power supply from 800 amp to 2,800 amp, building underground gas-power-water-sewage systems and opening a new southern entrance with connecting road access.

#### Cultivation

During the 2020 season, the Company cultivated 65,000 hemp plants over 33 acres. Growing hemp on our own has enabled us to understand farmers' needs and serve our customers better. During this productive growing season, the Company harvested 36,000 pounds of untrimmed dried smokable flowers. The Company also extracted high-quality terpenes from six different hemp strains. Two in-house designed and custom-made flower harvesting tractors dramatically increased the efficiency of time-consuming flower harvesting process. Subsequent to the year ended June 30, 2021, the Company has cultivated 27,000 hemp plants over 10 acres.

#### Flower Drying and Processing

The Company custom-designed a 17-level movable rack and plastic tray system for premium flower drying inside the Company's specially-engineered, state-of-the-art greenhouse. This greenhouse has the capacity to dry 300,000 pounds of fresh hemp flowers per week. The Company utilized large industrial dehumidifiers, heaters, ventilation fans, and an automatic climate control system to provide the best flower drying environment.

During the 2020 season, the Company produced 120,000 pounds of dried hemp flowers for ourselves and customers. 7Oaks Hemp Center has become one of the largest premium flower-drying facilities in Southern Oregon.

#### Smokable Hemp Flowers Sales

During the year ended June 30, 2021, the Company trimmed approximate 10,981 pounds of smokable hemp flowers, of which 3,117 pounds were sold for a gross revenue of \$1,125,000.

#### **Financing Activities**

In February 2020, the Company approved \$347,545 of incentive payments to directors, officers, employees and consultants. The Company issued 1,115,000 common shares at \$0.2 per share for a total of \$223,000 and paid \$124,545 in cash for the settlement. Also, the Company granted 3,500,000 stock options to certain of its directors, employees and consultants at an exercise price of \$0.20 per common share in February 2020 and 200,000 stock options to a senior officer at an exercise price of \$0.40 per common share in March 2020. These options vest 1/3 each year over three years from the grant date and are exercisable for a period of five years.

In May 2020, the Company closed a non-brokered private placement of 16,167,500 common shares at a price of \$0.40 per share for gross proceeds of \$6,467,000. A finder's fee of \$129,550 was paid in connection with this financing. Such funds were used for the Company's expansion in Southern Oregon and general working capital.

In October 2020, the Company closed a \$4,198,600 convertible note financing (the "Debenture"). The Debenture is an unsecured debt obligation of the Company and bears interest at a rate of 10% per annum to be paid annually in arrears on each of the first, second and third anniversary of the closing date. Subject to conversion, the principal amount of the Debenture will mature and be repayable in full on the third anniversary of the closing date (the "Maturity Date").

The principal amount of the Debenture may be converted, in whole or in part, into common shares of the Company at a conversion price of \$0.50 per common share until the second anniversary of the closing date and, thereafter, at a conversion price of \$0.60 per common share until the Maturity Date. The Company may redeem

the Debenture upon 30 days' notice to the purchaser at any time prior to the maturity date.

The net proceeds from the Debenture have funded the Company's expansion plans and general working capital.

The Company signed a loan agreement effective December 1, 2020 with Minco Base Metals Corporation ("MBM"), a company controlled by the Company's CEO, to borrow \$247,880 (US \$200,000) (the "Loan"). The Loan was received on December 2, 2020. The Company has agreed to pledge its fixed assets as security for the Loan. The Loan will be repayable in full on or before November 30, 2021 and bear interest at the rate of 10% per annum, calculated and compounded monthly. As at June 30, 2021, \$15,450 of interests was accrued and included in the carrying amount of the loan from related party.

The Company signed a loan agreement effective February 1, 2021 with MBM to borrow a total of \$200,000 (the "2nd Loan"). The Company has agreed to pledge its fixed assets as security for the 2nd Loan. The Loan will be repayable in full on or before January 31, 2022 and bear interest at the rate of 10% per annum, calculated and compounded monthly. The Company received the loan in connection with the 2nd Loan. As at June 30, 2021, \$7,573 of interest was accrued and included in the carrying amount of the 2nd loan from related party.

The Company signed a loan agreement effective September 13, 2021 with MBM to borrow a total of \$153,521 (RMB 800,000) (the "3rd Loan") and received the loan accordingly. The Company has agreed to pledge its fixed assets as security for the 3rd Loan. The Loan will be repayable in full on or before September 13, 2022 and bear interest at the rate of 10% per annum, calculated and compounded monthly.

### Abeida Transaction

In 2019, the Company terminated the Share Exchange Agreement dated September 18, 2018 (the "Aibeida Agreement") made among the Company, Aibeida Lifetech Ltd. ("Aibeida"), Hang Zhou Aibeida Technologies Co. Ltd., 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 termination was the result of material breaches by Aibeida, Clever Splendor and Gimaras of their obligations under the Aibeida Agreement.

In 2018, the Company advanced a loan of \$200,000 (the "Loan") and \$38,497 to Aibeida and its subsidiary for a total of \$238,497 with non-interest bearing and repayable on demand. Aibeida shareholders had pledged all outstanding shares of Aibeida as security for repayment of the Loan. A notice of the Loan collection was sent to Aibeida on November 25, 2019. As at the date of this MD&A, the Company has not received the recovery of \$238,497 and the Company will continue its legal collateral action to recover the Loan and advance.

### 3. Selected Annual Information

The following table summarizes selected annual financial information for the year ended June 30, 2021, for the six months transition period ended June 30, 2020 and for the year ended December 31, 2019.	For the year ended June 30, 2021	For the six months ended June 30, 2020	For the year ended December 31, 2019
	\$	\$	\$
Revenue, net of discounts and commission	1,560,898	439,290	7,042,932
Net (loss) / income after taxes	(1,670,988)	(3,588,235)	2,842,200
Total assets	16,305,393	14,686,960	12,036,582
Total long-term liabilities	6,754,702	3,134,058	3,963,368
Net (loss) / income per share – basic and diluted	(0.03)	(0.07)	0.08
Dividend	Nil	Nil	Nil

The financial data presented above for the current and comparative periods was derived from the financial statements prepared in accordance with IFRS.

The Company started its industrial hemp related business in 2019 and started generating revenue of \$7 million from drying and storage services during the fourth quarter of 2019. The Company's primary revenue is seasonal in nature. During the year ended June 30, 2021, the Company started its own cultivation of smokable hemp

flowers. In accordance with IAS41 – *Agriculture*, biological assets are valued and presented at their fair values less costs to sell up to the point of harvest. As such, during the year ended June 30, 2021, the Company recorded \$2.5 million of an unrealized fair value adjustment on biological assets at the point of harvest. During the six months transition period ended June 30, 2021, the revenue of \$439,000 was mainly from storage services and during the year ended June 30, 2021, the revenue of \$1.6 million mainly from the sales of smokable hemp flowers, CBD isolate, Delta-8 oil and distillates, as well as tolling service, etc.

#### 4. Summary of Quarterly Results

Variations in quarterly performance over the eight quarters were primarily because the Company’s primary revenue is seasonal in nature with the major revenue generated in the fourth calendar quarter; also, the variations were primarily due to variation in fair value adjustment on biological assets upon harvest, inventory write-off, change in foreign exchange rate, share-based compensation. The following table sets forth selected unaudited quarterly financial information for each of the last eight recently completed quarters:

	6/30/2021	3/31/2021	12/31/2020	9/30/2020
	\$	\$	\$	\$
Revenue, net of discounts and commission	743,195	636,067	181,636	-
Cost	(595,068)	(479,172)	(49,336)	-
Unrealized fair value adjustment and changes in inventory	(3,417,016)	(229,671)	6,125,920	-
Gross (loss) / profit	(3,268,889)	(72,776)	6,258,220	-
Operating expenses	(818,125)	(941,269)	(733,344)	(796,029)
Net (loss) / income after taxes	(3,981,547)	(1,054,620)	4,149,280	(784,101)
(Loss) / Earnings per share – Basic	(0.06)	(0.02)	0.07	(0.01)
(Loss) / Earnings per share – Diluted	(0.06)	(0.02)	0.06	(0.01)

  

	6/30/2020	3/31/2020	12/31/2019	9/30/2019
	\$	\$	\$	\$
Revenue	237,307	201,983	7,042,932	-
Cost	(73,792)	(72,975)	(1,205,940)	-
Gross profit (loss)	163,515	129,008	5,836,992	-
Operating expenses	(1,290,867)	(1,013,536)	(690,349)	(438,030)
Net (loss) / income after taxes	(2,705,453)	(882,782)	3,676,074	(435,159)
(Loss) / income per share – basic and diluted	(0.05)	(0.02)	0.08	(0.01)

#### 5. Results of Operations

##### 5.1 Operating Result Comparison for the Quarters Ended June 30, 2021, June 30, 2020 and December 31, 2019

The Company’s primary revenue is seasonal in nature with the major revenue generated in the fourth calendar quarter. The Company started generating revenue of \$7 million from hemp biomass drying and storage services during the fourth quarter of 2019. During the three months ended June 30, 2020, the Company’s revenue was mainly from the storage income. The Company started its own cultivation of smokable hemp flowers in 2020 season. In accordance with IAS41 – *Agriculture*, biological assets are valued and presented at their fair values less costs to sell up to the point of harvest. As such, the Company recorded \$6.1 million of an unrealized fair value in the quarter ended December 31, 2020 based on the expected smokable hemp flowers market price at the point of harvest. Such unrealized fair value was adjusted down by \$3.4 million based on the expected smokable hemp flowers market price as at June 30, 2021.

For the three months ended	June 30, 2021	June 30, 2020	December 31, 2019
	\$	\$	\$
Revenue	743,195	237,307	7,042,932
Cost	(595,068)	(73,792)	(1,205,940)
Unrealized fair value adjustment and changes in inventory	(3,417,016)	-	-
Gross profit (loss)	(3,268,889)	163,515	5,836,992
Operating expenses	(818,125)	(1,290,867)	(690,349)
Other expenses	(1,484,390)	(2,787,676)	(239,994)
Loss before taxes	(5,571,404)	(3,915,028)	4,906,649
Deferred income tax recovery (expenses)	1,589,857	1,209,575	(1,230,575)
Net income (loss)	(3,981,547)	(2,705,453)	3,676,074

### 5.1.1 Operating expenses for the three months ended June 30, 2021, June 30, 2020 and December 31, 2019

The following table is a summary of the Company's operating expenses for the fiscal quarters ended June 30, 2021, June 30, 2020 and December 31, 2019:

For the three months ended,	June 30, 2021	June 30, 2020	December 31, 2019
	\$	\$	\$
Audit and accounting	11,601	20,414	3,496
Consulting and management fees	70,258	69,160	106,291
Directors' fee	2,000	2,000	1,000
Legal, filing and transfer fees (a)	59,474	110,437	25,460
Office and miscellaneous (b)	32,400	104,017	70,062
Salaries and benefit (c)	(62,658)	259,435	144,816
Travel and others (d)	14,306	31,748	70,400
Total of general and administrative expenses	127,381	597,211	421,525
Amortization and depreciation (e)	247,425	255,608	133,997
Farm expenses and equipment rental (f)	-	235,112	-
Interest expense (g)	210,360	66,350	100,152
Rent (h)	74,486	33,833	34,675
Research and development (i)	64,922	22,633	-
Sales and marketing (j)	67,556	-	-
Share-based compensation (k)	25,995	80,120	-
Total	818,125	1,290,867	690,349

The operating expenses decreased by \$473,000 during the fiscal quarter ended June 30, 2021 compared to the fiscal quarter ended June 30, 2020 and increased by \$128,000 compared to the fiscal quarter ended December 31, 2019. During the fiscal quarter ended June 30, 2020, the Company purchased 7Oaks facility, registered six fully owned subsidiaries, developed facilities, cultivated 33 acres of hemp, hired more operation team in USA, and closed \$6.5 million of a non-brokered private placement, which resulted in increases in audit and accounting, legal and filing fees, salaries and benefit, office and miscellaneous expenses, equipment rental, farm expenses, etc. operating expenses. Some major changes are described below:

- (a) Legal, filing and transfer agent fees decreased by \$51,000 during the fiscal quarter ended June 30, 2021 compared to the fiscal quarter ended June 30, 2020 mainly due to the additional legal fees paid during the quarter ended June 30, 2020 in connection with the farm purchasing, USA subsidiary reorganization and the private placement financing. The legal fees increased by \$34,000 during the fiscal quarter ended June 30, 2021 compared to the fiscal quarter ended December 31, 2019 mainly due to the expanded operation in USA after December 31, 2019.
- (b) Office and miscellaneous expenses decreased by \$72,000 during the fiscal quarter ended June 30, 2021

compared to the fiscal quarter ended June 30, 2020 and \$38,000 compared to the fiscal quarter ended December 31, 2019 mainly because certain expenses were classified as direct production costs during the quarter ended June 30, 2021 as well as the management cost control.

- (c) The salary and benefits decreased by \$322,000 during the fiscal quarter ended June 30, 2021 compared to the fiscal quarter ended June 30, 2020 and \$207,000 compared to the fiscal quarter ended December 31, 2019 mainly because \$209,000 of incurred eligible payroll cost were fully offset against the government grant received from the U.S. Small Business Administration under the Paycheck Protection Program. The decrease was also because the Company has less administration staff during the fiscal quarter ended June 30, 2021.
- (d) Travel and other expenses decreased by \$17,000 during the fiscal quarter ended June 30, 2021 compared to the fiscal quarter ended June 30, 2020 and \$56,000 compared to the fiscal quarter ended December 31, 2019 mainly due to less travel as a result of COVID-19 impact.
- (e) The amortization and depreciation expenses were decreased by 8,000 during the fiscal quarter ended June 30, 2021 compared to the fiscal quarter ended June 30, 2020 but increased by \$113,000 compared to the fiscal quarter ended December 31, 2019 mainly due to substantial property and equipment purchased since 2019. During the three months ended June 30, 2021, there was \$185,000 (June 30, 2020 - \$167,000 and December 31, 2019 - \$82,000) of depreciation related to the property and equipment and \$62,000 (June 30, 2020 - \$89,000 and December 31, 2019 - \$52,000) of amortization related to right-of-use assets in connection with leases of shared offices and operation facilities. In addition, \$105,000 of depreciation on property and equipment were capitalized to the inventory during the three months ended June 30, 2021 (June 30, 2020 - \$Nil and December 31, 2019 - \$71,000).
- (f) Farm expenses and equipment rental were classified as direct production costs during the fiscal quarter ended June 30, 2021, while \$235,000 farm related expenses were expensed as general operation costs during the fiscal quarter ended June 30, 2020.
- (g) During the fiscal quarter ended June 30, 2021, the Company accrued \$139,000 of interest expenses on convertible debenture (the fiscal quarters ended June 30, 2020 and December 31, 2019 - \$Nil) and \$12,000 of interest expenses on the loan from the related party (the fiscal quarters ended June 30, 2020 and December 31, 2019 - \$Nil) in addition to the interest expenses accreted on the lease obligations.
- (h) Rent expenses increased by \$41,000 during the fiscal quarter ended June 30, 2021 compared to the fiscal quarter ended June 30, 2020 and \$40,000 compared to the fiscal quarter ended December 31, 2019 mainly due to the increased property taxes incurred for Oscar facility and temporary houses leased as staff accommodation.
- (i) The Company hired a research and development team for hemp related products in Oscar facility since the quarter ended June 30, 2020.
- (j) Sales and marketing expenses were mainly related to the Company's sales of smokable hemp flowers and related products.
- (k) Share-based compensation fluctuates from year to year depending on the timing and fair value of options granted and vested in each year. During the fiscal quarter ended June 30, 2021, the Company recorded \$26,000 (June 30, 2020 - \$80,120 and 2019 - \$Nil) of the stock option component as the share-based compensation in connection with 3.7 million options granted to the Company's directors, employees and consultants during 2020.

### 5.1.2 Other income (expenses)

For the three months ended,	June 30, 2021	June 30, 2020	December 31, 2019
	\$	\$	\$
Foreign exchange gain (loss)	15,368	(12,774)	(5,280)
Inventory write-down	(1,539,733)	(2,775,393)	-
Provision for doubtful accounts	-	-	(238,497)
Other income	39,975	491	3,783
<b>Total</b>	<b>(1,484,390)</b>	<b>(2,787,676)</b>	<b>(239,994)</b>

#### Foreign exchange gain (loss)

The functional currency of the Company is the Canadian dollar and the functional currency of its subsidiaries is US dollar. The foreign exchange gain (loss) was mainly due to the effect of the change of exchange rate between US dollar and Canadian dollar on the US dollar denominated in cash and loan, etc. held by the Company's parent company.

#### Inventory write-down

Inventory were impaired by \$1.5 million during the fiscal quarter ended June 30, 2021 and \$2.8 million during the fiscal quarter ended June 30, 2020 mainly due to the impairment of 2019 hemp biomass.

#### Provision for doubtful accounts

As at December 31, 2019, the Company recorded a valuation allowance of \$238,497 related to doubtful Abeida Loan receivable.

### 5.2 Operating Result Comparison for the Year Ended June 30, 2021, the Six Months Transition Period ended June 30, 2020 and the Year Ended June 30, 2019

The Company changed its fiscal year end from December 31 to June 30 in April 28, 2020 to better reflect the seasonality of its operations. The Company's new fiscal year ended June 30, 2021 and the comparative period is the transition period of six months ended June 30, 2020 and the old fiscal year ended December 31, 2019. As such, the operating result comparison did not provide typical year to year analyses and an operating summary is as follows:

	For the year ended June 30, 2021	For the six months ended June 30, 2021	For the year ended December 31, 2019
	\$	\$	\$
Revenue	1,560,898	439,290	7,042,932
Cost	(1,157,560)	(146,767)	(1,205,940)
Unrealized fair value adjustment and change of inventory	2,479,233	-	-
Operating income	2,882,571	292,523	5,836,992
Operating expenses	(3,208,487)	(2,304,403)	(1,528,748)
Other expenses	(1,478,340)	(2,785,930)	(235,469)
Loss before taxes	(1,804,256)	(4,797,810)	4,072,775
Deferred income tax recovery	133,268	1,209,575	(1,230,575)
<b>Net loss</b>	<b>(1,670,988)</b>	<b>(3,588,235)</b>	<b>2,842,200</b>

The Company started generating revenue of \$7 million from hemp biomass drying and storage services during the fourth quarter of 2019. During the six months ended June 30, 2020, the Company's revenue was mainly from the storage income. During the year ended June 30, 2021, the Company started its own cultivation of smokable hemp flowers and the revenue mainly generated from sales of smokable hemp flowers and produced CBD isolate, Delta-8 oil and distillates, as well as provided tolling etc. service.

## 5.2.1 Operating expenses for the year ended June 30, 2021, six months ended June 30, 2020 and the year ended December 31, 2019

The following table is a summary of the Company's operating expenses for the year ended June 30, 2021, the six months transition period ended June 30, 2020 and the year ended December 31, 2019.

		For the year ended June 30, 2021	For the six months ended June 30, 2020	For the year ended December 31, 2019
		\$	\$	\$
Audit and accounting		55,317	48,684	23,050
Consulting and management fees	(a)	260,408	387,627	331,038
Directors' fee		7,000	4,000	5,500
Legal, filing and transfer fees		204,919	195,218	118,095
Office and miscellaneous		183,410	130,808	189,729
Salaries and benefit		184,869	458,957	296,517
Travel and transportation		37,589	46,906	129,655
General and administrative expenses	(b)	933,512	1,272,200	1,093,584
Amortization	(c)	762,953	455,825	227,449
Farm expenses and equipment rental	(b)	-	235,112	-
Interest expense	(d)	657,302	132,093	130,263
Rent	(b)	183,312	55,533	77,452
Research and development	(b)	237,906	41,238	-
Sales and marketing	(b)	184,113	-	-
Share-based compensation	(b)	249,389	112,402	-
<b>Total</b>		<b>3,208,487</b>	<b>2,304,403</b>	<b>1,528,748</b>

The operating expenses increased by \$904,000 during the new fiscal year ended June 30, 2021 compared to the six months transition period ended June 30, 2020 and \$1,680,000 compared to the old fiscal year ended December 31, 2019. Since the six months transition period ended June 30, 2020, the Company purchased 7Oaks facility, registered six fully owned subsidiaries, developed facilities, cultivated 33 acres of hemp, and hired more operation team in USA, closed \$6.5 million of a non-brokered private placement and \$4.2 million convertible note financing, which resulted in increases in general and administrative expenses and other operating expenses. Some major changes are described below:

- (a) The consulting and management fees decreased by \$127,000 during the new fiscal year ended June 30, 2021 compared to the six months transition period ended June 30, 2020 and \$71,000 compared to the old fiscal year ended December 31, 2019 mainly due to certain senior management fees were classified as directly production costs by offset the increased fees since the period ended June 30, 2020. Also, included in the consulting and management fees during the six months transition period ended June 30, 2020, there was \$230,000 of incentive payments to management and consultants through cash and common shares issuance at \$0.2 per share.
- (b) The changes are discussed in section 5.1.1, above.
- (c) The amortization and depreciation expenses were increased by \$307,000 during the new fiscal year ended June 30, 2021 compared to the six months transition period ended June 30, 2020 and \$536,000 compared to the old fiscal year ended December 31, 2019 mainly due to substantial property and equipment purchased since 2019. During the year ended June 30, 2021, there was \$483,000 (six months ended June 30, 2020 - \$307,000 and the year ended December 31, 2019 - \$114,000) of depreciation related to the property and equipment and \$280,000 (six months ended June 30, 2020 - \$149,000 and the year ended December 31, 2019 - \$113,000) of amortization related to right-of-use assets in connection with leases of shared offices and operation facilities. In addition, \$574,000 of depreciation on property and equipment were capitalized to the inventories during the year ended June 30, 2021 (six months ended June 30, 2020 - \$Nil and the year

ended December 31, 2019 - \$71,000).

(d) During the fiscal year ended June 30, 2021, in addition to the interest expenses accreted on the lease obligations, the Company accrued \$387,000 of interest expenses on convertible debenture and \$23,000 of interest expenses on the loan from the related party.

### 5.2.2 Other income (expenses)

	For the twelve months ended June 30, 2021	For the six months ended June 30, 2020	For the twelve months ended December 31, 2019
	\$	\$	\$
Foreign exchange gain (loss)	45,565	(11,169)	(7,757)
Inventory write-down	(1,586,029)	(2,775,393)	-
Provision for doubtful accounts	-	-	(238,497)
Other income	62,124	632	10,785
<b>Total</b>	<b>(1,478,340)</b>	<b>(2,785,930)</b>	<b>(235,469)</b>

The changes in connection with foreign exchange gain (loss), inventory impairment and provision for doubtful accounts were discussed in section 5.1.2, above.

## 6. Liquidity and Capital Resources

### 6.1 Cash flows

	For the year ended June 30, 2021	For the six months ended June 30, 2020	For the year ended December 31, 2019
	\$	\$	\$
Operating activities, cash (outflow) inflow	(2,643,129)	(846,218)	611,681
Financing activities, cash inflow	4,452,104	6,125,864	3,620,707
Investing activities, cash outflow	(2,999,349)	(4,709,203)	(3,140,832)

#### Operating activities

During the year ended June 30, 2021, \$2,643,000 net cash used in the operating activities while \$846,000 net cash used during the six months ended June 30, 2020 and \$612,000 cash generated from the operating activities. Included in the operating activities, changes in working capital were a negative of \$1,361,000 during the year ended June 30, 2021 mainly due to the impairment of inventory (for the six months ended June 30, 2020 - \$242,000, and for the year ended December 31, 2019 – negative \$4,057,000 which mainly due to \$4.4 million of accounts receivable).

#### Financing activities

During the year ended June 30, 2021, the Company received \$4,198,600 cash from the convertible debenture subscription (six months ended June 30, 2020 - \$Nil and the year ended December 31, 2019 \$Nil). The Company also received \$448,000 of loan from the related party (for the six months ended June 30, 2020 - \$Nil and for the year ended December 31, 2019 - \$Nil). During the year ended June 30, 2021, the Company received \$Nil from share issuance (for the six months ended June 30, 2020 - \$6,337,000 and for the year ended December 31, 2019 - \$3,795,000) and paid \$404,000 in connection with the lease obligation (for the six months ended June 30, 2020 - \$212,000 and for the year ended December 31, 2019 - \$174,000).

#### Investing activities

During the year ended June 30, 2021, the Company used \$2,989,000 in property and equipment (for the six months ended June 30, 2020 - \$4,544,000 and for the year ended December 31, 2019 - \$3,101,000). During the year ended June 30, 2021, the Company paid \$10,000 rental deposit and paid \$136,000 for construction during the six months

ended June 30, 2020. During the six months ended June 30, 2020, the company also paid \$29,000 (for the year ended December 31, 2019 - \$40,000) in connection with various lease deposits (for the year ended December 31, 2019 - \$40,000).

## 6.2 Liquidity and Capital Resources

As at June 30, 2021, the Company had current assets of \$4,769,000 (June 30, 2020 - \$3,806,000 and December 31, 2019 - \$6,055,000) and current liabilities of \$1,448,000 (June 30, 2020 - \$1,168,000 and December 31, 2019 - \$1,020,000) for a total of working capital of \$3,322,000 (June 30, 2020 - \$2,638,000 and December 31, 2019 - \$5,035,000). The Company uses the following key financial measurements to assess its financial condition and liquidity:

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2019
	\$	\$	\$
Working capital	3,321,562	2,637,533	5,034,872
Cash	579,831	1,810,931	1,349,032

The Company's primary revenue is seasonal in nature. During the year ended June 30, 2021, the Company generated \$1,561,000 of revenue (six months ended June 30, 2020 - \$439,000, and 2019 - \$7,043,000). As at June 30, 2021, the Company had \$4,101,000 of inventory to be sold for cash inflow. Included in the inventory, there was \$2.5 million of fair value adjustments presented smokable flowers fair market values less costs to sell.

The Company has not generated sufficient cash to fund its expansion plan and operation activities. As such, to the extent that is existing resources and the funds generated by future income may not be sufficient to fund the Company's acquisition and operations, the Company may need to raise additional funds through equity or debt financing.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences or privileges senior to those of the Company's current common shares.

In May 2020, the Company closed a non-brokered private placement of 16,167,500 common shares at a price of \$0.40 per share for gross proceeds of \$6,467,000. A finder fee of \$129,550 was paid in connection with this financing. Proceeds from the private placement were used in funding the Company's expansion in Southern Oregon and for general working capital.

In October 2020, the Company closed a \$4,198,600 convertible note financing (the "Debenture"). The Debenture are unsecured debt obligations of the Company and bear interest at a rate of 10% per annum to be paid annually in arrears on each of the first, second and third anniversary of the closing date. Subject to conversion, the principal amount of the Debenture will mature and be repayable in full on the third anniversary of the closing date.

In December 2020, the Company signed a loan agreement with a company controlled by the Company's CEO and borrowed \$254,640 (US \$200,000) (the "Loan"). The Company has agreed to pledge its fixed assets as security for the Loan. The Loan will be repayable in full on or before November 30, 2021 and bear interest at the rate of 10% per annum, calculated and compounded monthly.

In February 2021, the Company signed an additional loan agreement with the company controlled by the Company's CEO and borrowed \$200,000 (the "2nd Loan"). The Company has agreed to pledge its fixed assets as security for the 2nd Loan. The Loan will be repayable in full on or before January 31, 2022 and bear interest at the rate of 10% per annum, calculated and compounded monthly.

In September 2021, the Company signed a loan agreement with MBM to borrow a total of \$153,521 (RMB 800,000) (the "3rd Loan") and received the loan accordingly. The Company has agreed to pledge its fixed assets as security for the 3rd Loan. The Loan will be repayable in full on or before September 13, 2022 and bear interest at the rate of 10% per annum, calculated and compounded monthly.

No assurance can be given that the Company will generate sufficient cash from sales of its inventories, or additional financing will be available or that, if available, can be obtained on terms favorable to the Company and

its shareholders. If adequate funds are not available, the Company may be required to delay, limit or eliminate some or all of its proposed operations. The Company believes the global industrial hemp market is expected to grow and believes it has sufficient capital to meet its cash needs for the next twelve months.

## 7. Transactions with Related Parties

### Shared office expenses

The Company, Minco Silver and Minco Capital Corp. (“Minco Capital”) have certain directors and management in common. The Company’s CEO has a control interest in Minco Base Metals Corporation (“MBM”). These four companies share certain offices and administrative expenses.

During the year ended June 30, 2021, the Company incurred \$168,636 (for the six months ended June 30, 2020 - \$98,014 and for the year ended December 31, 2019 - \$17,031) to Minco Capital for reimbursement of shared office expenses and rent for the head quarter in Vancouver and incurred \$42,595 (for the six months ended June 30, 2020 - \$24,658 and for the year ended December 31, 2019 - \$Nil) to Minco China for reimbursement of shared office rent in Beijing, China. During the year ended June 30, 2021, the Company also incurred \$7,000 (for the six months ended June 30, 2020 - \$495,837 and for the year ended December 31, 2019 - \$Nil) to Minco Base Metals for reimbursement of equipment purchase and other expenses.

### Key management compensation

Key management includes the Company’s directors and senior management. During the year ended June 30, 2021, the six months ended June 30, 2020 and the year ended December 31, 2019. The following compensation was charged by the key management.

	For the year ended June 30, 2021	For the six months ended June 30, 2020	For the year ended December 31, 2019
	\$	\$	\$
Senior management remuneration	429,897	395,650	269,581
Directors’ fees (i)	7,000	24,000	5,500
Share base compensation	197,427	84,630	-
<b>Total</b>	<b>634,324</b>	<b>504,280</b>	<b>275,081</b>

- (i) During the year ended June 30, 2021, the Company paid \$7,000 of directors’ fees (for the six months ended June 30, 2020 - \$4,000 of directors’ fees and \$20,000 of incentive bonus, and for the year ended December 31, 2019 - \$5,500 of directors’ fees). During the year ended June 30, 2021, the Company also paid to a director \$9,588 of sales and commission fees (for the six months ended June 30, 2020 - \$20,767 for a recruiting service and \$3,000 for other services and for the year ended December 31, 2019 - \$Nil), which were not included in the table above.

### Due to related parties

Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment. As at June 30, 2021, June 30, 2020 and December 31, 2019, the Company’s amount payable to related parties are as follow:

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2019
	\$	\$	\$
MBM, for labor and equipment purchase	7,000	495,837	303,938
Minco Capital, for reimbursement of the shared expenses	114,290	458	3,808
Minco Silver, for reimbursement of the shared expenses	25,565	125,805	-
Key management, for service fees and expenses reimbursement	86,925	63,962	202,922
<b>Total due to related parties</b>	<b>233,780</b>	<b>686,062</b>	<b>510,668</b>

### Participated in the Company's private placement

During the year ended June 30, 2021, MBM and a person related to the Company's President participated in the Company's convertible note financing closed on October 20, 2020 and the Company received an aggregate of \$2,400,000 of convertible debt subscription.

During the six months ended June 30, 2020, Minco Silver participated in the Company's private placement closed on May 12, 2020 by purchasing 7,950,000 common shares at the price of \$0.40 per share for a total investment amount of \$3,180,000, which represented approximately 12.7% of the issued and outstanding common shares of the Company after closing of the Company's private placement.

### Trust arrangements

The Company has been purchasing substantial amount of machinery, equipment, and construction parts from suppliers in China for its facilities in Oregon, USA. In order to facilitate such purchases, the Company entered into trust agreements in May and September 2020, respectively, with Minco International Mining Consulting Co. Ltd. ("Minco International"), MBM's wholly owned subsidiary registered in China, for holding the Company's funds in an exclusive bank account in China.

Minco International processed all of the purchase orders, shipment, and payments in China and provided related labours on behalf of the Company. For these services, Minco International charges 15% of service fees on labour costs incurred. \$80,698 of such service fees were charged by Minco International during the year ended June 30, 2021 (for the six months ended June 30, 2020 - \$39,904 and for the year ended December 31, 2019 - \$Nil). As at June 30, 2021, the amount held by Minco International is \$192,189 (June 30, 2020 - \$692,749; December 31, 2019 - \$Nil).

In 2019, the Company entered into a trust agreement with Beijing Zhongjia Kailong Technology Development Co. Ltd. ("Zhongjia"), a Chinese registered entity controlled by a brother of the Company's CEO, for holding the Company's \$1,500,000 in Zhongjia bank account. Zhongjia processed the Company's equipment purchases in China on behalf of the Company. As at December 31, 2019, the amount held by Zhongjia on behalf of the Company was fully used.

### Loan arrangement

The Company signed a loan agreement effective December 1, 2020 with MBM to borrow \$247,880 (US \$200,000) (the "Loan"). The Loan was received on December 2, 2020. The Company has agreed to pledge its fixed assets as security for the Loan. The Loan will be repayable in full on or before November 30, 2021 and bear interest at the rate of 10% per annum, calculated and compounded monthly. As at June 30, 2021, \$15,450 of interests was accrued and included in the carrying amount of the loan from related party.

The Company signed a loan agreement effective February 1, 2020 with MBM to borrow a total of \$200,000 (the "2<sup>nd</sup> Loan"). The Company has agreed to pledge its fixed assets as security for the 2<sup>nd</sup> Loan. The Loan will be repayable in full on or before January 31, 2022 and bear interest at the rate of 10% per annum, calculated and compounded monthly. The Company received the loan during the year ended June 30, 2021 in connection with the 2<sup>nd</sup> Loan. As at June 30, 2021, \$7,573 of interest was accrued and included in the carrying amount of the 2<sup>nd</sup> loan from related party.

## **8. Outstanding Share Data**

As at the date of this MD&A, the Company has 62,583,353 common shares and 3,320,000 stock options outstanding.

## **9. Off-Balance Sheet Arrangements**

The Company does not have off-balance sheet arrangements.

## **10. 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](http://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.

### **10.1. Changes in Internal Controls over Financial Reporting**

NI 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to internal controls in the year ended June 30, 2021.

## **11. Financial Instruments**

The Company's activities exposed to varying degrees of financial risks, including but not limited to market risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. Risk management activities are carried out by management, who identifies and evaluates the financial 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 of \$579,831 as at June 30, 2021 (June 30, 2020 - \$1,810,931 and December 31, 2019 - \$1,349,032) and accounts receivable of \$73,314 as at June 30, 2021 (June 30, 2020 - \$Nil and December 31, 2019 - \$4,422,325). As the Company's policy is to limit cash holdings to instruments issued by major banks, or investments of equivalent or better quality, the credit risk related to cash is considered by management to be negligible.

Significant management estimates are used to determine the allowance for doubtful accounts. The Company considers the probability of default on a specific account basis, which involves assessing whether there was a significant increase in credit risk. Indicators include actual or expected changes in the debtor's ability to pay based on information that is available each reporting period, monitoring past due accounts and other external factors. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Company's accounts receivable. The Company monitors the credit quality of the customers it deals with on an ongoing basis.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's primary exposure to liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities obligations of \$570,595 at June 30, 2021 (June 30, 2020 - \$309,722 and December 31, 2019 - \$164,517). The Company did not maintain sufficient cash balances to meet these needs at June 30, 2021 and would rely on the sales of inventory.

### Foreign exchange gain (loss)

The functional currency of the Company is the Canadian dollar and the functional currency of its subsidiaries is US dollar. Most of the foreign currency risk is related to US dollar funds held by the Company and its subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar.

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net gain or loss of the Company.

### 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 does not carry debt at variable rate and 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 and cash equivalent are Level-1 financial assets and does not have Level 2 and Level 3 financial instruments.

The following table summarizes the carrying value of financial instruments as at June 30, 2021, June 30, 2020 and December 31, 2019:

	June 30, 2021	June 30, 2020	December 31, 2019
Financial assets, amortized cost:	\$	\$	\$
Cash	579,831	1,810,931	1,349,032
Account receivables	73,314	-	4,422,325
Other receivables	9,288	276,016	13,913
Financial liabilities, amortized cost:			
Accounts payable and accrued liabilities	570,595	309,722	164,517
Convertible debenture	3,878,865	-	-
Customer advance	-	-	26,036
Due to related parties	233,780	686,062	510,668
Loan from related party	470,903	-	-
Lease obligations, current	172,622	172,201	319,246
Lease obligations, non-current	2,875,837	3,113,058	2,732,793

## 12. Contractual Obligations, Commitments and Contingency

The Company's undiscounted contractual obligations as at June 30, 2021 are lease agreements in connection with shared offices and operation facilities and their approximate timing of payment are as follows:

	<=1 year	2 years	3 years	4 years	>=5 years	Total
	\$	\$	\$	\$	\$	\$
Due to related parties	233,780	-	-	-	-	233,780
Loan from related party	470,903	-	-	-	-	470,903
Leases	407,568	407,327	375,817	382,832	3,187,452	4,760,996
	1,112,251	407,327	375,817	382,832	3,187,452	5,465,679

The Company has been notified of a third-party legal claim, relating to a contract with a customer. However, in the opinion of the management, this claim is without merit and no provision has been made for it in the accounts.

## 13. 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 Corp. has no intention and undertakes no obligation to update or revise any forward-looking statements to reflect new events or circumstances, whether written or oral that may be made by or on the Company's behalf.