

NUMINUS WELLNESS INC.

(formerly Rojo Resources Ltd.)

Management's Discussion and Analysis

For the Years Ended August 31, 2020 and 2019

NUMINUS WELLNESS INC.

(formerly Rojo Resources Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the years ended August 31, 2020 and 2019

(Audited and expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") is intended to supplement the audited consolidated financial statements of Numinus Wellness Inc. (formerly Rojo Resources Ltd.) (the "Company" or "Numinus") for the year ended August 31, 2020, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. All figures are in Canadian dollars, unless otherwise noted. This MD&A has been prepared as of December 29, 2020 and should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2020.

Additional information related to Numinus, including its annual information form, is available on SEDAR at www.sedar.com and on the Company's website at www.numinus.ca.

FORWARD-LOOKING INFORMATION

Certain statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 21 of this MD&A.

BUSINESS OVERVIEW

Numinus Wellness Inc. (formerly Rojo Resources Ltd.) (the "Company") was incorporated on October 26, 1964 under the Laws of British Columbia. The Company is traded on the TSX Venture Exchange ("TSXV") under the symbol NUMI. The Company's registered and records office is located at Suite 400 – 725 Granville Street, Pacific Centre, Vancouver, British Columbia, Canada V7Y 1G5.

The Company is a cannabis technology company covering biomass sourcing, extraction and manufacture, and analytical testing. The Company is involved in the cannabis and integrative health industries, and operates through two key divisions:

- Salvation Botanicals; and
- Numinus Health

Salvation Botanicals provides analytical services which include conducting independent analytical services, full spectrum testing and consulting, and developing proprietary methods and protocols to ensure accuracy and reliability using customized state-of-the-art equipment.

Numinus Health operates a center located in Vancouver, British Columbia, where professional therapists and integrative health professionals guide clients in the use of supportive therapies and sophisticated technologies to heal, connect and grow with a focus on treating mental health and substance abuse.

The Company currently holds the following Health Canada licenses:

- Controlled Drugs and Substances Dealer's Licence, enabling the Company to test and analyze psychedelics such as Trimethoxyphenethylamine ("mescaline"), methylenedioxymphetamine ("MDMA"), Dimethyltryptamine ("DMT"), and Psilocybin.
- Analytical Testing License under the Cannabis Act and Cannabis Regulations allowing for the analytic testing of cannabis for quality assurance purposes.
- Industrial Hemp License issued in accordance with the Cannabis Act and the Industrial Hemp Regulations allowing for:
 - (i) the possession of grain for the purpose of processing,
 - (ii) the sale and distribution of seed and grain, and,
 - (iii) the exportation of seed and grain.

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On October 2, 2019, the Company entered into a Definitive Arrangement Agreement (the “Arrangement Agreement”) with Salvation Botanicals Ltd. (“Salvation”), whereby the Company acquired all of the outstanding securities of Salvation in exchange for the issuance of securities of the Company (the “Transaction”).

In accordance with the amended and restated Arrangement Agreement dated March 9, 2020 entered into between the Company and Salvation, pursuant to the Transaction, the Company changed its name from “Rojo Resources Ltd” to “Numinus Wellness Inc.” and consolidated its issued and outstanding common shares on the basis of 2:1 (the “Consolidation”). The Company’s common shares were listed on the Exchange on May 20, 2020.

On December 31, 2019, the Company entered into a Share Exchange Agreement with Numinus Wellness Inc. (“Numinus”) to acquire 100% of the issued and outstanding share capital of Numinus in exchange of 2,000,000 common shares of the Company. Numinus is a therapeutic and integrative health company intending to expand its current offering to include client guidance in the therapeutic use of psychedelics in accordance with regulatory approvals. The Company acquired Numinus to expand its ability to deliver additional health and wellness solutions to the market.

On June 8, 2020, the Company received approval from Health Canada to amend the Company’s existing dealer’s license under the Controlled Drug and Substances Act (Canada) to allow the Company researchers to conduct research to standardize the extraction of psilocybin from mushrooms.

COVID-19 PANDEMIC IMPACT**Operational Impact**

The Company’s lab and testing facility continued operations during COVID-19 as its facilities had existing health and safety protocols and standards to ensure our customers’ samples are free of contaminants. In addition to the Company’s health and safety protocols at the lab and testing facility, the Company implemented COVID-19 related protocols as provided by the federal and provincial governments to ensure the health & safety of our staff. From March 2020 to August 31, 2020, the Company had increased revenues from its cannabis lab & testing services. In March 2020 when the federal and provincial governments introduced strict regulations for the public as a response to COVID-19, there were reports of increased cannabis usage to treat the mental health effects from COVID-19. The increase in cannabis consumption could have positively impacted the Company’s cannabis lab & testing services, in addition to increased sales efforts by the Company’ sales team.

The Company closed its Wellness Center in mid-March 2020 as a result of federal and provincial governments and health professionals’ colleges recommendations in response to the COVID-19 global pandemic. During the closure, the Company closely monitored the guidance and response from the federal and provincial governments as to when the Wellness Center could safely resume business. In the beginning of July 2020, the Wellness Center reopened for business after the federal and provincial governments provided guidelines and protocols for businesses to resume operations. Detailed protocols have been introduced at our Wellness Center to protect the health and safety of our employees, practitioners and customers. The financial impact of the closure of the Wellness Center resulted in a 100% decrease in revenues for the Wellness Center. While the Wellness Center has reopened, the Company cannot determine at this time when revenues will reach levels before COVID-19. As a measure to manage ongoing costs at the lab and testing facility, the Company uses a just-in-time inventory system for its lab & testing services. By doing so, it reduces the risk of the Company holding a large amount of inventory in the event that COVID-19 negatively impacts lab & testing business. The Company currently employs a number of hourly staff for its Lab and Wellness facility to better manage business fluctuations and the unknown impacts of COVID-19.

The Company is currently looking at different opportunities to augment its current revenue streams to mitigate the risk of impact of COVID-19, including:

- Virtual therapy services at its Wellness Center
- Lab testing services for non-cannabis products

The Company has been remobilizing its workforce in order to provide greater physical distancing and allow the time to adopt as well as progressively assess and refine pandemic related operating protocols consistent with those recommended by the local and provincial health authorities, best management practices and the World Health Organization. The Company

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understands the physical and emotional impact of COVID-19 has had on our team. We continue to create an environment where our people are safe to work and to continue to support a work/life balance for the other areas of their lives that have been affected by this global pandemic.

Capital and Liquidity Resources

COVID-19 is a global pandemic that impacts all areas of the business including our customers. Potential negative impacts on our customers business could impact the Company's ability to collect on its accounts receivables, thus negatively impacting the Company's cashflow. The Company is actively monitoring its receivables and customer relationships to decrease the negative impacts in this area.

The Company has managed to raise investment to fund its near-term business milestones and operations. While the Company will continue to look for additional revenue opportunities the Company might need to raise additional capital to meet its business milestones.

The Company continues to assess government programs available to ensure ongoing operations, including Canadian Emergency Wage Subsidies, Sales Tax Deferral, Canada Emergency Business Account interest-free loan and Canadian Emergency Rent Assistance.

Capital Expenditures

In the Company's Filing Statement dated April 23, 2020, the Company disclosed Use of Proceeds related to upgrades for its Lab and Processing facilities. Continued negative impacts of COVID-19 could result in the Company deferring these capital expenditures in order to reallocate funds towards ongoing operations.

Risk Factors

The Company has assessed that there are certain risk factors associated with COVID-19 that would include:

- Volatility in the global capital markets that could negatively impact the Company's ability to access capital.
- Government and other regulatory bodies issue health and safety measures that would cause disruption or closure of operations in the Company's Wellness Center and Lab & Testing facility.
- Interruption to the Lab & Testing facilities supply chain that could cause delays in providing services to our customers.
- Business interruptions to our customers which can negatively impact their ability in making timely payments.

SELECTED ANNUAL INFORMATION - RESULTS OF OPERATIONS

The following table provides select annual information for each of the three most recently completed financial years:

	Years ended August 31,		
	2020	2019	2018
Total revenue	\$ 881,178	\$ 107,478	\$ 2,812,095
Net loss	(9,600,564)	(7,268,869)	(2,774,577)
Loss per share, basic and diluted	(0.15)	(0.10)	(0.04)
Total assets	5,123,558	3,079,565	2,731,528
Total non-current financial liabilities	315,748	99,742	125,516

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Loss for the period

The Company reported net losses and comprehensive losses of \$(9,600,564) and \$(7,268,869) for the years ended August 31, 2020 and 2019 respectively. The increase in net losses are related to recording of one-time cost of \$(2,306,044) related to the reverse transaction with Salvation as defined in *Arrangement with Salvation Botanicals Ltd.*

Net loss from operations for the year ended August 31, 2020 was \$(7,277,211) compared to \$(6,399,295) for the year ended August 31, 2019. The increase in loss before other items primarily due to increase in professional and consulting fee in relation to Numinus acquisition and the reverse transaction with Salvation and increase in sales and marketing as a result of higher corporate activities.

The Company recorded revenues of \$881,178 compared to revenues of \$107,478 for the years ended August 31, 2020 and August 31, 2019 respectively. The increased revenues can be attributed to the Company's focused growth of its lab testing services from January 1, 2020 to August 31, 2020.

The Company incurred general and administration costs of \$4,132,564 for the year ended August 31, 2020 compared to \$3,318,804 for the year ended August 31, 2019.

- The Company incurred salaries and wages of \$1,873,466 during the year ended August 31, 2020 compared to \$1,615,674 for the year ended August 31, 2019. The increase in salaries and wages was a result of severance payments due to the Company's restructure.
- The Company incurred professional and consulting fees of \$1,587,568 for the year ended August 31, 2020 compared to \$727,902 for the year ended August 31, 2019. The increase was due to increase in legal fees and consulting fees as a result of higher corporate activities.
- The Company incurred office and miscellaneous expenses of \$671,530 during the year ended August 31, 2020 compared to \$975,228 for the year ended August 31, 2019. The decrease was due to premises lease being recognized as assets and depreciated over the lease term under IFRS 16 whereas prior to the adoption of the standard, lease payments were expensed.

Total assets

Total assets of the Company were \$5,123,558 as at August 31, 2020 compared to assets of \$3,079,565 as at August 31, 2019. The increase in assets was driven by the cash generated from the subscription receipt financing and assets acquired from the acquisition of Numinus and the transaction with Salvation Botanicals.

Total liabilities

As at August 31, 2020, total liabilities of the Company were \$2,324,035 compared to liabilities of \$1,713,262 as at August 31, 2019. The increase in liabilities is a direct result of the Company incurring liabilities relating to the acquisition of Numinus and the transaction with Salvation Botanicals.

Arrangement with Salvation Botanicals Ltd.

Effective May 15, 2020, the Company and Salvation completed a Transaction which constituted a reverse acquisition ("RTO") through the issuance of 63,890,235 common shares and 12,198,801 share purchase warrants of the Company.

The Transaction resulted in Salvation's members obtaining control of the combined entities by obtaining control of governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entities.

As a result of the Transaction, Salvation obtained control of the Company and is considered to have acquired the Company. The Transaction constituted a reverse acquisition of the Company by Salvation and has been accounted for as a reversed acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As the Company did not qualify as a business in accordance with the definition of IFRS 3, the Transaction does

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not constitute a business combination. Rather, it is treated as an issuance of common shares by Salvation for the net assets of the Company and its public listing, with Salvation as continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction.

For accounting purposes, Salvation is treated as the accounting parent (legal subsidiary) and the Company as the accounting subsidiary (legal parent). The fair value of consideration paid by Salvation, net of transaction costs, less the fair value of net assets of the Company acquired by Salvation constitutes the listing expense and has been recorded in the statement of loss and comprehensive loss. These consolidated financial statements reflect the assets, liabilities and operations of Salvation since its incorporation and the Company from May 15, 2020.

The Transaction was measured at the fair value of the shares that Salvation would have had to issue to the shareholders of the Company, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Salvation acquiring the Company.

	May 15, 2020
Consideration paid on RTO (6,856,543 common shares)	\$ 1,714,136
Less: Fair value of net assets acquired	
Cash	9,355
Marketable securities	6,000
Amounts receivable	21,017
Prepaid expenses	4,874
Plant and equipment	249
Due from related parties ¹	418,133
Accounts payable and accrued liabilities	(95,092)
	<u>1,349,600</u>
Transaction costs:	
Common shares ²	614,289
Fair value of replacement warrants ³	177,975
Legal expenses	164,191
	<u>956,444</u>
Listing expense	<u>\$ 2,306,044</u>

¹ Includes \$400,000 payable from the Company and was eliminated on consolidation upon completion of RTO.

² 2,457,150 Common shares issued as penalty for special warrants holder upon completion of RTO.

³ Fair value of Rojo's warrants upon completion of RTO.

Acquisition of Numinus Wellness Inc.

On December 31, 2019, the Company entered into a Share Exchange Agreement with Numinus Health Corp. ("Numinus") to acquire 100% of the issued and outstanding share capital of Numinus in exchange of 2,000,000 common shares of the Company. Numinus is a therapeutic and integrative health company intending to expand its current offering to include client guidance in the therapeutic use of psychedelics in accordance with regulatory approvals. The Company acquired Numinus to expand its ability to deliver additional health and wellness solutions to the market.

The acquisition was accounted for as an asset acquisition as Numinus did not meet the definition of a business under IFRS 3. The related operating results are included in the accompanying consolidated statements of operations, changes in shareholders equity and statement of cash flows commencing from the date of acquisition.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of the assets acquired and liabilities assumed. The excess of the consideration over the net assets acquired was expensed as share-based compensation expense.

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		December 31, 2019
Consideration paid through the issuance of 2,000,000 common shares	\$	500,000
Fair value of net assets acquired:		
Cash		61,341
Amounts receivable		42,518
Prepaid expenses		60,000
Property and equipment		359,241
Accounts payable and accrued liabilities		(277,105)
Right-of-use liability		(230,126)
Loans from Salvation		(50,000)
Shareholder notes payable		(421,952)
Convertible debenture		(300,000)
		(772,521)
Excess of consideration over net assets acquired	\$	1,272,521

The acquisition of Numinus is a related party transaction as the Company's CEO, Payton Nyquvest, holds a controlling interest of Numinus.

Pursuant to the acquisition, Numinus Wellness Inc. changed its name from "Numinus Wellness Inc." to "Numinus Health Corp". on May 13, 2020.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended		Revenue		Net Loss		Net Loss per Share ⁽¹⁾
August 31, 2020	\$	271,030	\$	(3,292,631)	\$	(0.03)
May 31, 2020	\$	216,244	\$	(3,328,735)	\$	(0.04)
February 29, 2020	\$	259,489	\$	(792,480)	\$	(0.01)
November 30, 2019	\$	134,415	\$	(911,251)	\$	(0.02)
August 31, 2019	\$	\$22,316	\$	(3,538,785)	\$	(0.04)
May 31, 2019	\$	\$35,441	\$	(1,326,527)	\$	(0.02)
February 28, 2019	\$	\$21,979	\$	(1,195,717)	\$	(0.02)
November 30, 2018	\$	\$27,742	\$	(1,076,300)	\$	(0.02)

⁽¹⁾ Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

The Company has incurred significant losses over the years. In anticipation of the legalization of cannabis on October 17, 2018, the Company had invested significant resources to capitalize on the cannabis market immediately. However, with continued delays in obtaining its processing license from Health Canada, the Company had downsized its operations until it would secure its processing license. The Company had invested significant resources in its general and administrative activities to support its operational activities; the downsizing of the Company's operations has result in many one-time reorganization charges.

The Company currently generates revenue from its lab testing facilities in Nanaimo, BC. The Company anticipates revenue growth as it continues to offer competitive pricing coupled with quality service. In addition, the Company is continuing to pursue other revenue streams by leveraging its Nanaimo facilities and Health Canada licenses.

In the three months ended August 31, 2020, the Company recorded revenues of \$271,030 compared to \$22,316 in the comparative period ended August 31, 2019. The increased revenues attributed to the Company's focused growth of its lab testing services from January 1, 2020 to August 31, 2020.

Net loss from operations for the three months ended August 31, 2020 was \$(3,205,761) compared to \$(2,626,770) in the comparative period ended August 31, 2019. The increase in loss before other income mainly due to increase in general and

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administration expenses, sales and marketing and research and development partial offset by decrease in share-based compensation expense and depreciation expense as a result of higher corporate activities.

The Company incurred general and administration costs of \$2,108,307 for the three months ended August 31, 2020 compared to \$778,011 for the three months ended August 31, 2019.

- The Company incurred salaries and wages of \$958,138 during the three months ended August 31, 2020 compared to \$250,941 for the three months ended August 31, 2019. The increase in salaries and wages was a result of severance payment due to the Company's restructure.
- The Company incurred professional and consulting fees of \$874,220 for the three months ended August 31, 2020 compared to \$90,779 for the three months ended August 31, 2019. The increase was due to increase in legal fees and consulting fees as a result of higher corporate activities.
- The Company incurred office and miscellaneous expenses of \$275,950 during the three months ended August 31, 2020 compared to \$436,291 for the three months ended August 31, 2019. The decrease was due to premises lease are being recognized as assets and depreciated over the lease term under IFRS 16 whereas prior to the adoption of the standard, lease payments were expensed.

LIQUIDITY AND CAPITAL RESOURCES

The Company did not generate any cash flow from operations for the year ended August 31, 2020. The Company's financial success is reliant on management's ability to identify and evaluate suitable growth and acquisition opportunities. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the acquisition of growth opportunities and to fund corporate overhead required to oversee these opportunities, the Company will be dependent on investor sentiment remaining positive towards the psychedelics sector, and towards the Company in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support new companies in the psychedelics sector, a company's past financial performance and the experience and caliber of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's August 31, 2020 audited consolidated financial statements further discusses the going concern of the Company. The Company's financial statements do not include any adjustments that might result from these uncertainties.

The Company has, in the past, financed its activities through equity financings. It is anticipated that, as general sentiment towards investment companies in the cannabis sector turn positive, the Company can raise the necessary capital to secure and finance additional investments that are accretive to shareholder value.

With the acquisition of Numinus, the Company also anticipates positive investor sentiment towards an emerging acceptance of alternative based therapeutic and integrative health companies with offerings to include client guidance in the therapeutic use of psychedelics in accordance with legal and regulatory approvals.

Debt financing has been used by the Company as bridge financing to fund operations. The Company would continue to consider such financing if the terms are acceptable.

The Company had a working capital of \$663,670 as at August 31, 2020 compared to a working capital deficit of \$(1,310,506) as at August 31, 2019. The increase in working capital is attributable to the Transaction with Salvation and acquisition of Numinus.

The Company has no commitments for capital expenditures.

Office and Operating Leases

- a) The Company is committed under lease agreements, to various offices and warehouse premises located in Vancouver and Nanaimo, BC expiring over the ten years with monthly rental amounts between \$3,259 and \$6,563.

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- b) The Company has operating leases on various office printers and lab equipment with annual renewal periods in June, September and November with a general maintenance agreement amounts based on usage.

The following table presents the projected amounts due under the agreement in future years:

	Years				Total
	0-1	2-3	4-5	6-10	
Lease Payments	\$195,197	\$141,546	\$78,204	\$146,290	\$561,232

Notice of Claims

The Company was served with a Notice of Claim dated December 23, 2019 which has been filed in the Supreme Court of British Columbia naming the Company as the defendant. The Notice of Claim alleges the wrongful termination of the former CEO/CFO and unpaid termination benefits of \$360,000.

The Company believes the lawsuit is without merit and has filed a response accordingly. No provision has been made by the Company with regards to the Notice of Claim.

Cash and Financial Conditions

The Company had a cash balance of \$1,627,329 as at August 31, 2020 as compared to a cash balance of \$89,987 as at August 31, 2019. The increase in cash can be attributed to the Transaction with Salvation and acquisition of Numinus.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

The Company does not use hedges or other financial derivatives.

Financing Activities

During the year ended August 31, 2020, the Company completed a private placement for gross proceeds of \$315,000. These funds were raised through the issuance of 630,000 units at a price of \$0.50 per unit with each unit consisting of one common share and one-half share purchase warrant entitling the holder to acquire one additional share at a price of \$0.75 for a period of 18 months from the RTO date.

During the year ended August 31, 2020, the Company completed a private placement for gross proceeds of \$5,745,000. These funds were raised through the issuance of 22,980,000 units at a price of \$0.25 per unit with each unit consisting of one common share and one-half share purchase warrant entitling the holder to acquire one additional share at a price of \$0.50 for a period of two years. In connection with the closing of the private placement, the Company issued 356,146 warrants to certain agents with a fair value of \$21,281 and paid share issuance costs of \$180,248.

During the year ended August 31, 2020, the Company completed a private placement of 1,020,000 units at a price of \$0.25 per unit for gross proceeds of \$255,000 with each Unit consisting of one common share and one-half of one share purchase warrant exercisable for two years from the RTO date at an exercise price of \$0.50.

During the year ended August 31, 2020, the Company issued 1,150,000 common shares of the Company on the exercise of options with a weighted average exercise price of \$0.24 per share.

During the year ended August 31, 2020, the Company issued an aggregate of 674,500 common shares on the exercise of warrants with a weighted average exercise price of \$0.49 per share.

On December 20, 2019, the Company entered into a Bridge Loan Agreement (the "Agreement") with Rojo Resources Ltd. ("Rojo") for up to \$500,000. The Agreement is secured with a General Security Agreement against the assets of the Company

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and bears interest at 2% per annum. Upon the completion of the Arrangement Agreement with Rojo, the loan was treated as an intercompany loan.

On February 24, 2020, the Company entered into a Demand Note (the "Note") agreement with a third party for the sum of \$20,000. The Note is unsecured, bears interest at 5% per annum and is due 60 days from the date of the contract. The Note contains a penalty clause of \$2,000 should the principal and interest remain outstanding after 60 days. The loan and interest were repaid in May 2020.

Investing Activities

The Company recognized cash outflows of \$(128,695) for the year ended August 31, 2020 compared to a cash outflow of \$(752,825) for the comparative year ended August 31, 2019. The main reason for the cash outflow of funds is related to transaction costs with the Salvation reverse acquisition.

SECURITIES OUTSTANDING*Common Shares*

During the year ended August 31, 2020, the Company completed a private placement for gross proceeds of \$315,000. These funds were raised through the issuance of 630,000 units at a price of \$0.50 per unit with each unit consisting of one common share and one-half share purchase warrant entitling the holder to acquire one additional share at a price of \$0.75 for a period of 18 months from the RTO date.

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During the year ended August 31, 2020, the Company completed a private placement of 1,020,000 units at a price of \$0.25 per unit for gross proceeds of \$255,000 with each unit consisting of one common share and one-half of one share purchase warrant exercisable for two years from the RTO date at an exercise price of \$0.50.

During the year ended August 31, 2020, the Company received from various shareholders, an aggregate of 7,575,595 common shares to be returned to treasury and cancelled. No consideration was paid for these shares. In connection with the forfeiture of shares, a total value of \$729,530 was transferred from share capital to reserves which represents the original grant date fair value of the forfeited shares.

During the year ended August 31, 2020, the Company issued 600,000 common shares on the vesting of restricted shares, with a value of \$300,000 to a director and officer of the Company per the terms of their employment agreement, of which \$150,000 was recorded as share-based payment expense during the year ended August 31, 2019 and \$150,000 was recorded as share based payment expense during the year ended August 31, 2020. On issuance of the shares the full value of \$300,000 was transferred from reserves to share capital.

During the year ended August 31, 2020, the Company issued 800,000 units valued at \$200,000 as part of a contract termination penalty. Each unit comprises of one common share and one share purchase warrant entitling the holder to acquire one additional share at \$0.50 for a period of 18 months.

During the year ended August 31, 2020, the Company issued 2,000,000 common shares of the Company in exchange for all the issued and outstanding share of Numinus.

During the year ended August 31, 2020, the Company issued 2,457,150 units of Penalty Warrants. Terms of the Special Warrants require the Company's common shares to be approved for listing on either the TSX Venture Exchange ("TSX-V") or the Canadian

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Securities Exchange (“CSE”) within 200 days following the closing of the private placement (the “Qualification Date”). In the event the Qualification Date has not occurred, each unexercised Special Warrant will thereafter entitle the holder thereof to receive upon the automatic exercise thereof, at no additional cost, one-and-one-tenth (1.10) Units (instead of one Unit) and thereafter at the end of each additional thirty (30) days, each Special Warrant will be exercisable for an additional 0.02 of a Unit. Each Penalty Warrant entitled the holder to one common share and one-half share purchase warrant; each purchase warrant entitles the holder to acquire one additional share at a price of \$0.75 for a period of 18 months.

Upon completion of RTO, the Company converted the 7,677,537 Special Warrants and 2,457,150 Penalty Warrants into 10,134,687 common shares and issued 5,067,343 share purchase warrants of the Company. Each purchase warrant entitles the holder to acquire one additional share at a price of \$0.75 for a period of 18 months.

During the year ended August 31, 2020, the Company through issuance of 2,320,000 common shares and 660,000 warrants of the Company valued \$580,000 to settle shareholders loans and convertible notes, resulting in a loss on debt settlement of \$2,384.

During the year ended August 31, 2020, the Company through issuance of 300,000 common shares valued at \$79,500 and 150,000 warrants valued at \$16,940 for the settlement of \$94,500 historical trade payables (the “Debt Settlement”), resulting in a loss on debt settlement of \$1,940. Each warrant is exercisable for a period of two years from issuance at a price of \$0.50 per warrant, subject to 30 day accelerated expiry if the volume weighted average closing price of the Company’s common shares on the TSXV is greater than \$0.75 per common share for a period of ten consecutive trading days.

During the year ended August 31, 2020, the Company issued 1,150,000 common shares of the Company on the exercise of options with a weighted average exercise price of \$0.24 per share. The Company also reclassified a fair value of \$166,519 from reserves to share capital on the exercise of these options.

During the year ended August 31, 2020, the Company issued an aggregate of 674,500 common shares on the exercise of warrants with a weighted average exercise price of \$0.49 per share. The Company also reclassified a fair value of \$9,054 from reserves to share capital on the exercise of these warrants.

Subsequent to the year ended August 31, 2020, the Company completed a short form prospectus offering of 18,400,000 units (the “Units”) at a price of \$0.25 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a “Warrant”). Each Warrant is exercisable to acquire one common share of the Company for a period of 24 months at an exercise price of \$0.35 per Warrant. The Company recorded \$78,239 of deferred financing cost as at August 31, 2020 related to this offering.

Subsequent to the year ended August 31, 2020, the Company completed a bought deal financing of 25,367,850 units (the “Units”) at a price of \$0.68 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a “Warrant”). Each Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of \$0.90 per Warrant.

As at August 31, 2020, the Company had 95,851,372 Common Shares issued and outstanding.

As at the date of this MD&A, the Company had 157,476,291 Common Shares issued and outstanding.

Options

During the year August 31, 2020, the Company granted 3,750,000 options to employees and consultants. Each option is exercisable for a period of two years from issuance at a price of \$0.25 per option.

During the year ended August 31, 2020, the Company issued 1,150,000 common shares of the Company on the exercise of options with a weighted average exercise price of \$0.24 per share. The Company also reclassified a fair value of \$166,519 from reserves to share capital on the exercise of these options.

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Subsequent to the year ended August 31, 2020, the Company granted 305,000 options to employees and consultants of the Company. Each option is exercisable for a period of two years from issuance at a price of \$0.25 per option.

Subsequent to the year ended August 31, 2020, 112,500 options were cancelled and 12,500 had expired.

Subsequent to the year ended August 31, 2020, the Company issued 2,384,544 common shares on the exercise of option for the proceeds of \$554,276.

As at August 31, 2020, the Company had 7,062,000 stock options outstanding.

As at the date of this MD&A, the Company had 6,329,456 stock options outstanding.

Warrants

During the year ended August 31, 2020, the Company completed a private placement for gross proceeds of \$315,000. These funds were raised through the issuance of 630,000 units at a price of \$0.50 per unit with each unit consisting of one common share and one-half share purchase warrant entitling the holder to acquire one additional share at a price of \$0.75 for a period of 18 months from the RTO date.

During the year ended August 31, 2020, the Company completed a private placement for gross proceeds of \$5,745,000. These funds were raised through the issuance of 22,980,000 units at a price of \$0.25 per unit with each unit consisting of one common share and one-half share purchase warrant entitling the holder to acquire one additional share at a price of \$0.50 for a period of two years. In connection with the closing of the private placement, the Company issued 356,146 warrants to certain agents with a fair value of \$21,281 and paid share issuance costs of \$180,248.

During the year ended August 31, 2020, the Company completed a private placement of 1,020,000 units at a price of \$0.25 per unit for gross proceeds of \$255,000 with each unit consisting of one common share and one-half of one share purchase warrant exercisable for two years from the RTO date at an exercise price of \$0.50.

During the year ended August 31, 2020, the Company issued 800,000 units valued at \$200,000 as part of a contract termination penalty. Each unit comprises of one common share and one share purchase warrant entitling the holder to acquire one additional share at \$0.50 for a period of 18 months.

During the year ended August 31, 2020, the Company issued 2,457,150 units of Penalty Warrants. Terms of the Special Warrants require the Company's common shares to be approved for listing on either the TSX Venture Exchange ("TSX-V") or the Canadian Securities Exchange ("CSE") within 200 days following the closing of the private placement (the "Qualification Date"). In the event the Qualification Date has not occurred, each unexercised Special Warrant will thereafter entitle the holder thereof to receive upon the automatic exercise thereof, at no additional cost, one-and-one-tenth (1.10) Units (instead of one Unit) and thereafter at the end of each additional thirty (30) days, each Special Warrant will be exercisable for an additional 0.02 of a Unit. Each Penalty Warrant entitled the holder to one common share and one-half share purchase warrant; each purchase warrant entitles the holder to acquire one additional share at a price of \$0.75 for a period of 18 months.

Upon completion of RTO, the Company converted the 7,677,537 Special Warrants and 2,457,150 Penalty Warrants into 10,134,687 common shares and issued 5,067,343 share purchase warrants of the Company. Each purchase warrant entitles the holder to acquire one additional share at a price of \$0.75 for a period of 18 months.

During the year ended August 31, 2020, the Company through issuance of 2,320,000 common shares and 660,000 warrants of the Company valued \$580,000 to settle shareholders loans and convertible notes, resulting in a loss on debt settlement of \$2,384.

During the year ended August 31, 2020, the Company through issuance of 300,000 common shares valued at \$79,500 and 150,000 warrants valued at \$16,940 for the settlement of \$94,500 historical trade payables (the "Debt Settlement"), resulting in a loss on debt settlement of \$1,940. Each warrant is exercisable for a period of two years from issuance at a price of \$0.50 per warrant, subject to 30 day accelerated expiry if the volume weighted average closing price of the Company's common shares on the TSXV is greater than \$0.75 per common share for a period of ten consecutive trading days.

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During the year ended August 31, 2020, the Company issued an aggregate of 674,500 common shares on the exercise of warrants with a weighted average exercise price of \$0.49 per share. The Company also reclassified a fair value of \$9,054 from reserves to share capital on the exercise of these warrants.

Subsequent to year ended August 31, 2020, the Company issued 15,284,701 common shares on the exercise of warrants for the proceeds of \$8,646,846.

Subsequent to year ended August 31, 2020, 400,000 warrants were expired unexercised.

As at August 31, 2019, the Company had 28,759,513 warrants outstanding.

At the date of this MD&A, the Company had 35,694,737 warrants outstanding.

OUTLOOK

The Company's ability to continue in the normal course of operations is dependent on management's ability to identify and evaluate suitable investments opportunities. In addition, the Company will actively seek out additional revenue opportunities by leveraging its Nanaimo facilities and Health Canada licenses.

The Company is largely dependent upon external financings to fund activities. Management and the board of directors of the Company continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same. The Company will continue to seek new investments if it feels there are sufficient opportunities to increase shareholder value and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and will adjust its approach to changing business and economic conditions.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Chief Executive Officer, Chief Operating Officer, Chief Finance Officer and Chief Strategy Officer.

Remuneration attributed to key management personnel can be summarized as follows:

	2020		2019
Management and consulting fees	\$ 331,500	\$	370,041
Salaries and benefits	406,824		-
Share-based compensation	223,305		1,626,257
Total	\$ 961,629	\$	1,996,298

The following table provides the total amount of transactions entered into by the Company with related parties during the years ended August 31, 2020 and 2019, and the outstanding balances as at August 31, 2020 and 2019.

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Transactions with other related parties:				
Salaries and benefits to family member of Chief Executive Officer	\$	29,574	\$	-
Consulting fees to family member of Chief Executive Officer		224		-
Loss on debt settlement to family member of Chief Executive Officer		795		-
Interest on convertible debts to family member of Chief Executive Officer		3,726		-
		2020		2019
Due from related parties:				
Receivable from companies controlled by former directors of the Company	\$	-	\$	43,766
Receivable from shareholders		-		101,158
Total Due from Related Parties	\$	-	\$	144,924
Due to related parties:				
Payable to companies controlled by former directors of the Company	\$	-	\$	(250,861)
Payable to Chief Executive Officer of the Company		171,952		-
Payable to companies controlled by a director or officer of the Company		-		(28,245)
Payable to shareholders		-		(54,881)
Total Due to Related Parties	\$	171,952	\$	(333,987)

All balances are unsecured, non-interest bearing and with no fixed terms of repayment.

During the year ended August 31, 2020, the Company completed the acquisition of Numinus Health where the Company's CEO a controlling interest.

During the year ended August 31, 2020, the Company issued 1,000,000 common shares with a fair value of \$250,000 to the Company's CEO to settle outstanding debt of \$250,000. No gain or loss was recognized on the transaction.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing our consolidated financial statements, we make judgements in applying our accounting policies. The judgements that have the most significant effect on the amounts recognized in our consolidated financial statements are outlined below. In addition, the preparation of consolidated financial statements in conformity with IFRS requires the use of estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. The information about significant areas of estimation uncertainty and judgement considered by management in preparing these consolidated financial statements is as follows:

a) Estimated useful lives and depreciation of property and equipment

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

b) Share-based payments

Management measures share-based payments expense and warrants using Black-Scholes pricing model that incorporates key estimates such the rate of forfeiture of options and warrants granted/issued, the expected life of the option and warrants, the volatility of the value of the Company's common shares and the risk-free interest rate are used.

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c) Asset acquisition versus business combination

Management had to apply judgement with respect to whether the acquisitions of Numinus Health Inc., and the reverse takeover transaction with Rojo Resources were considered an asset acquisition or business combination. The assessments required management to assess the inputs, processes and outputs of the companies acquired at the time of acquisition. Pursuant to the assessment, both transactions were considered to be asset acquisitions (Note 1 & Note 4).

d) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, there is a reasonable probability that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS*IFRS 16 - Leases*

On September 1, 2019, the Company adopted the new accounting standard IFRS 16. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease ("IFRIC 4"), the accounting for onerous lease liabilities which were previously measured under IAS 37 Provisions ("IAS 37") and other related IFRS interpretations. IFRS 16 prescribes a single recognition and measurement model for lease contracts and requires the recognition of a right-of-use asset and corresponding lease liability for most leases, including subleases.

The Company elected to adopt IFRS 16 using the prescribed modified retrospective approach (simplified method) by recognizing an opening adjustment for the Company's discounted right-of-use assets and corresponding lease liabilities as at September 1, 2019. Accordingly, there was no opening adjustment to retained earnings and the comparative 2019 statements of comprehensive income and cash flows have not been restated to reflect the accounting presentation prescribed under IFRS 16.

The Company elected to apply the following recognition exemptions and practical expedients, as described under IFRS 16:

- i) recognition exemption of short-term leases;
- ii) recognition exemption of low-value leases;
- iii) application of a single discount rate to a portfolio of leases with similar characteristics on transition;
- iv) exclusion of initial direct costs from the measurement of the right-of-use assets upon transition;
- v) application of hindsight in determining the applicable lease term at the date of transition; and
- vi) election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component

The adoption of the new standard resulted in the recognition of a Right-of-Use Asset of \$172,001 recorded in aggregate with the Company's property and equipment. A corresponding Lease obligation of \$172,001 is included as a liability in the consolidated statement of financial position. The asset will be amortized over the term of the remaining lease period and the liability will be discounted at the rate of 10%.

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	August 31, 2019 (previous IFRS)	Adoption of IFRS 16	September 1, 2019 (new IFRS)
Property and equipment	\$ 2,631,627	\$ 172,001	\$ 2,803,628
Current lease obligations	(145,981)	(47,218)	(193,199)
Long-term lease obligations	(99,742)	(124,783)	(224,525)

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 – Uncertainty over Income Tax Treatments (the ‘Interpretation’) provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. We adopted the Interpretation in our consolidated financial statements for the annual period beginning. The adoption of the Interpretation did not impact the consolidated statements.

FINANCIAL INSTRUMENTS AND RELATED RISKS**Financial Instruments**Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company’s financial instruments:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts receivable	Amortized cost
Marketable securities	FVTPL
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Debt	Amortized cost

Measurement*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

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Financial assets and liabilities at fair value through profit of loss

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and trade receivables. The carrying amount of these financial assets represent the maximum credit exposure.

Cash and cash equivalent are deposit with major Canadian financial institutions, and management believes the exposure to credit risk with respect to these institutions is not significant.

The Company is exposed to credit risk inherent in its trade receivables which include credit exposures to customers and their outstanding trade receivables balances. The maximum credit risk associated with trade receivables is equal to the carrying amount.

Liquidity risk

As at August 31, 2020, the Company's financial liabilities consist of accounts payable and accrued liabilities which have contractual maturities within one year, debt, and due to related parties which have no fixed terms of repayment. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company completed financing subsequent

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to year ended August 31, 2020 (note 19) which provides the Company with sufficient liquidity to meet its obligations as they become due.

Price risk

Price risk Price risk is the risk of variability in fair value due to movements in shareholders' equity or market prices.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at August 31, 2020, the Company had no financial instruments denominated in any other currency than the Canadian dollar and as such, the Company does not consider itself exposed to significant currency risk.

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 holds cash in accounts with variable interest rates, and currently does not carry variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

Risks Related to the Cannabis & Wellness Industry

Risks Relating to Federal Laws and Regulations

The industry in which the Company operates could subject the Company to comply with a myriad of other federal, provincial and local laws and regulations, which could include, among others, laws and regulations relating to cannabis, personally identifiable information, wage and hour restrictions, health and safety matters, consumer protection and environmental matters. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products. Compliance with such laws and regulations may be costly and a failure to comply with such laws and regulations could result in fines, penalties, litigation and other liability that could materially adversely affect the Company.

The Company's business and products is and will continue to be regulated as applicable laws continue to change and develop. Regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. Further, the Company cannot predict what kind of regulatory requirements its business will be subject to in the future. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to conduct its business. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Company. Local, provincial and federal laws and enforcement policies concerning marijuana-related conduct are changing rapidly and will continue to do so for the foreseeable future. Changes in applicable law are unpredictable and could have a material adverse effect on the Company. Changes in applicable laws or regulations could significantly diminish the Company's prospects. The Company has little or no control over potential changes to laws or regulations that may affect its business.

Additionally, governmental regulations affect taxes and levies, healthcare costs, energy usage and labor issues, all of which may have a direct or indirect effect on the Company's business and its customers or suppliers. Changes in these laws or regulations, or the introduction of new laws or regulations, could increase the costs of doing business for the Company, or its customers or suppliers, or restrict the Company's actions, causing the Company to be materially adversely affected.

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Change in Laws, Regulations and Guidelines

Salvation's operations will be subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment.

On October 19, 2015, the Liberal Party of Canada obtained a majority government in Canada. The Liberal Party committed to the legalization of recreational cannabis in Canada. On June 30, 2016, the Canadian Federal Government established the Task Force on Cannabis Legalization and Regulation to seek input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. The Task Force has completed its review and published a report dated August 13, 2016, which outlines its recommendations. On November 27, 2017, the House of Commons passed Bill C-45, and on August 20, 2017, the Prime Minister announced that the Canadian Federal Government intends to legalize cannabis on October 17, 2018.

The Task Force had several recommendations for the *Cannabis Act* (Canada) including, permitting home cultivation, restrictions on advertising and branding, and potentially easing access for individuals to enter into the Canadian recreational cannabis market. The Task Force's advice will be taken into account by the Government of Canada as it builds the framework for recreational cannabis. These recommendations could materially and adversely affect the business, financial condition and results of the Company.

On August 11, 2016, Health Canada announced the new ACMPR which came into force on August 24, 2016, replacing the *Marihuana for Medical Purposes Regulations* (Canada) ("MMPR") as the regulations governing Canada's medical cannabis program. The ACMPR was implemented as a result of the Federal Court ruling in the Allard Decision. In the Allard Decision, the Federal Court found the MMPR to be unconstitutional and of no force and effect, but suspended its declaration of invalidity for six months in order to give the government time to respond.

As per Health Canada's statement and corresponding fact sheet released on August 11, 2016, the ACMPR allows Canadians who have been authorized by their health care practitioner, and who are registered with Health Canada, to produce a limited amount of medical marijuana for their own medical purposes, or to designate someone who is registered with Health Canada to produce it for them. Starting materials such as plants or seeds are to be obtained from Licensed Producers only. Individuals will also continue to have the option to purchase quality controlled medical marijuana from Licensed Producers. It is possible that such developments could significantly reduce the addressable market for the Company's products and materially and adversely affect the business, financial condition and results of operations of the Company.

The Canadian Federal Government's Task Force sought input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. The Task Force has completed its review in a report dated November 30, 2016 which outlines their 25 recommendations. Their advice will be considered by the Government of Canada as a new framework for recreational marijuana is developed. It is possible that such developments could significantly adversely affect the business, financial condition and results of operations of the Company.

On October 3, 2017, the Government's Parliamentary Standing Committee on Health (HESA) proposed amendments to the *Cannabis Act* (Canada) that edibles containing cannabis and its extracts would be added to the classes of cannabis an authorized person may sell. HESA's report also suggested that a framework for sale of edibles and cannabis concentrates would be implemented within one year from the enactment of the *Cannabis Act* (Canada). HESA's proposed amendments were incorporated Bill C-45, which was passed by the House of Commons on November 27, 2017 and the Senate on June 20, 2018.

On November 10, 2017, the National Department of Finance issued regulatory proposals and legislation for the taxation of cannabis. The effect would be that the cannabis producers would be placed in the existing rules that currently apply an excise duties on tobacco, wine and spirits producers under the *Excise Tax Act* (Canada). There will be a new tax licensing category for cannabis producers where excise duties payable by licensed cannabis producers on both recreational and medical cannabis products in addition to GST/HST under the *Excise Tax Act* (Canada). There would also be rules in place for stamping and marking rules and ongoing reporting requirements. The framework for the cannabis excise duty is proposed to generally be in effect by the date that legal recreational cannabis becomes available for retail sale under the proposed *Cannabis Act* (Canada).

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On June 21, 2018, the Cannabis Act received Royal Assent and came into force on October 17, 2018. The ACMPR will continue to operate in tandem with the recreational regime, and will be re-evaluated within five years of the Cannabis Act coming into force. The governments of every Canadian province and territory have implemented different regulatory regimes for the distribution, sale and use of recreational cannabis within those jurisdictions. For example, Quebec, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have chosen the government regulated model for distribution, whereas Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Alberta and British Columbia are pursuing a hybrid approach of public and private sale and distribution.

While Ontario had previously committed to a government-regulated model for distribution, it subsequently enacted the Cannabis License Act, 2018, which creates a licensing scheme for private cannabis retail stores. The Ontario Cannabis Retail Corporation will have the exclusive right to sell cannabis in Ontario online and the exclusive right to sell cannabis in Ontario to a holder of a retail store authorization for the purposes of resale. The Government of Ontario has indicated that the private retail model will launch by April 1, 2019, with the Ontario Cannabis Retail Corporation offering online sales of recreational cannabis in the interim.

Risks Relating to the Licensing Process

The medical marijuana rules are constantly changing throughout the global cannabis industry. As a result, consumers and producer rights are in limbo. The future business partnerships and licensee agreements that the Company may make may be subject to receiving regulatory certification or accreditation through Health Canada, or any other applicable regulatory authority. Such licensing, certification or accreditation may include, but not be limited to: licenses issued under the CDSA, the Narcotic Control Regulations, GMP Certification and ISO certification. Licensing requirements are stringent and there can be no guarantee that the regulatory authorities will issue, extend or renew any license. Failure to maintain a license or any failure to comply with the requirements of a license would have a material adverse impact on the business, financial condition and operating results of the Company and could lead to a significant decline in the value of its securities.

Unfavourable Publicity or Consumer Perception

The management of Salvation believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of cannabis-based products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. Salvation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed services, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's proposed products and services specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Liability, Enforcement Complaints etc.

Salvation's participation in the marijuana industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial or local governmental authorities. Litigation, complaints, and enforcement actions could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

NUMINUS WELLNESS INC.

(formerly Rojo Resources Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the years ended August 31, 2020 and 2019

(Audited and expressed in Canadian Dollars)

The marijuana industry faces significant opposition

It is believed by many that large well-funded businesses may have strong economic opposition to the marijuana industry. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical marijuana industry. Any inroads the pharmaceutical industry could make in halting or impeding the marijuana industry could have a material adverse effect on the Company.

General Healthcare Regulation

Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements and, as a result, the Company's businesses operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition and results of operations of these business units. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

Psychedelic Regulatory Risk

While the Company does not currently generate revenue from psychedelic therapy products and treatments, the Company proposes to use certain of its available working capital in (i) developing psychedelic therapy protocols and treatments, and (ii) building a facility which is specifically suited for psychedelic therapy research and development. Psychedelic therapy is a new and emerging industry with substantial existing regulations and uncertainty as to future regulations.

There is no assurance the Company will be able to derive meaningful revenue from its investment in psychedelic therapy development.

COVID-19 Global Pandemic

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

FINANCIAL RISK FACTORS

The fair value of the Company's amounts receivable, accounts payable and accrued liabilities and payroll payable approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash and cash equivalents are measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: general economic and business conditions related to the cannabis industry; cash flow projections; currency fluctuations; risks relating to our ability to obtain adequate financing for future activities; the nature of our future activities; and other general market and industry conditions as well as those factors discussed in the Company's listing statement dated March 9, 2020, a copy of which is available under Numinus Wellness Inc. on SEDAR at www.sedar.com.

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Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

SUBSEQUENT EVENTS

- a) On September 10, 2020, the Company completed a short form prospectus offering of 18,400,000 units (the "Units") at a price of \$0.25 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "Warrant"). Each Warrant is exercisable to acquire one common share of the Company for a period of 24 months at an exercise price of \$0.35 per Warrant. The Company recorded \$78,239 of deferred financing cost as at August 31, 2020 related to this offering.
- b) Subsequent to the year ended August 31, 2020, the Company completed a bought deal financing of 25,367,850 units (the "Units") at a price of \$0.68 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "Warrant"). Each Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of \$0.90 per Warrant.
- c) On December 15, 2020, the Company announced the acquisition of Montreal-based Mindspace Psychology Services Inc (DBA Mindspace Wellbeing) (the "Transaction"). The Company will pay the following consideration to complete Transaction:
 - i. \$500,000 in cash upon closing of Transaction;
 - ii. 441,176 common shares of the Company, issued in eight equal installments of over the course of 24 months;
 - iii. Common shares equal to \$100,000 per year on each of the first three anniversaries of the Transaction date;
 - iv. Common shares equal to \$200,000 per year, subject to performance milestones of Mindspace

The purchase price allocation for the acquisition, reflects various fair value estimates and analyses which are subject to change within the measurement period. The primary areas of the purchase price allocation that are subject to change relate to the fair values of certain tangible assets, the valuation of intangible assets acquired, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

- d) Subsequent to the year ended August 31, 2020, the Company granted 305,000 options to employees and consultants of the Company. Each option is exercisable for a period of two years from issuance at a price of \$0.25 per option.
- e) Subsequent to the year ended August 31, 2020, the Company issued 17,669,245 common shares pursuant to the exercise of options and warrants for the proceeds of \$9,201,122.

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- f) Subsequent to the year ended August 31, 2020, the Company received a Notice of Civil Claim (the “Claim”) dated December 4, 2020 and filed in the Supreme Court of British Columbia pursuant to section 9 of the Business Corporations Act (British Columbia), in which the Company is the sole defendant. In the claim, the plaintiff alleged a breach of contract for consulting services that it allegedly provided to the Company. The Company denied having entered into a binding contract with the plaintiff as no written agreement was signed. On December 21, 2020, the Company reached a settlement with the plaintiff whereby the Company will pay total of \$500,000, of which \$175,000 to be paid by January 8, 2021, with the balance paid in five installments of \$65,000, plus applicable tax, each, due on the last day of each month from January 2021 to May 2021. Further to the consideration, the plaintiff hereby agrees to transfer all ownership, intellectual property, and other rights of certain assets to the Company.