

**BB1 ACQUISITION CORP.**

**Management's Discussion and Analysis**

**September 30, 2020 and 2019**

**Expressed in Canadian Dollars**

## **INTRODUCTION**

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the period ended September 30, 2020 prepared as of November 27, 2020, should be read in conjunction with the unaudited condensed interim financial statements for the period ended September 30, 2020 and the related notes thereto of BB1 Acquisition Corp. ("the Corporation"). The MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Corporation.

The referenced unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

## **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

## **COMPANY OVERVIEW**

The Corporation was incorporated on March 2, 2018 under the Ontario Business Corporation. The Corporation's head office and registered office is located 110 Yonge Street Suite 501 Toronto, Ontario M5C 1T4.

## **PRIVATE PLACEMENT FINANCING**

In July 2018, the Corporation closed by way of a non-brokered private placement offering (the "Offering") 10,000,000 common shares in the capital of the Corporation at the price of \$0.05 per Common Share for gross proceeds of \$500,000. In connection with the Offering the Corporation paid \$23,147 in share issuance costs.

## **PLANTEXT LETTER OF INTENT ("LOI")**

On January 24, 2019, the Corporation entered into a binding LOI with Plantext Ltd. ("Plantext"). The LOI sets forth the general terms and conditions pursuant to which the Company and Plantext have agreed to complete a transaction (the "Transaction") that will result in a reverse take-over of BB1 by the shareholders of Plantext. It is intended that the Transaction will constitute the "Qualifying Transaction" of BB1 as such term is defined in Policy 2.4 of the Corporate Finance Manual (the "Policy") of the TSX Venture Exchange (the "TSXV").

Under the terms of the LOI, it is intended that Plantext and BB1 will enter into a business combination agreement (the "Definitive Agreement"), pursuant to which the Transaction will be completed by way of a share exchange, merger, amalgamation, arrangement or other similar form of transaction, the final structure of which will be subject to receipt by the parties of relevant tax, corporate and securities law advice.

### *Pre-Closing Capitalization of Plantext*

Plantext is incorporated under Israeli corporate law and, as of the date hereof, has (a) 23,052,116 common shares issued and outstanding (the "Plantext Shares"), (b) 2,473,000 stock options exercisable to acquire 2,473,000 Plantext Shares (the "Plantext Options") and (c) 600,000 restricted stock units ("Plantext RSUs") (collectively, the "Plantext Securities"). The holders of Plantext Options and Plantext RSUs will receive options and restricted stock units of BB1 on the same economic terms as the Plantext Options and Plantext RSUs which they replace.

### *Terms of the Transaction*

Prior to the completion of the Transaction, the BB1 Shares shall be consolidated at a ratio of approximately 7.15 pre-consolidation BB1 Shares for every 1 post-consolidation BB1 Share (each a "Post-Consolidation BB1 Share"). Upon completion of the Transaction there will be 2,250,000 BB1 Securities outstanding which will be held by current security holders of BB1.

Prior to or concurrently with closing of the Transaction, Plantext expects to complete a concurrent financing with arm's length subscribers (the "Concurrent Financing").

It is anticipated that the Plantext Shares will be attributed an aggregate value of approximately US\$23,000,000 (pre-money and non-diluted). The Plantext Shares will be acquired by BB1 in exchange for the issuance of 23,052,116 Post-Consolidation BB1 Shares. Prior to the completion of the Transaction, the total number of shares issuable by BB1 and the aggregate value of the Plantext Shares shall be adjusted to take into account the Concurrent Financing and any issuances of Plantext Options and Plantext RSUs that occur prior to the Transaction. BB1 shareholders will hold 2,250,000 Post-Consolidation BB1 Securities in total on closing of the Transaction.

On August 16, 2019, the Corporation entered into a definitive share exchange agreement (the "Definitive Agreement") with PlantExt Ltd. ("PlantExt"), pursuant to which PlantExt and BB1 were to effect a transaction that would result in a reverse takeover of BB1 by the shareholders of PlantExt (the "PlantExt Shareholders") (the "Transaction"). It was the intention of the parties that the corporation resulting from the Transaction (the "Resulting Issuer") would continue the business of PlantExt, and that the common shares of the Resulting Issuer would be listed and posted for trading on the Exchange. BB1 intended that the Transaction will constitute its Qualifying Transaction, as such term is defined in Policy 2.4 of the Exchange.

On January 24, 2020, the Corporation announced the termination of its proposed three-cornered amalgamation (the "PlantExt Transaction") with PlantExt.

The terms of the share exchange agreement between the parties effective as of August 16, 2019, (the "**Share Exchange Agreement**"), have now expired due to the inability of the parties to close the PlantExt Transaction before December 31, 2019 and the Share Exchange has automatically terminated. In accordance with the Share Exchange Agreement, PlantExt will reimburse the Corporation an aggregate of \$125,000 (US\$92,000) for costs and expenses incurred by BB1 in connection with the terminated PlantExt Transaction.

Pursuant to the Letter of Intent with CGI, the parties agreed that the Corporation would distribute to its shareholders the 9,200,000 units (the ("**Units**") of PlantExt Ltd. ("**PlantExt**") it received in settlement of the US\$92,000 (CAD\$125,000) debt payable, by PlantExt to the Corporation relating to the break fee owing pursuant to the terminated Qualifying Transaction between the parties. The Units are comprised of one common share and one common share purchase warrant exercisable at US\$0.01 for a period of 2 years to acquire a common share of PlantExt. The Corporation's board of directors expects that the Units will be placed in a trust for the benefit of the Corporation's shareholders, determined at the date of closing the Qualifying Transaction (the "**Recipient Shareholders**"), and then to be distributed from the trust to the Recipient Shareholders upon PlantExt completing a going public transaction.

## RESULTS OF OPERATIONS

For the three months ended September 30, 2020, the Company recorded net income of \$105,876 (September 30, 2019 – net loss of \$23,259).

For the nine-month period ended September 30, 2020, the Company recorded net income of \$76,325 as compared to \$73,686 net loss in 2019.

The change in net loss in the three and nine month period as compared to 2019 is attributable to the recovery of expense in the amount of \$125,000. The Company received 9,200,000 units of PlantExt in settlement of debt payable by PlantExt. The debt relates to the break fee owing pursuant to the terminated Qualifying Transaction with PlantExt.

## SUMMARY OF SELECTED QUARTERLY RESULTS

The following table sets forth selected financial information from the Corporation's most recently completed quarters.

	THREE MONTHS ENDED			
	September 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$	December 31, 2019 \$
Total assets	828,120	707,261	728,532	741,763
Working capital	804,117	698,436	707,037	727,792
Net (income) loss	(105,876)	8,797	20,754	77,821
Net (income) loss per share <sup>(1)</sup>	(0.02)	0.01	0.01	0.01

	THREE MONTHS ENDED			
	September 30, 2019 \$	June 30, 2019 \$	March 31, 2019 \$	December 31, 2018 \$
Total assets	754,157	770,440	810,530	825,493
Working capital	731,927	755,186	768,522	805,613
Net loss	23,259	13,336	37,091	79,646
Net loss per share <sup>(1)</sup>	0.01	0.01	0.01	0.01

<sup>(1)</sup>The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants.

The fluctuation in net loss in the recent periods is mostly attributable to the charges in consulting and professional fees and in transfer agent and filing fees. Changes in total assets and working capital are a function of equity financings.

## **FINANCING ACTIVITIES**

On October 5, 2018, the Corporation issued 5,000,000 common shares at a price of \$0.10 per share pursuant to its Initial Public Offering (“IPO”). The proceeds of the Offering will be used by the Corporation to fund its search for a Qualifying Transaction within 24 months of the IPO. In consideration of services performed by the agent, the Corporation paid cash commission of 10% of the gross proceeds of the offering and reimbursed the agent for necessary and reasonable expenses. The agent was paid an administration fee of \$15,000 upon closing of the offering. The Corporation also granted Agent’s Warrants to purchase up to 10% of the gross proceeds of the offering at a price of \$0.10 per common share. The Agent’s warrants will be exercisable for a period of 24 months from the date of listing of the common shares on the TSX-V. In connection with the IPO, the Corporation incurred \$163,594 in share issuance costs.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at September 30, 2020, the Corporation had cash of \$702,456 (September 30, 2019 - \$754,157) and a working capital of \$804,117 (September 30, 2019 - \$731,927). During the nine-month period ended September 30, 2020, net cash used in operating activities was \$39,307 (September 30, 2019 - \$16,683). There were no financing activities during this period.

The Corporation’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. Capital is comprised of the Corporation’s shareholders’ equity and any debt that it may issue. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Corporation may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Corporation is dependent on the capital markets as its primary source of operating working capital and the Corporation’s capital resources are largely determined by its ability to compete for investor support of its projects.

## **TRANSACTIONS WITH RELATED PARTIES**

During the nine-month period ended September 30, 2020, the Corporation incurred \$23,012 (September 30, 2019 - \$41,760) in legal fees for services provided by a law firm whose partner is a director of the Corporation. As of September 30, 2020, included in accounts payable and accrued liabilities is an accumulated balance of \$10,811 (September 30, 2019 - \$11,389) owing to this law firm.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the period ended September 30, 2020.

## **CURRENT SHARE DATA**

As at the date of this MD&A, the Corporation has 15,000,000 common shares issued and outstanding, 500,000 warrants exercisable at \$0.10 per share until November 30, 2020 and 600,000 stock options exercisable at \$0.10 per share until November 30, 2023.

Subject to an Escrow Agreement pursuant to the requirements of the Exchange, 10,100,000 common shares issued in July 2018 was held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 10% thereof on the completion of the Corporation’s QT, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT, must also be deposited in escrow until the final Exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Corporation's unaudited condensed interim financial statements for period ended June 30, 2020. There was no material impact on the unaudited condensed interim financial statements as a result of the adoption of the accounting policies.

Significant judgments used in the preparation of these unaudited condensed interim financial statements include but are not limited to those relating to the deferred tax liabilities and assets.

## BASIS OF PRESENTATION

These unaudited condensed interim financial statements have been prepared in accordance with IFRS on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## FINANCIAL INSTRUMENTS AND RISK

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

### *Fair value*

The Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying value of these financial instruments approximated their fair value because of the short-term nature of these instruments. Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	702,456	-	-	702,456
Marketable securities	125,000			125,000

The Corporation is exposed to a variety of financial instrument related risks. The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places these instruments with a high credit quality financial institution.

### *Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2020, the Corporation had cash of \$702,456 (December 31, 2019 - \$741,763) and accounts payable and accrued liabilities of \$24,003 (December 31, 2019 - \$13,971).

### *Interest rate risk*

The Corporation has cash balances and is not exposed to any significant interest rate risk.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation does not have any off-balance sheet arrangements.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Corporation have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the period ended March 31, 2019 and this accompanying MD&A (together, the "Quarterly Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RISKS AND UNCERTAINTIES**

The Corporation is currently subject to financial and regulatory risks. The financial risk is derived from the uncertainty pertaining to the Corporation's ability to raise capital to continue operations. Regulatory risks include the possible delays in getting regulatory approval for the transactions that the Board of Directors believe to be in the best interest of the Corporation, and include increased fees for filings and the introduction of ever more complex reporting requirements, the cost of which the Corporation must meet in order to maintain its exchange listing. There is also no assurance that the exploration of the Corporation's properties will be successful in its quest to find a commercially viable quantity of mineral resources.

### **Global Pandemic**

The global outbreak of COVID-19 (coronavirus) had a significant impact on businesses through restrictions put in place by the Canadian government regarding travel, business operations and isolations/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business time, or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Corporation's business and financial condition.

As the global pandemic related to the Coronavirus disease 2019 ("COVID-19") continues, the Corporation has implemented a plan to protect the health and safety of its employees and all stakeholders. The Corporation has implemented alternative working arrangements for all employees to work from home and closed its offices. The Corporation's operational activities are not particularly affected due to the ability of staff to perform tasks from home

## CORPORATE INFORMATION

### BOARD OF DIRECTORS AND OFFICERS:

Stephen Shefsky	Chief Executive Officer and Director
Jennifer Ta	Chief Financial Officer and Corporate Secretary
Eric Szustak	Director
Solomon (Sam) Pillersdorf	Director
Mark Brennan	Director
Wayne Egan	Director

### OFFICE LOCATION

#### Corporate Head Office

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### LEGAL COUNSEL

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### REGISTRAR & TRANSFER AGENT

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### BANKER

#### CIBC

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