

MINERAL HILL INDUSTRIES LTD.

Management Discussion and Analysis

For the nine months ended
September 30, 2019

Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Mineral Hill Industries Ltd. (the "Company" or "MHI") and the financial performance for the nine months ended September 30, 2019. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as at, and for the nine months ended September 30, 2019 and 2018. Reference should also be made to the Company's filings with Canadian securities regulatory authorities, which are available at www.sedar.com.

This MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its audit committee. The majority of the audit committee is comprised of independent directors who review and, prior to its publication, approve, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

All amounts are in Canadian dollars unless otherwise noted and prepared in accordance with International Financial Reporting Standards ("IFRS").

Current market conditions

Certain global financial conditions and uncertainties are still having a negative impact on the economic environment in which the Company operated. As a direct result, the company is in the process of changing its business direction into the REIT market. Access to public financing for junior development companies is still limited. If the current conditions continue, the Company's ability to operate may be adversely impacted and the trading price of the Company's shares could continue to be under a downward pressure.

Overview

The Company is a reporting issuer in Alberta and British Columbia and its common shares are trading on the TSX Venture Exchange under the symbol "MHI" and are also co-listed on the Frankfurt quotation platform in Germany and OTC Markets in the USA.

Up to the end of 2014, MHI was actively engaged in the acquisition and exploration of natural resources within the mineral segment. During the years from 2014 to 2016 the Company experienced extreme difficulties in raising sufficient funds for mining exploration due to the economic climate within that sector but was kept in good standing through the financial support of its insiders.

During the last quarter of 2015, the Company started to investigate its alternative opportunities for the exploration of natural resources within the oil & natural gas industry as well as the possibility to combine its future interest in proprietary waste-to-energy converting technologies.

After an initial engagement with controlling shareholders of an United Kingdom oil and gas exploration company with assets in Nigeria ("UK-Project"), which had to be terminated as the shareholders of the UK-project were unable to meet their financial commitments under the terms of the agreement, the Company executed on February 15, 2018 an acquisition agreement in respect to an oil and gas Leasehold Estate in Oklahoma ("**Okl-1 Project**") and in November 2018 started negotiations for the acquisition of the assets of an oil and gas operating company, also located in Oklahoma ("**Okl-2 Project**"), which was put under the United States Chapter-11 protection. During the second quarter of 2019 the Okl-2 Project was terminated with mutual consent by the Company and on July 24, 2019 the

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

Company announced the termination of the OKL-1 Project as well since it became it became obvious that both projects could not be funded for different reasons.

During August and September of 2019, the Company started and followed up its due diligence on a REIT project in the United States of America which was previously offered to the Company by a privately held "REIT" company ("Target-REIT"), incorporated under the laws of the state of Florida, USA. The real estate assets of Target-REIT, consisting of real estate tracts and properties located in Florida and Colorado, were assembled by Target-REIT over the past five years and leased to RV-parks, agriculture cultivation centers and Cannabis dispensaries in Florida and Colorado.

After meetings in Florida as part of its due diligence, the parties confirmed the terms of the previously non-binding Letter of Intent ("LOI"), enabling the Company to announce on October 9, 2019 the execution of a binding LOI which manifested the basic terms for the to be finalized Definitive Acquisition Agreement ("DA-Agr"). In the second week of October the parties followed up with meetings and property visits in Colorado as part of its continuing due diligence process on Target-REIT's real estate tracts including some tenants as lessees of Target-REIT's real estate.

The total value of Target-REIT's assets ("Assets- REIT") being subject to the acquisition is deemed to be CAD\$ 24,467,766 ("Deemed-Value") derived from the projected average value of the Assets-REIT for the next three years of operation, minus the presently outstanding debt and/or mortgages against the Assets-REIT. The deemed values are conditional upon the confirmation by an independent valuation and/or Target-REIT's audited financial statements and, if necessary, will be adjusted in the DA-Agr.

All shareholders, direct and/or indirect beneficiaries of Target-REIT including its directors and officers are Arm's Lengths to the Company as defined under the TSXV Policy 1.1.. Under the terms of the binding LOI, the parties agree that subsequent to the confirmation of the Deemed-Value and the approval of the transaction by the TSXV, the Company will issue 48,934,766 common shares at a deemed value of CAD\$ 0.50 per share (the "Consideration-Shares") to Target-REIT's shareholders as consideration for the acquisition and that prior to the issuance of the Consideration-Shares, Target-REIT will have arranged an initial Private Placement funding ("PP1") for up to CAD\$1.5 million whereby PP1 will consist of securities units ("PP1-Units) with one common share and one full share purchase warrant at CAD\$0.20 per PP1-Unit. Its proceeds will be dedicated as general working capital, reflected in the to be completed consolidated pro-forma financial statements, being part of the approval submission to the TSXV. There will be no finder's fees in respect to the transaction and the proposed PP1 funding.

The LOI provides that MHI will issue Series "2" and Series"3" of its Class "A" convertible preference shares ("Pref-A2 Shares and "Pref-A3 Shares") whereby:

- (a) the Pref-A2 Shares will be issued at a deemed value of CAD\$1.25 to present mortgage holders and lenders in order to minimize the risk for present and future investors and to satisfy and eliminate certain debt and mortgages or part thereof in the amount of up to CAD\$ 1.5 million, which are presently outstanding against some of Target-REIT's assets. The Pref-A2 Shares will be issued at a deemed value of CAD\$1.25 per share, are convertible into common shares of MHI as Resulting Issuer at a ratio of 1:1 (one Pref-A2 Share for one common share of the Resulting Issuer) at any time at the option

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

of the Pref-A2 Shares holder, will be non-voting, but will be interest bearing at an annual rate of 8%. As of date of this News Release, there are no agreements with the present mortgage holders or lenders regarding the settlement of debt; and

- (b) the Pref-A3 Shares will be issued at a deemed value of CAD\$1.50 to the present shareholders of Target-REIT in order to recognize the projected higher value in the amount of CAD\$ 6,246,988 of Target-REIT's assets after the third year of operations compared to the deemed value used for the issuance of the Consideration-Shares. Under the terms of the LOI and the above assumptions, the number of Pref-A3 Shares to be issued will be 4,164,659 non-voting and non-interest bearing Pref-A3 Shares which can only be convertible into common shares of the Resulting Issuer at a conversion ratio of 1:1 (one Pref-A3 Share for one common share of the Resulting Issuer), when the projected three-year value of CAN\$ 30,549,533.00 for the acquired assets has been achieved on the third anniversary of the in the LOI defined effective date of the transaction and confirmed by the audited financial statements of the Resulting Issuer.

Under the terms of the binding LOI, Target-REIT also agreed to obtain commitments for an additional "PP2" funding of up to CAD\$ 6.0 Million to be earmarked towards further acquisitions. At this point, it is assumed that PP2 will be an equity issue with a share or unit price to be determined by the prevailing share price of the Company's common shares quoted on the TSXV subsequent to the approval of the proposed transaction.

As the proposed transaction will be considered a Reversed Takeover ("RTO") and a change of the Company's business direction with the future controlling shareholders of the Resulting Issuer being citizens of the USA, the Company will apply to be listed as a "Real Estate" or "Investment" issuer trading on the TSX-V and intends to make an application for a waiver from sponsorship requirements.

Subsequent to the execution of the DA-Agr and after a comprehensive news release and satisfactory Filing Statement has been filed, the Company plans to obtain the approval for the transaction from shareholders holding more than 51% of its outstanding shares for the submission to the TSXV of the transaction approval.

The names and backgrounds of all Persons who will constitute Principals or Insiders of the Resulting Issuer and, if any of such Persons is a Company, the full name and jurisdiction of incorporation, who directly or indirectly beneficially holds a controlling interest in or who otherwise controls or directs that Company will be addressed in the announcement following the execution of the Definitive Acquisition Agreement.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

As at October 22, 2019, the Company has 18,409,188 common shares issued and outstanding.

Highlights of Events

The following are highlights of events occurring during the nine months ended September 30, 2019 and subsequent thereto:

Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019

On March 1, 2016 the Company executed a definitive Share Purchase Agreement ("**SPA**") with twelve (12) shareholders of an Energy Resources company ("**Target-2016**") incorporated in the United Kingdom, representing 45% of the shareholdings in Target-2016 (the "**Shareholders-45%**"). Target-2016 was a private off-shore natural gas and oil company which was assigned the rights to 80.75% of a "Production Sharing Contract" covering the exploration, development and production licenses over designated areas.

Subsequent to receiving the acceptance of the proposed Fundamental Acquisition from the TSXV on April 29, 2016, conditional upon completing the contracted private placement funding ("**PP-1605**") committed by the Shareholders-45% and granting several extensions for the completion of PP1605, it became obvious that the Shareholders-45% were not able to complete their committed PP-2016 funding and leading eventually to a default by the contracted party and the termination of the SPA due to non-compliance of the SPA agreement by the Shareholders-45%.

On February 15, 2018, the Company was able to execute a binding Letter of Intent ("**LOI**") for an acquisition agreement, with companies holding oil & gas leases in Oklahoma, USA including all entities which are holding any interest in the complete Leasehold Estate ("**Ok1-1 Project**"). On April 24, 2018 the Company executed the Definitive Acquisition Agreement ("**DA-Agr**") with the lease-hold owners ("**Sellers**"), holding any interest in the complete Leasehold Estate consisting of oil & gas leases in Oklahoma, USA ("**Ok1-1 Project**"), including any entities holding an interest in the Ok1-1 Project. After completion of full NI 51-101 geological report (the "**NI-51-101 Ok1-Report**") received the TSX-V approval for the acquisition of the Ok1-1 Project on May 25, 2018.

Under the understanding that all leases within the Leasehold Estate were in good standing with Oklahoma's Regulatory Authorities, it was agreed that the purchase price for OKL-1 project is US\$3,000,000, to be fulfilled through scheduled cash payments over a period of three years, to be secured through a mortgage carried by the Seller as mortgagee, bearing an annual interest rate of 5% which were to be paid in monthly instalments.

After the approval by the TSXV on June 25, 2018, the Company advanced US\$110,000 and monthly interest payments for initial development costs.

Under the DA-Agr the parties specifically agreed that the Seller would continue to operate the OKL-1 Project and control the operating income but report to the Company consistently on the development of the OKL-1 project until the Company has completed payments of US\$1,500,000 within the first 15 months after the TSX-V approval.

In October 2018, the Company was made aware that not all of the wells subject to the agreement had been maintained in good standing with the Oklahoma authorities ("**OCC**"). As a result of the notification the Company stopped all payments and tried to negotiate amended terms to the agreement with the Seller. These proving unsuccessful the Company announced the termination the DA-Agr in accordance to the termination clause of the DA-Agr. on July 24, 2019. The Company had been made aware of the fact that the wells underlying the agreement had not all be maintained in good standing with the authorities.

Subsequent to the "Termination", the representative of the seller of the Ok1-1 Project ("Seller") objected to the issues in respect to the by the Company mentioned impairment of the oil & gas leases and wells in question, denying the implied impediments with Oklahoma's Oil & Gas regulatory authorities ("OCC"), by

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

presenting an official email notification that the Oklahoma regulatory authorities "OCC" approved on dated August 8, 2019, after previous denial, the transfer of certain wells between two companies which are both under the Seller's control. Despite the Seller's clarification of the aforementioned issues to the Company's wording within the announced NR-190724, Mineral Hill's general termination of the proposed acquisition under the DA-Agr has not been withdrawn by the Company and will remain effective as of July 15, 2019, based on the provision in the DA-Agr for such termination.

On January 4, 2019, the Company executed a non-binding Letter of Intent ("LOI") for the acquisition of the assets of and oil and gas operating company, also located in Oklahoma ("**Okl-2 Project**"), which was put under the United States Chapter-11 protection.

The acquisition of the Okl-2 Project was not executed and on June 21, 2019, the Company announced that it will not proceed with the proposed acquisition of the "OKL-2 Project" since funding for the buyout of OKL-2 Project, as debtor in possession under Chapter 11 of the United States Bankruptcy Code, could not be secured in spite of the fact that Mineral Hill commissioned and completed a full NI 51-101 Report especially in respect to the target's oil and gas assets.

The parties to the OKL-2 Project agreed to a mutual termination in accordance to the LOI.

On October 9, 2019, the Company announced the execution of a binding Letter of Intent ("LOI") for the acquisition of a privately held "REIT" company ("Target-REIT"), incorporated under the laws of the state of Florida, USA holding real estate assets in Florida and Colorado of which consist of real estate tracts and properties, which it assembled over the past five years and leased to RV-parks, agriculture cultivation centers and cannabis dispensaries in Florida and Colorado.

The basic terms of the LOI are explained in more detail in the last nine (9) paragraphs under the above "OVERVIEW" section.

Overall Performance

Financing

During the month of April, 2016, the Board of Directors approved the transfer of 100% legal and beneficial interest in its lithium claims that had been impaired in fiscal 2014 to a mining exploration company in return for a 1% NSR royalty. The mining exploration company has the right to purchase the Company's 1% NSR on the properties for \$400,000 at any time.

On April 5, 2016 the TSX-V granted Merfin Management Limited 127,557 bonus shares in recognition for providing loan amounts in fiscal 2015 and 2014 totaling \$89,290.

Subsequently, in April of 2016, Merfin Management Limited provided additional financial support totaling \$8,095 for auditing and filing costs.

On August 14, 2017, an employee of the Company exercised 30,000 options at \$0.14 per unit in the Company's share capital to provide additional working capital.

On September 28, 2017, a Director of the Company exercised 50,000 options at \$0.14 per unit in the Company's share capital to provide additional working capital.

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

On December 7, 2017 the Company announced that subscription agreements, arranged by CPS shareholders, for a private placement that constituted part of the SPA were not executed due to non-performance. Some subscriptions for share received in advance by the Company were reclassified in Accounts payable.

On December 28, 2017 the Company received notice to exercise 218,000 options into common shares at a price of \$0.14 per share. The Company recognized the amounts received as shares to be issued at December 31, 2017. The shares were issued subsequent to December 31, 2017.

On February 27, 2018 the Company made the initial payment of US\$25,000 followed by a second payment of US\$85,000 on March 28, 2018 as part of the US\$110,000 committed under the LOI executed on February 15, 2018, as initial development funds to increase production of certain producing wells within the OKL-Project identified under the DA-Agr..

As at September 30, 2018, Merfin, a private holding company, of which Dieter Peter is President, provided accumulated cash advances of \$1,002,681 that were used for property payments, general working capital in order to keep the Company in good standing and meet its administrative obligations including the required fees to regulatory bodies as well as consulting fees from 2013 to January 2014 and accrued interest for the aforementioned. The loan from Infogen amounted to \$90,826 for providing consulting services from 2013 to February 2014. Since 2013 and 2014 Mr. Peter and Mr. von Kursell respectively provided unpaid services for their responsibilities in their capacities as Officers and Directors of the Company which was always disclosed in its financial statements.

The Company's independent Directors, acting in good faith, having approved all previous loans, have determined that the issuance of common shares in the capital of the Company is preferable to large and long outstanding insider loans and reasonable in the current circumstances of the Company. The issuance of shares has no impact on or is creating a new control person. Both Merfin and Infogen are showing faith in the future of the Company and investors can be assured that any future funds raised will not be used to pay off those long-term outstanding insider loans.

On October 17, 2018 the Company announced that it had received TSX Venture Exchange (the "TSX-V") approval for its submitted request dated September 25, 2018 to issue 6,468,910 common shares to Merfin Management Limited ("Merfin") and 585,975 common shares to Infogen Research Limited ("Infogen") respectively to eliminate the long outstanding insider-loans provided until September 30, 2018. The shares will have no warrants attached and the cost of \$0.155 per share was calculated based on the weighted average trading price for the previous two months.

Merfin and Infogen agreed to a voluntary holding period of four month from the issuance date.

During the year ended December 31, 2018, the Company received advances in the amount of \$237,501 from Merfin Management Limited ("Merfin") which were recorded in accounts payable. On April 17, 2019, the Company received a further advance of \$15,000 from Merfin.

On January 31, 2019 and April 17, 2019 the Company received advanced payments for subscriptions in the prior announced private placement at \$0.20 per unit for amounts of

Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019

\$28,000 and \$15,000 respectively. As at the date of this report the private placement had not closed.

Results of operations

Nine months ended September 30, 2019 compared to the nine months ended September 30, 2018

Net loss and comprehensive loss for the nine months ended September 30, 2019 was \$22,180 (loss per share - \$0.00) compared to \$196,995 (loss per share - \$0.02) for the corresponding period in 2018. Being at the development stage, the Company did not generate any revenue from operations. The decrease in loss of \$174,815 was mainly attributable to:

1. a decrease of \$120,227 in bank charges and interest from \$121,890 in 2018 to \$1,663 in 2019 due to no interest paid due to the settlement of outstanding loans to Merfin Management Limited and Infogen Research;
2. an increase of \$43,466 in gain on settlement of debt from \$Nil in 2018 to \$43,466 in 2019 due to debt forgiveness by Nass Valley Gateway, a related party;
3. an increase of \$6,529 in write-offs for furniture and computers from \$Nil in 2018 to \$6,529 in 2019 due to their disposal at no cost;
4. a decrease of \$41,195 in share based compensation from \$43,869 in 2018 to \$2,674 in 2019 due to no new options having been granted in 2019 and 2018;
5. An increase of \$5,323 in professional fees from \$17,514 in 2018 to \$22,837 in 2019 due to legal cost for the Oklahoma projects.

Summary of Annual Results	December 31 2018	December 31 2017	December 31 2016
	\$	\$	\$
Net revenue	-	-	-
Loss from operations			
- in total	(174,903)	(358,524)	(322,184)
- on a per-share basis	(0.01)	(0.03)	(0.03)
- on a diluted per-share basis	(0.01)	(0.03)	(0.03)
Net loss			
- in total	(174,903)	(358,479)	(299,549)
- on a per-share basis	(0.01)	(0.03)	(0.03)
- on a diluted per-share basis	(0.01)	(0.03)	(0.03)
Total Assets	36,271	45,278	41,174
Total long-term financial Liabilities	-	-	-
Cash dividends declared per share	-	-	-

Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019

Selected Quarterly Information

Three months ended	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Total assets	30,016	31,006	48,077	36,271	179,158	180,349	182,224	45,278
Exploration and evaluation assets	-	-	-	-	141,818	141,818	141,818	-
Working capital	(462,855)	(460,586)	(489,596)	(492,975)	(1,753,920)	(1,508,280)	(1,452,272)	(1,279,215)
Shareholders' equity	(462,667)	(460,571)	(483,837)	(486,161)	(1,425,215)	(1,359,513)	(1,303,419)	(1,272,088)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(2,096)	7,722	(27,806)	(22,092)	(67,879)	(68,903)	(60,213)	(101,020)
Earnings (loss) per share	(0.00)	0.00	0.00	0.00	(0.01)	(0.01)	(0.01)	(0.01)

Third quarter results

During the quarter ended September 30, 2019, the Company incurred a loss of \$2,096 compared to a loss of \$67,879 for the comparative period.

Significant movements for the three months period ended September 30, 2018 was a decrease of \$62,356 in bank charges and interest from \$63,074 in 2018 to \$718 in 2019.

Liquidity

The Company's working capital and deficit positions at September 30, 2019 and December 31, 2018 were as follows:

	September 30 2019 (unaudited)	December 31 2018 (audited)
Working capital (deficit)	\$ (462,855)	\$ (492,981)
Deficit	\$ (18,955,369)	\$ (18,933,189)

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company has limited financial resources, has presently no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities and support from insiders. The ability of the Company to arrange

Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019

additional financing in the future will depend, in part, on the prevailing capital market conditions, the commodity prices and the Company's production and exploration success. The global securities markets, not only in the natural resource sector, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Capital Resources

At September 30, 2019, there were 18,409,188 (December 31, 2018: 18,409,188) common shares outstanding without par value, and a consolidated deficit of \$(18,955,369) (December 31, 2018: \$(18,933,189)), resulting in a shareholder's equity of (\$462,667) (December 31, 2018: \$(486,161)).

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations and Deficit included in its condensed interim consolidated financial statements for the nine months ended September 30, 2019 which are available on SEDAR at '[www. SEDAR .com](http://www.SEDAR.com)'.

Related Party Transactions

During the nine months ended September 30, 2019, the Company entered into the following transactions with related parties.

Key management personnel compensation

The remuneration of key management personnel consisted only of stock based compensation, which during the nine months ended September 30, 2019 and 2018 was as follows:

	Note	September 30, 2019	September 30, 2018
Stock based compensation	(i)	\$ 1,293	\$ 23,070

- (i) Stock based payments are the fair value of options granted to the Chief Executive Officer, the Chief Financial Officer and Corporate Secretary, which vest partly on grant date and partly on the first and second anniversaries of the grant date.

Other related party transactions

During the nine months ended September 30, 2019:

- (i) the Company charged, as a recovery of office expenses, Nass Valley Gateway Ltd. and The Eelleet Network Corp., companies related by common directors and officers, a total amount of \$1,887 (2018: \$4,796).

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

(ii) the following were also included to related parties in accounts payable:

	September 30 2019 (unaudited)	December 31 2018 (audited)
Andrew von Kursell, Director	\$ 9,360	\$ 9,360
Dieter Peter, Director	8,552	8,552
Rafael Pinedo	9,146	-
Nass Valley Gateway Ltd ⁽¹⁾	-	44,254
	\$ 27,076	\$ 62,166

⁽¹⁾ As at June 5, 2019, Nass Valley Gateway Ltd. ceased to be a related party due to the resignation of common directors between Mineral Hill and Nass Valley Gateway.

(iii) Also at September 30, 2019, the Company held 312,000 shares of Nass Valley Gateway Ltd., a company that was related via common directors until June 2019, valued at \$18,930 (2018 - \$18,930)

Advances received from related party

During the nine months ended September 30, 2019, the Company received advances totaling \$245,597 (2018 - \$228,501) which were recorded in accounts payable.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Directors and Officers

Dieter Peter	President, CEO and Director
Andrew von Kursell	Director, Chair of Audit Committee, Interim Chief Financial Officer
Rafael Pinedo	Director, member of Audit Committee
Grant A Hendrickson	Director
Eric Peter-Kaiser	Director
Milo Filgas	Director, member of Audit Committee

As at September 30, 2018, the Company recognized due to related parties of \$1,093,507 comprising amounts owed to two companies controlled by directors, \$1,002,681 owed to Merfin Management Limited ("Merfin") and \$90,826 owed to Infogen Research Limited ("Infogen"). These balances were subject to interest of 8.5% per annum. On October 30, 2018, the TSXV accepted the Company's proposal to settle the remaining debt of \$1,002,681 owed to Merfin with 6,468,910 common shares of the Company and the debt of \$90,826 owed to Infogen with 585,975 common shares of the Company.

During the nine months ended September 30, 2019, the Company received advances totaling \$245,597 (2018 - \$228,501) which were recorded in accounts payable.

Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019

Outstanding Share Data as at October 25, 2019

	Number of options outstanding	Exercise Price	Expiry Date
Common shares	18,409,188		
Common shares issuable on exercise:			
Share options	691,000	0.30	December 16, 2019
Share options	531,000	0.30	October 30, 2020

As at September 30, 2019, the Company had no outstanding warrants to purchase common shares of the Company.

Environmental Liabilities

The Company recognizes that subsequent to the approval of its proposed transaction with Target-REIT the Resulting Issuer will hold real estate assets consisting of real estate tracts and properties, which it will continue to lease to RV-parks, agriculture cultivation centers and Cannabis dispensaries, there might be some potential environmental effects in respect to waste disposal by lessees and/or tenants operations. The Company is determined to offer in future its unique waste-to-clean-energy technology ("EnviroX") of its subsidiary Global Environomic Systems Corp in order to convert toxic emission free, agricultural and extraction waste including plastics into bio-oil and other marketable "green" end-products. The Company may also consider to offer its EnviroX technology to neighboring lessees or other waste producers in order to create additional jobs, income and clean energy.

Future Developments

Target-REIT has also been approached to acquire additional REIT projects including possible funding in Florida and Colorado and subsequent to the approval of the proposed transaction will as Resulting Issuer continue to evaluate those opportunities not only as conceivable acquisitions of additional income projects but also in respect to its advancements as a Hybrid REIT company.

The Company's primary objective is to further expand its projects in Florida and Colorado and at the same time further evaluate the need to divest non-core assets and apply its EnviroX technology by establishing in the US the first converting plant based on its double pyrolysis process in order to convert any kind of waste into clean energy.

As Resulting Issuer, the Company intends to elect, and to operate its USA-business so as to qualify and to be taxed in the USA as a real estate investment trust for the federal income tax purposes or REIT.

Proposed Transactions

Finalize the definitive agreement for the proposed transaction based on the terms of the binding LOI announced on October 9, 2019.

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

Risks and Uncertainties

The Company has been engaged in the exploration of natural resources in the past and even that through that through its proposed transaction the Resulting Issuer will succeed with an experienced operating and legal team which operated within the REITs industry sector successfully for several years, the future combined team will have no operating history as a public entity and is subject to many of the business risks and uncertainties associated with any business enterprise. As the transaction will be a change of the business direction of the Company, the Resulting Issuer's financial success will be dependent upon the further development of the proposed acquisition and the related activities involve significant risks which, even with careful evaluation, experience and knowledge, may not be eliminated.

The Company cannot assure its investors and shareholders that it will be able to operate its acquired business successfully or profitable and complete additional suitable investments and that the Company will be able to provide attractive risk-adjusted returns to its shareholders which over the long term will generate sufficient cashflow to pay attractive dividends and generate capital appreciation. There can also be no assurance that the Company will be able to generate sufficient revenue from its acquired assets to pay operating expenses and make distributions to shareholders

The following are some of the key risks and uncertainties identified; however, there may be other risks and uncertainties that would include:

- the availability of opportunities for investments;
- the possible high degree of volatility in the prices of real estate in a downturn of the global economy;
- an increase in competition to acquire suitable real estate projects throughout the world or other adverse circumstance may make it not possible for the Company to finance additional acquisitions and/or the Company may be unable to invest its proceeds from future financings on acceptable terms;
- new laws that are be unfavorable to the business of the Company's tenants may be enacted and current favorable state laws in the USA or local laws related to the tenant's business may be modified or eliminated in the future;
- the Company is dependent on key personnel and key advisors for the success of the proposed RTO transaction. The departure of any of its executive officers or key personnel could have a material adverse effect on the Company's business as additional costs will be incurred to find replacements or additional availability of experts;
- the Company's growth depends to a great deal on external sources of capital, which may not be available at acceptable terms or at all. In addition, financial institutions may be reluctant to enter into lending transactions with the Company, particularly for certain secured lending, because the Company as Resulting Issuer of the proposed transaction is also acquiring properties which will be leased to operators for the use and cultivation, production, and sale of cannabis. If this additional source of funding will be unavailable to the Company, its growth may be limited and the levered return on the acquired real estate assets may be lower;

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

- the Company expects that most of the tenants of future real estate acquisition will be start-up businesses and may be unable to pay rent with funds from operations or at all, which could adversely affect the Company's cash flow available to make distributions to its shareholders or otherwise impair the value of investments;
- compliance with environmental laws could materially increase the Company's operating expenses;
- the Company's real estate portfolio will be concentrated in a limited number of properties, which subjects the Company to an increased risk of significant loss if any property declines in value or if the Company is unable to lease a real estate asset;
- as some of Company's real estate investments will consist of primarily industrial properties, some of those properties suitable for the cultivation of cannabis or retail of cannabis products, it may be difficult to sell or re-lease upon defaults or early termination, and the Company's revenues may be significantly influenced by demand for such facilities;
- the Company's intent to apply and qualify for an exemption from registration under the Investment Company Act of the USA or the USA Investment Act as Real Estate "Trust" may be prolonged or not pursued by the company and if granted the maintenance of such qualification may impose significant limits on the Company's operation;
- a non-qualification as a USA Real Estate Trust would subject the Company to USA federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to the Company's shareholders and may have significant adverse consequences on the market price of the Company's common shares;
- proceeding with the proposed transaction will incur immediate and substantial dilution for the Company's existing shareholders;

Financial Instruments

The Company's present financial instruments consist of cash and equivalents, marketable securities, receivables, due from related parties, accounts payable and accrued liabilities and due to related parties and, in the future, possibly corporate bonds and other financial instruments. Unless otherwise noted, it is management's opinion that the Company is presently not exposed to significant interest, currency or credit risks arising from these financial instruments generated from none arms-length parties.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities, receivables and contributions from related parties. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents and marketable securities with high-credit quality financial institutions.

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

Amounts due to and from related parties are discussed in Note 8 of the financial statements.

Currency risk

The Company will operate primarily in US dollars and as such might be affected by the fluctuations of the Canadian dollar with the US dollar.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied solely upon equity financings and loans from insiders to satisfy its capital requirements and as Resulting Issuer will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates the need of additional capital in the future to finance ongoing acquisitions of real estate assets, such capital cannot be derived from the exercise of outstanding stock options, warrants but more so through the completion of additional equity financings or other financing instruments available the Company as the Resulting Issuer of the proposed transaction. The Company as Resulting Issuer will have limited operating income and has no assurance that additional funding or alternative financing instruments will be available to it for future acquisitions and, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Resulting Issuer to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and operational success of its current real estate assets. In recent years, the securities markets in Canada and globally have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in real estate prices will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk

The Company might invest in short-term interest-bearing financial instruments. There is a risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash and equivalents as they are currently held in large financial institutions.

Critical Accounting Estimates

The preparation of the Company's financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as expenses.

(i) Stock Based Compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of awards for stock options granted to employees, officers, directors and consultants and the pricing of share purchase warrants. These estimates are based on historical

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

information and accordingly cannot be relied upon to predict the future behavior. These estimates are set out in Note 9(c) in the financial statements.

(ii) Financial Instruments

The carrying values of the financial instruments have been estimated to approximate their respective fair values.

Changes in Accounting Policies

IFRS 16, Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15. The Company does not anticipate a material impact on adoption of IFRS 16.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

Forward-Looking Statements

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Certain forward-looking information should also be considered future-oriented financial information ("FOFI") as that term is defined in NI 51-102. The purpose of disclosing FOFI is to provide a general overview of management's expectations regarding the anticipated results of operations and capital expenditures. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements. These forward-looking statements are set forth principally under the heading "Property Overview" and elsewhere in Management's Discussion and Analysis and may include statements regarding perceived merit of properties; capital expenditures; feasibility study results at the Company's properties; budgets; work programs; timelines; strategic plans; or other statements that are not statement of fact. The material factors or assumptions used to develop forward-looking statements include prevailing and projected market prices and foreign exchange rates, exploitation and exploration estimates and results, continued availability of capital and financing, and general economic, market or business conditions and as more specifically disclosed throughout this document. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company and its subsidiaries may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not

**Management's discussion and analysis of financial results
For the nine months ended September 30, 2019
Containing information up to and including October 25, 2019**

assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in fluctuations real estate values and currency exchange rates; uncertainties relating to interpretation of estimates of capital and operating costs and estimated economic return; the need for cooperation of government agencies in the development of real estate assets and the issuance of required permits; the need to obtain additional financing to develop the assets and uncertainty as to the availability and terms of future financing; the possibility of delay in development programs on in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; and other risks and uncertainties disclosed on the Company's other information released by the Company and filed with the applicable regulatory agencies.

The reader should not place undue reliance on these forward-looking statements. These statements reflect the Company's current view of future events and are subject to certain risks and uncertainties as contained in the Company's filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results could differ materially from those anticipated in these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although we believe that our expectations are based on reasonable assumptions, we can give no assurance that our expectations will materialize. The forward-looking statements made in this MD&A describe our expectations as at October 25, 2019.

"Dieter Peter"
On behalf of the Board
Dieter Peter
Chief Executive Officer
October 25, 2019