

PURE EXTRACTION CORP (formerly Fitch Street Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended September 30, 2020 and 2019 Form 51-102F1

The following discussion is management's assessment and analysis of the results of operations and financial conditions of Pure Extraction Corp. (formerly Fitch Street Capital Corp.) (the "Company") and should be read in conjunction with the Company's audited annual financial statements and related notes thereto for the year ended March 31, 2020 and unaudited consolidated financial statements for the three and six months ended September 30, 2020. These unaudited consolidated financial statements have been prepared in accordance with International Financial Reports Standards ("IFRS") as issued by the International Accounting Standards Board and can be found on SEDAR at www.sedar.com.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

All amounts are in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is November 30, 2020.

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Overview

Description of the Business

The Company was incorporated under the Business Corporations Act of British Columbia on June 20, 2007. The Company was classified as a Capital Pool Company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). On June 13, 2008, the Company was listed on the Exchange, the Company was required to complete a Qualifying Transaction (as defined) by June 13, 2010. The Company did not complete a Qualifying Transaction within the prescribed time frame and the Company's listing transferred to NEX Board of the TSX.V on October 26, 2010. As a result, 1,333,333 common shares that were subscribed by the directors were cancelled.

On June 21, 2016, the Company consolidated its outstanding shares on a one-new-for-four-old basis.

On June 12, 2020, the Company changed its name to Pure Extraction Corp., and thru its subsidiaries Pure Extraction Inc. and Pure Extraction Ltd. are now in the business of manufacturing and selling CO₂ extraction equipment in the botanical oil industry. Botanical oils, also called volatile oils, are natural oils extracted from plants. Historically, they have been used in medicine, cosmetics, perfumes, food and more recently, aromatherapy. Botanical oils are "essential" because they contain the "essence" of the plant, meaning the taste or odor.

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Highlights from April 1, 2020 to November 30, 2020

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

On June 12, 2020, the Company completed its Qualifying Transaction with Pure Extraction Inc. and Pure Extraction Ltd., builders and sellers of supercritical CO₂ extraction systems used to extract botanical oils from biomass

Summary of the Transaction

The Company has acquired all of the issued and outstanding Pure Extraction shares from the shareholders of Pure Extraction. In consideration for the Pure Extraction shares, the Company has issued to the shareholders of Pure Extraction pro rata an aggregate of 3,000,000 common shares of the Company (the "Common Shares") at a deemed value of \$0.165 per common share. In addition, the Company will issue to the shareholders of Pure Extraction pro rata an aggregate of 1,000,000 Common Shares if Pure Extraction generates cumulative gross revenues greater than \$2,000,000 within 18 months from execution of the Share Exchange Agreement (dated December 17, 2018) at a deemed value of \$0.165 per Common Share.

These shares are subject to a Form 5D Value Escrow Agreement pursuant to the policies of the TSX Venture Exchange as detailed in the Company's filing statement dated February 28, 2020. The filing statement is available under the Company's profile on SEDAR. Effective at opening on Tuesday, June 16, 2020, the Common Shares commenced trading on the TSX Venture Exchange under the trading symbol "PURX".

Concurrent Financing

The Company has completed a non-brokered placement (the "Concurrent Financing") of 18,000,000 common shares in the capital of Fitch at a price of \$0.135 per Common Share to raise aggregate gross proceeds of \$2,430,000. The Company intends to use the proceeds from the Concurrent Financing to carry out its business objectives and for general working capital requirements during the twelve-month period following the date of closing of the Transaction. In connection with the Concurrent Financing, the Company paid finders' fees to Canaccord Genuity Corp. consisting of \$194,400 and issued 1,440,000 brokers' options, each option allowing the holder to acquire one common share at price of \$0.135 for a period of 24 months.

Finders' Fee and Hold Period

The Company has issued an aggregate of 345,454 common shares to Canaccord Genuity Corp. as a finders' fee payable in connection with the Qualifying Transaction in accordance with Exchange policies.

All shares issued pursuant to the financing and finders' fees are subject to a four-month-plus- one-day hold period under applicable securities laws in Canada.

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Resulting Issuer

Following the close the transaction, the company's board and management consist of Balraj Mann (Chief Executive Offer), Alicia Milne, Barry Hartley and Anthony Zelen. Nancy Zhao is the Chief Financial Officer and Corporate Secretary of the Resulting Issuer.

Details for each of the directors and officers of the company can be found in the filing statement. Detailed information about the transaction and related matters, including the financial statements of Pure Extraction, is contained in the filing statement.

On June 12, 2020, the Company changed its name to Pure Extraction Corp.

On July 27, 2020, the Company granted incentive stock options to directors, officers, consultants to acquire up to an aggregate of 500,000 common shares of the company at an exercise price of \$0.30 per option. The options are exercisable on or before July 27, 2025.

In October 2020, the Company commissioned one extraction machine.

In November 2020, the Company commissioned two extraction machines.

Selected Financial Information

The following financial data is derived from the Company's audited annual financial statements for the years ended March 31, 2020, 2019 and 2018 respectively.

Years Ended March 31,	2020	2019	2018
	\$	\$	\$
Net revenues	-	-	-
Net loss	(597,047)	(87,261)	(94,001)
Total assets	587,378	483,384	529,739
Loss per Share	(0.04)	(0.01)	(0.03)
Cash dividends per share	0.00	0.00	0.00

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters:

	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019
Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net loss	(365,199)	(67,018)	(42,789)	(50,589)
Net comprehensive loss	(365,141)	(159,070)	(42,789)	(50,589)
Loss per share (basic and diluted)	(0.02)	(0.01)	(0.00)	(0.00)
Total assets	4,728,729	4,967,389	587,378	601,698
Equity (deficiency)	2,976,143	3,147,284	516,702	529,461

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	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018
Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net loss	(338,765)	(164,904)	(59,836)	(19,445)
Net comprehensive loss	(338,765)	(164,904)	(59,836)	(19,445)
Income (Loss) per share (basic and diluted)	(0.025)	(0.015)	(0.01)	(0.00)
Total assets	667,299	380,762	483,384	508,124
Equity (deficiency)	580,050	237,815	402,719	462,519

Results of Operations for the Three Months ended September 30, 2020 and 2019

For the three months ended September 30, 2020, the Company incurred a comprehensive loss of \$366,141 (2019 - \$338,675), the three-month period represents the first full quarter of operations after the acquisition of Pure Extraction Ltd. and Pure Extraction Inc. Major expenses and their prior period comparable amounts as follow:

- Consulting fees \$30,000 (2019 – \$nil)
- Listing and filing fees of \$35,434 (2019 - \$7,605)
- Office and miscellaneous \$10,638 (2019 - \$1,537)
- Professional fees \$23,170 (\$6,000)
- Rent and utilities \$14,517 (2019 - \$4,500)
- Salaries and benefits \$30,714 (2019 – nil)
- Stock-based compensation \$195,000 (2019 - \$221,000)

Results of Operations for the Six Months ended September 30, 2020 and 2019

For the six months ended September 30, 2020, the Company incurred a comprehensive loss of \$433,159 (2019 - \$503,669). Major expenses and their prior period comparable amounts as follow:

- Consulting fees \$47,500 (2019 – \$nil)
- Listing and filing fees of \$53,616 (2019 - \$8,945)
- Office and miscellaneous \$15,818 (2019 - \$1,868)
- Professional fees \$23,170 (\$14,800)
- Rent and utilities \$28,017 (2019 - \$9,000)
- Research and development \$13,450 (2019 - \$nil)
- Salaries and benefits \$31,922 (2019 – nil)
- Stock-based compensation \$195,000 (2019 - \$221,000)
- Transaction costs \$nil (2019 - \$245,980)

Liquidity

As at September 30, 2020, the Company had working capital of \$1,493,763 (March 31, 2020 - \$516,702). The Company has a cash balance of \$2,047,649 (March 31, 2020 - \$334,576).

Contractual Obligations

The Company has no material contractual obligations.

Share Capital

The following tables summarize the Company's common share, warrants and stock option transactions for the years ended March 31, 2019, March 31, 2020, September 30, 2020 and November 27, 2020:
Common Shares:

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Balance, March 31, 2019	12,623,082
Issued for cash	3,703,703
Brokers' options exercised	429,000
Balance, March 31, 2020	16,755,785
Issued for acquisition	3,000,000
Issued for cash	18,000,000
Issued for finders' fee	345,454
Balance, September 30, 2020 and November 30, 2020	38,101,239

During the year ended March 31, 2020, the Company completed a non-brokered private placement financing for gross proceeds of \$500,000 in a bridge financing through the issuance of 3,703,703 common shares at a price of \$0.135 per share. In connection with the private placement, the Company paid a finders' fees to arm's-length third parties consisting of \$40,000 cash and 296,296 brokers' options, each option allowing the holder to acquire one common share at price of \$0.135 for a period of 24 months.

On February 6, 2020, the Company received \$30,030 from the exercise of 429,000 brokers' options.

During the six-month period ended September 30, 2020, the Company completed the acquisitions of Pure Extraction Inc. and Pure Extraction Ltd. The Company issued 3,000,000 common shares to the shareholders of Pure Extraction Inc. and Pure Extraction Ltd. The Company completed a financing concurrent with the acquisition, issuing 18,000,000 common shares for gross proceeds of \$2,430,000. The Company paid a finders' fee consisting of \$194,400 and issued 1,440,000 brokers' options, each option allowing the holder to acquire one common shares at a price of \$0.135 for a period of 24 months. A finder's fee of 345,454 shares were issued as part of the acquisition.

Warrants:

No warrants were issued during the six months ended September 30, 2020 and 2019. There were no outstanding warrants as at March 31, 2019, March 31, 2020, September 30, 2020 and as at November 27, 2020.

Brokers' options:

During the six-month period ended September 30, 2020, the Company issued 1,440,000 brokers' options as finders' fees. The brokers' options allowed the holder to acquire for \$0.135 per option, one common share for a period of 24 months. The fair value of these options was calculated at \$220,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 0.26% risk-free interest rate, expected life of 2 years, 192% annualized volatility and 0% dividend rate.

	Number	Weighted Average Price
Number outstanding at March 31, 2019	780,000	\$0.070
Granted	296,296	\$0.135
Exercised	(429,000)	\$0.070
Expired	(351,000)	\$0.070
Number outstanding at March 31, 2020	296,296	\$0.135
Granted	1,440,000	\$0.135
Number outstanding at September 30, and November 30, 2020	1,736,296	\$0.135

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As at September 30, 2020, the following brokers' options were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of brokers' options	Weighted Average Remaining Years
July 30, 2021	\$0.135	296,296	0.83
June 12, 2022	\$0.135	1,440,000	1.70
	\$0.135	1,736,296	1.55

Stock Options:

During the six-month period ended September 30, 2020, the Company issued 500,000 incentive stock options. The stock options allowed the holder to acquire for \$0.30 per option, one common share for a period of 5 years. The fair value of these options was calculated at \$195,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 0.35% risk-free interest rate, expected life of 5 years, 195% annualized volatility and 0% dividend rate.

As at September 30, 2020, the following stock options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise price	Number of options outstanding	Weighted Average Remaining Years
July 19, 2024	\$ 0.165	1,260,000	3.80
July 23, 2025	\$ 0.300	500,000	4.81
		1,760,000	4.09

At November 27, 2020, the following stock options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise price	Number of options outstanding	Weighted Average Remaining Years
July 19, 2024	\$ 0.165	1,260,000	3.77
July 27, 2025	\$ 0.300	500,000	4.79
		1,760,000	3.93

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Company's executive officers and Board of Directors members.

The aggregate value of transactions relating to key management personnel or by entities controlled by them for the six-month period ended September 30, 2020 and 2019 were are as follows:

	2020	2019
Consulting and management fees	\$ 47,500	\$ -
Rent	27,000	9,000
Stock-based compensation	117,000	110,000
	\$ 191,500	\$ 119,000

These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties. As at September 30, 2020, accounts payable and accrued liabilities included \$nil (March 31, 2020 - \$,4650) owing to company with a common director and officer of the Company.

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Risk and Uncertainties

The Company's business, results of operations, financial condition, and the trading price of its common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits, metal prices, title matters, reclamation costs, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

Critical Accounting Estimates

The financial statements were prepared in accordance with IFRS which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Significant areas requiring the use of management estimates relate to determination of impairment of assets, exploration and evaluation assets' carrying values, useful lives for depreciation and amortization, and the value of deferred income tax assets and liabilities. Actual results could differ from these estimates.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance sheet transactions.

New and amended standards adopted by the Company

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **IFRS 16, Leases**

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15

Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. This standard has been adopted without material effect to these financial statements.

Subsequent Events

None

Financial Instruments and Related Risks

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

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The Company's financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. The fair value of cash and cash equivalents are measured based on level 1 input of the fair value hierarchy.

Management believes that the Company is not exposed to significant interest rate risk, currency risk and credit risk.

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR at www.sedar.com.

List of Directors and Officers

Balraj Mann CEO, and Director

Nancy Zhao, CFO

Anthony Zelen, Director

Alicia Milne, Director

Barry Hartley, Director