Management Discussion and Analysis
For the financial years ended September 30, 2020 and 2019

This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations dated January 28, 2021, relates to the audited annual consolidated financial statements for the year ended September 30, 2020 and 2019 (the "**MD&A Financial Period**") of MPX International Corporation ("**MPXI**" or the "**Corporation**"). This MD&A should be read together with the Corporation's audited annual consolidated financial statements for the years ended September 30, 2020 and 2019 including the notes thereto (the "**Annual Financial Statements**"). This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding anticipated developments in future financial periods and the Corporation's plans and objectives. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking statements. See also "Forward-Looking Statements" and "Risk Factors".

Basis of Presentation

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), which requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses incurred during the reporting period. Transactions occurring prior to the Arrangement on February 5, 2019 were derived from the accounting records of MPX Bioceutical Corporation ("**MPX Bio**"). The financial information up to February 5, 2019 is intended to be representative of the entities had MPXI been operating them as a stand-alone entity, subject to MPX's control, during this time. The financial information related to this period has been prepared by MPXI's management in accordance with IFRS and requires the use of significant judgments made in allocating reported amounts related to MPX Bio. In the opinion of management, Annual Financial Statements reflect all adjustments necessary to present fairly the consolidated statements of financial position and the consolidated statements of net loss and comprehensive loss in accordance with IFRS. However, they may not reflect MPXI's financial position or results of operations had the Corporation been operating in its current structure for the reporting periods presented in these consolidated financial statements, during which time it was a subsidiary of MPX Bio. References to the Corporation before February 5, 2019 should be inferred to be MPXI.

The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Unless otherwise stated, all dollar amounts are expressed in Canadian dollars. This MD&A has been prepared in accordance with the MD&A disclosure requirements established under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

Forward-Looking Information

Certain statements in this MD&A may contain "forward-looking information", within the meaning of applicable securities laws, including "safe harbour provisions" of the Securities Act (Ontario) with respect to the Corporation and its subsidiaries. Forward-looking statements are not historical facts and involve risks,

uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Such statements include, but are not limited to, the Corporation's objectives and intentions as well as statements about the growth of the business, production and revenue expectations and the licensing of facilities. Forward-looking statements are necessarily based on several estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate" and similar expressions as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. The Corporation has based these forward-looking statements on its current views with respect to future events and financial performance. With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions and applied certain factors regarding, amongst other things, general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; the Corporation's ability to effectively deal with the restrictions, limitations and health issues presented by the COVID-19 pandemic; future cannabis pricing; cannabis cultivation yields; costs of inputs; its ability to market products successfully to its anticipated clients; reliance on key personnel and contracted relationships with third parties; the regulatory environment in Australia, Canada, Malta, South Africa, Switzerland and other international jurisdictions; the application of federal, state, provincial, county and municipal laws; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks and Uncertainties" section and elsewhere in this MD&A and other risks detailed from time to time in the publicly-filed disclosure documents of the Corporation which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which could cause actual results to differ materially from the conclusions, forecasts or projections anticipated in these forward-looking statements. Although MPXI believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this MD&A, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, MPXI disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

BUSINESS OVERVIEW

MPXI is a multinational diversified cannabis company focused on developing and operating assets across the international cannabis industry with an emphasis on cultivating, manufacturing and marketing products which include cannabinoids as their primary active ingredient. With current operations spanning four continents in Canada, Switzerland, South Africa, Malta and Australia as well as evolving partnership and distribution opportunities in other jurisdictions, MPXI continues to position itself as an emergent global participant in the cannabis industry.

In Canada, Canveda Inc. ("**Canveda**"), a wholly-owned subsidiary of MPXI, is currently authorized to cultivate, process and sell our cannabis-based products to other licence holders and provincial government agencies through wholesale arrangements, and directly to Canadian patients for medical use. We are in the process of developing our outsourced extraction and formulation capabilities for our cannabis-based products, following which, our operations in Canada will span the entire cannabis value chain. Additionally, the intellectual property agreement between MPXI and MPX Bioceutical ULC (formerly MPX Bio), a wholly-owned subsidiary of iAnthus Capital Holdings Inc. ("**iAnthus**"), dated February 5, 2019 (the "**MPX Bio IP Agreement**") grants MPXI a royalty free, exclusive and perpetual license to MPX's brand, intellectual

property, extraction and formulation, standard operating procedures ("**SOP**") and production technologies worldwide, other than the United States, including all the SOPs, formulations and manufacturing know-how for the production of over 2,000 cannabis-based products that have been successfully marketed in the United States (the "**MPX Bio License**").

Through Canveda, the Corporation plans to produce and distribute three main types of products: (i) cannabis flower; (ii) cannabis extract and related products; and (iii) cannabis derivatives. MPXI's CO^2 oil products will be sold to both recreational and medicinal markets under the brand names 'Strain Rec ™ and 'Salus', respectively. Canveda operates a fully constructed 12,000 square foot cannabis cultivation, processing and distribution facility located in Peterborough, Ontario. MPXI's Canadian assets provide the foundation for further vertical integration of the Corporation from seed-to-sale, both in Canada and globally.

With regards to international operations the company has established CBD and THC processing capabilities in Switzerland and Malta as well as the development of cultivation opportunities in South Africa and Australia. These international operations are expected to be more fully developed throughout fiscal 2021 and 2022.

The Corporation believes that its ongoing strategic relationship pertaining to products and best practices with MPX Bio will serve as a valuable resource for the Corporation's continued global expansion into developing cannabis markets. Management's experience across all segments of the cannabis value chain, specifically in relation to extracted products, provides the Corporation with a significant advantage over its Canadian competitors and has optimally positioned the Corporation for significant global growth as the regulatory environment in other jurisdictions continues to evolve. The Corporation intends to create a network of tissue culture, cultivation, extraction, manufacturing and retail facilities in Europe, with an initial focus on Malta and Switzerland, as well as other international jurisdictions such as Australia and South Africa, and to export its products around the world subject to receiving applicable approvals from applicable governments.

CORPORATE STRUCTURE AND HISTORY

The Corporation was incorporated under the name "2660528 Ontario Inc." under the *Business Corporations Act* (Ontario) ("**OBCA**") by articles of incorporation dated October 17, 2018. Articles of amendment were filed on November 13, 2018 to, among other matters, change the name of the Corporation to "MPX International Corporation" and its common shares (the "**MPXI Shares**") commenced trading on the Canadian Securities Exchange ("**CSE**" or "**Exchange**") under the ticker symbol "MPXI" on February 6, 2019. MPXI's registered office is located at 5255 Yonge Street, Suite 701, Toronto, Ontario, Canada, M2N 6P4.

On February 5, 2019, the plan of arrangement (the "**Arrangement**") among MPXI, MPX Bio and iAnthus, under the *Business Corporations Act* (British Columbia) was completed whereby MPXI acquired the Non-U.S. MPX Bio Assets (defined below) from MPX Bio in accordance with the terms of an arrangement agreement, as amended, among, inter alia, iAnthus and MPX Bio, dated October 18, 2018 (the "**Arrangement Agreement**"). As part of the Arrangement, MPXI also acquired the MPX Bio License pursuant to the MPX Bio IP Agreement.

The "Non-U.S. MPX Bio Assets" include, among other things: each of Salus BioPharma Corporation ("**Salus BioPharma**"), Canveda, a 50% stake in MPX Australia Pty Ltd. ("**MPX Australia**") (MPXI subsequently acquired the remaining interests of MPX Australia), Spartan Wellness Corporation ("**Spartan**" and, together with MPX Australia, Salus BioPharma and Canveda, the "**MPXI Subsidiaries**") and the assets held by the above-listed entities and any tax-loss carry forwards belonging to MPX Bio and the MPXI Subsidiaries.

Canadian Assets

Canveda Inc.

MPXI is the sole shareholder of Canveda, a licensed cultivator, processor, and seller under the Cannabis Act. Canveda has a fully constructed 12,000 square foot facility located in Peterborough, Ontario that produces high quality cannabis flower (the "**Canveda Facility**"). Canveda was originally issued a cultivation licence under section 35 of the *Access to Cannabis for Medical Purposes Regulations* (the **"ACMPR**") on June 12, 2017. The ACMPR was replaced by the Cannabis Act and Cannabis Regulations on October 17, 2018. Canveda's licence was amended under the Cannabis Regulations on February 22, 2019 to permit the processing and sale of cannabis for medical purposes and again on July 26, 2019, to permit the sale of fresh and dried cannabis products in accordance with Sections 11(5), 17(5) and 27 of the Cannabis Regulations. Most recently, on November 26, 2020, Canveda received a further licence amendment authorizing Canveda to produce, sell, and export all categories of authorized Canadian cannabis products, including topicals, extracts and edibles (the "**Canveda Licence**"). This amendment allows Canveda to immediately expand into the production and sale of Cannabis 2.0 products, including extracts, vapes, tablets and topical creams. These products will be offered under both the "Salus BioPharma" medical brand and the popular recreational "Strain Rec™" brand.

The Canveda Licence allows Canveda to develop its medical patient and product strategy and to sell its products directly to registered patients for medical purposes, provincial and territorial cannabis boards, permitted wholesalers and other holders of a licence for sale.

Canveda introduced its recreational cannabis brand "Strain Rec™" in the Province of Saskatchewan in August 2020. The "Strain Rec™" brand is present in nearly half of Saskatchewan's existing retail stores. Canveda also supplies *Strain Rec™* products to the Alberta adult-use market through a supply agreement dated August 7, 2020 with Alberta Gaming, Liquor & Cannabis ("**AGLC**").

Through its relationships with Zenabis (as defined below) and Panaxia (as defined below), Canveda is exporting high-quality cannabis to Israel for preparation at Panaxia's state-of-the-art facilities for sale into the Israeli market.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "MPXI launches its Canadian Recreational Brand," "Canveda Enters into Supply Agreement with Zenabis Global Inc."* and "*Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel,"* and *Subsequent Events – "Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products," "Canveda Enters into a Supply Agreement with the Alberta Provincial Retail Regulator for Strain Rec™ Products"* and "*Canveda Completes First Transaction under its Agreement for the Manufacturing and Distribution of Cannabis Products in Israel."*

Spartan Wellness Corporation

Spartan, a wholly-owned subsidiary of the Corporation, helps veterans suffering from various ailments, mostly psychological, to reduce or eliminate dependencies on highly addictive and unsafe opioids by directing them towards medical cannabis.

Spartan currently has several educational agreements with major Canadian Licence Holders that supply Spartan's network of veterans with medical cannabis. Veterans benefit from insurance coverage provided by Medavie Blue Cross in cooperation with Veteran Affairs Canada ("**Veteran Affairs**"), which provides them with improved access to medical cannabis. Under the Reimbursement Policy for Cannabis for Medical

Purposes, Veteran Affairs provides veterans with reimbursement coverage for up to 3 grams of cannabis per day. However, Spartan can assist veterans through Veteran Affairs' exceptional approval process where coverage for up to 10 grams a day can be approved. As a result, the Corporation believes that veterans represent a significant target for its medical cannabis products.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Spartan entered into a Services Agreement with Medical Cannabis by Shoppers Drug Mart Inc."*

Medical Cannabis Learning Network

In July 2019, the Corporation acquired a 20% interest in 2702148 Ontario Inc. dba KAAJENGA Cannabis ("**KAAJEGNA Cannabis**") securing an exclusive, worldwide, perpetual, royalty free licence to the Medical Cannabis Learning Network, a turnkey, virtual, video learning and engagement platform for the cannabis industry. In December 2019, MPXI acquired the remaining interest in KAAJENGA Cannabis and became the sole shareholder. On September 15, 2020, Articles of Amendment were filed to change the name of KAAJENGA Cannabis to "MCLN Inc." ("**MCLN**").

The Medical Cannabis Learning Network platform which operates as a: (a) private on-line network educational platform, providing information about the use of medical cannabis; (b) telemedicine medium providing patient access to medical practitioners for advice and cannabis prescriptions from MCLN's affiliate, Spartan Wellness; and (c) sales platform for Licence Holders. MCLN earns educational and consultation fees from Licence Holders subscribing to its services.

MPXI has fully integrated the Medical Cannabis Learning Network technology into Spartan. This approach has enabled MPXI to expand Spartan beyond military veterans and first responders and build relationships with other Licence Holders.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Acceleration of the Acquisition of the Medical Cannabis Learning Network"* and *"Medical Cannabis Learning Network Increased its Outreach."*

Salus BioPharma

Salus BioPharma, a wholly-owned subsidiary of the Corporation, is engaged in the development of pharma-grade cannabinoid-based medicinal products, medicinal preparations, and medicinal accessories (the "**SALUS Products**").

The SALUS Products, some of which are expected to be produced in Canada through a manufacturing agreement with Panaxia Pharmaceutical Industries Ltd. ("**Panaxia**"), a leading Israeli pharmaceutical company in the cannabis-based treatment space, are high demand, proprietary, smokeless, pharma-grade cannabinoid-based products that were previously not readily available in Canada. Panaxia is expected to provide the capital and equipment to build out and equip the manufacturing facility as well as provide the non-active ingredients and compounds for formulation and packaging of the SALUS Products. Salus BioPharma facilitates the provision of raw cannabidiol materials from Canveda to Panaxia for final product assembly and is responsible for marketing of the SALUS Products manufactured by Panaxia.

The SALUS Products will be sold under the auspices of the Canveda Licence and any other required regulatory approval, to patients that suffer from a variety of conditions such as PTSD, chronic pain, cancer, epilepsy, Parkinson's, Alzheimer's, anorexia and HIV/AIDS. To the extent that MPXI receives necessary regulatory approvals in the countries in which it intends to sell SALUS Products, MPXI believes it will be in

a position to offer a variety of standardized, pharma-grade, smokeless, measured dosage products, including: (i) sublingual tablets; (ii) slow-release tablets; (iii) pastilles; (iv) rectal suppositories; (v) vaginal suppositories; (vi) skincare ointments; (vii) topical patches; and (viii) oral spray inhalers.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel"* and "*Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products"* and *Subsequent Events – "Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products."*

MPXI Alberta Corporation

MPXI Alberta Corporation ("**MPXI Alberta**"), a wholly-owned subsidiary of the Corporation, acquired all of the assets of Blaze 420 Today Inc ("**Blaze 420**") including the leasehold interests to three (3) locations across Alberta which each have received development permits to operate as retail cannabis stores, in October 2020. MPXI Alberta intends to establish a cannabis retail platform in Alberta and open up to three (3) retail cannabis stores in Edmonton, Alberta area, subject to the final approval of AGLC, upon meeting all licensing requirements.

MPXI Alberta is currently developing the aforementioned retail stores with the first location scheduled to open in the second quarter of calendar 2021.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "MPX International enters into Asset Purchase Agreement to Expand into the Alberta Retail Cannabis Market under the Retail Banner Strain Rec™"*

International Assets

HolyWorld SA

On May 29, 2019, the Corporation acquired all of the outstanding shares of HolyWorld SA ("**HolyWeed**"). HolyWeed, which was co-founded in 2017 by celebrity Swiss cannabis pioneer Bernard Rappaz. The Swiss cannabidiol ("**CBD**") brand, has been officially designated 'Swiss Certified Organic'.

Construction has recently been completed on the production laboratory in Switzerland and HolyWeed is now capable of producing approximately 30 kg of high-quality distillate per month operating a single shift. Adding an additional shift would bolster capacity to approximately 60 kg per month.

To date, HolyWeed has produced approximately 76 kg of crude with less than 1% THC, 20 kg of THC-free crude and 24 kg of high-quality distillate (85% - 89% CBD).

The production from the HolyWeed lab will be sold into the wholesale market and is also being used in "HolyWeed" branded products sold through the HolyWeed retail store in Geneva and www.cbdetc.com, a new multi-brand European marketplace for CBD products including the following:

- *Loose-Leaf Pouches*: Pouches containing 10 g of High-CBD, organic and proprietary blend of flower and trim.

- *Hemp Cigarettes*: Packages with 10 sticks containing High-CBD, organic and proprietary blend of flower rolled 100% hemp paper and filters.

- *Golden Oil:* A new range of oils fitting in to each HolyWeed product family (Party Time, Wellness, Sleep Tight and Sexy Time).

Following the onboarding of new sales and management executives from other European cannabis companies, HolyWeed is also eyeing expansion across Europe by, among other things, continuing to develop a portfolio of leading cannabis assets internationally and expects to take full advantage of the growing market in Europe for CBD-based products in the short term. Further, HolyWeed is in the process of broadening its product lines to include new cannabis extracts, CBD vaporizers and cosmetics in order to offer the optimal quality for its loyal and rapidly expanding customer base.

MPXI is also developing an EU-GMP certified manufacturing facility in Switzerland to produce CBD extracts and distillates for both HolyWeed and wholesale. The facility will feature a full-scale commercial kitchen and a formulation R&D laboratory, giving MPXI the ability to develop innovative CBD products and to potentially collaborate with local partners.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Opening of Premium HolyWeed CBD Flagship Retail Store in Geneva."*

First Growth Holdings Pty Ltd.

In February 2020, the Corporation's wholly owned subsidiary MPXI SA Pty Ltd. ("**MPXI SA**") acquired an 80% interest in First Growth Holdings (Pty) Ltd. ("**First Growth**"). The remaining 20% is held by Simonsberg Cannabis Pty Ltd. ("**Simonsberg**"), whose shareholders include a prominent local winery, continuing MPXI's string of successful local partnerships. This joint venture will establish low-cost cultivation for the Corporation using hi-tech greenhouses.

First Growth has applied under the *Medicines and Related Substances Act*, No. 101 of 1965 (South Africa) (the "**South Africa Medicines Act**") for a license to cultivate cannabis (the "**South Africa License**") from the South African Health Products Regulatory Authority ("**SAHPRA**") on the Sonop Farm (the "**First Growth Facility**"), which is located in the traditional wine-growing region of Stellenbosch in South Africa's Western Cape approximately 50 kilometres east of Cape Town.

First Growth has made significant progress towards the construction of a half-hectare (53,000 sq. ft.) high-tech greenhouse in the wine producing Stellenbosch region of the Western Cape. Whilst the project has been delayed by COVID-19, the First Growth team recently completed the second inspection by South African Health Products Regulatory Authority ("**SAHPRA**"), the South African cannabis regulatory body, and has received positive results. The first cultivation phase of the project, on an initial half hectare (approximately 54,000 square feet) with full development of the project resulting in up to six (6) hectares (approximately 646,000 square feet) of advanced EU-Good Agricultural Practices ("**EU-GAP**") certified greenhouse cultivation and EU-Good Manufacturing Practice ("**EU-GMP**") certified extraction and processing laboratory.

The biomass produced from the First Growth Facility is expected to primarily support MPXI's operations in Malta. Upon receipt of a license to import, extract, produce finished products and distribute cannabis and cannabis derivatives, MPXI Malta Operations, will produce EU-GMP quality cannabis oils and cannabis derivative products and pursue regulated medical cannabis distribution opportunities in Europe through Salus BioPharma, as well as in Canada and Oceania.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Completion of Definitive Agreements for Cannabis Joint Venture in South Africa."*

Activity in Malta

MPXI Malta Operations Ltd. ("**MPXI Malta Operations**"), a Maltese-company owned by MPXI (80%) and Malta-based Bortex Group ("**Bortex**") (20%) was awarded a letter of intent from Malta Enterprise, the economic development agency for the Republic of Malta, to receive a license to import, extract, produce finished products and distribute cannabis and cannabis derivatives (the "**Malta License**") for medicinal use in Malta and export to certain international markets, in particular the EU.

The buildout of its "GMP-ready" facility located in Mriehel, just outside of Valletta, the capital city of Malta, has substantially been completed including all site infrastructure required to support the attainment of an EU-GMP certification for flower packaging. The buildout entailed numerous structural alterations and reinforcements required to achieve the desired site security, EU-GMP compliant layout and load-bearing capabilities.

Following the substantial completion of the facility, MPXI's Maltese operations submitted its application for EU-GMP certification with the Maltase Medicines Authority and completed a preliminary inspection which has resulted in the approval to import biomass material required for validation batches. It is anticipated that EU-GMP certification for the packaging and distribution of cannabis flower will occur during calendar Q2 2021 followed by certification for the packaging of medical cannabis oils in calendar Q4 2021.

The Malta License will be issued by the Malta Medicines Authority (the "**Medicines Authority**") upon the full completion and EU-GMP certification of the Malta Facility. Upon receipt of the Malta License, MPXI Malta will produce EU-GMP quality cannabis oils and cannabis derivative products and pursue regulated medical cannabis distribution opportunities in Europe through Salus BioPharma.

MPXI's Maltese operations will leverage the Zenabis Supply Agreement securing a stable supply of high quality, high-THC medical cannabis to meet initial demand prior to the commencement of MPXI's operations in South Africa.

In anticipation of the receipt of EU-GMP certification, MPXI has engaged with several European groups for the supply of EU-GMP certified medical cannabis and expects to solidify arrangements in the first half of calendar 2021.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Appointment of Jean-Marc Lévy to the Corporation's Advisory Team and Karl Bartolo to the Corporation's European Management Team."*

MPX Australia Pty Ltd.

As part of the Arrangement, the ordinary shares in MPX Australia held by MPX Bio were transferred to the Corporation. In July 2019, the Corporation acquired the remaining interest of MPX Australia and became the sole shareholder.

On October 28, 2019, MPX Australia was issued a Cannabis Manufacture Licence by the Australian Office of Drug Control (the "**Australian ODC**"), in accordance with the *Narcotic Drugs Act 1967* (Cth) (the "**Australian NDA**"), which authorizes MPX Australia, subject to the receipt of valid manufacture permits for licensed premises, to undertake the following activities: (a) the manufacture of a drug in accordance with one or more manufacture permits; (b) activities relating to such manufacture, including but not limited to the following (as applicable): (i) the supply of extracts and tinctures of cannabis and cannabis resin; (ii) the packaging, transport, storage, possession and control of extracts and tinctures of cannabis and cannabis resin; and (iii) the disposal or destruction of extracts and tinctures of cannabis and cannabis resin.

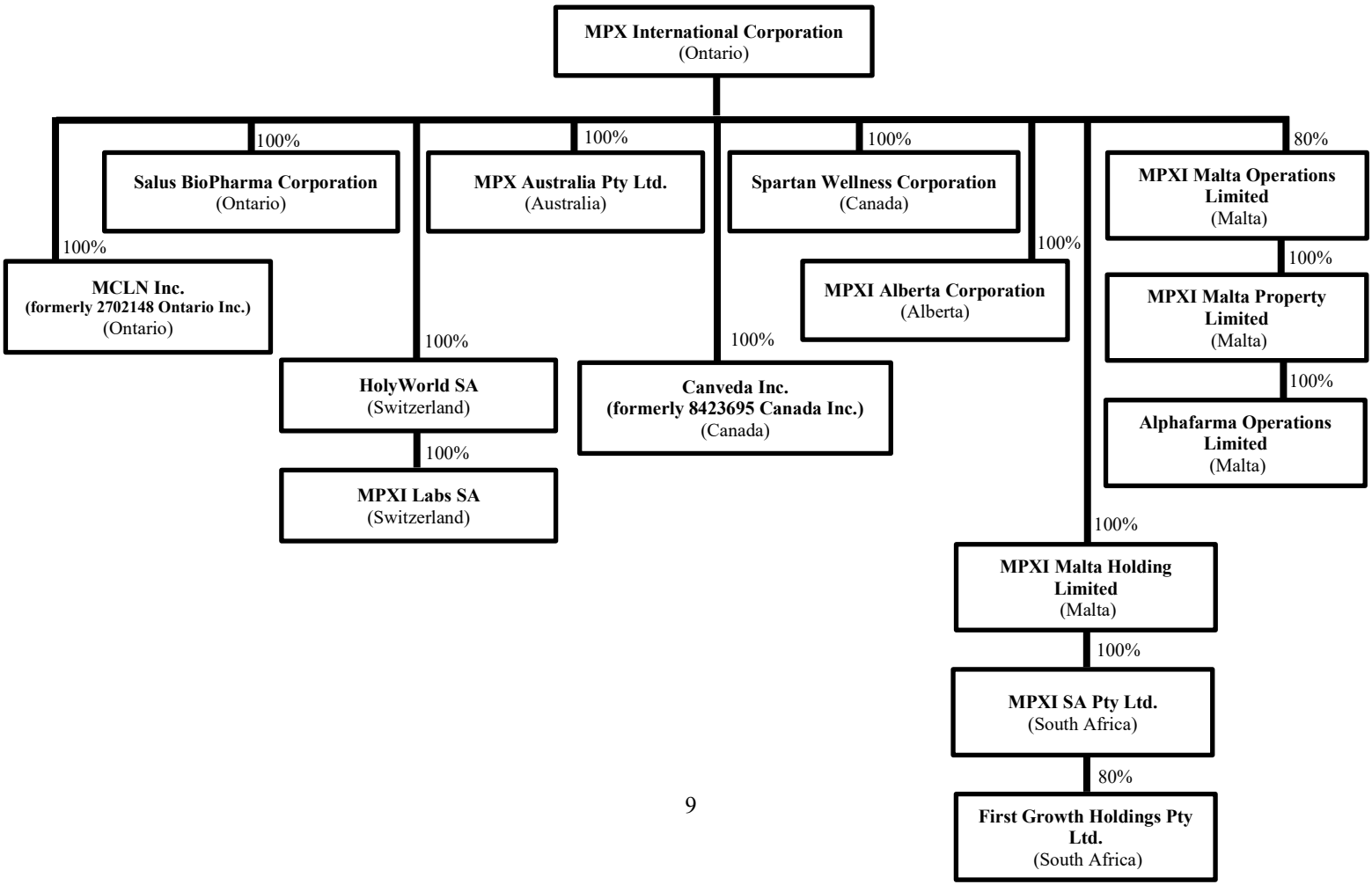
On January 24, 2020, MPX Australia was awarded a Medicinal Cannabis Licence (together with the Cannabis Manufacture Licence, the "**Australian Licences**") from the Australian ODC which authorizes, in accordance with the Australian NDA, which authorizes MPX Australia, subject to the receipt of valid manufacture permits for licensed premises, to undertake the following activities including: (i) the cultivation of cannabis plants for producing cannabis or cannabis resin for medical purposes; (ii) the production of cannabis or cannabis resin for medical purposes; (iii) activities related to the cultivation or production of cannabis including, but not limited to, obtaining cannabis plants, packaging, transport, storage, testing, possession and control of all resulting cannabis products as well as the supply of all cannabis plants, cannabis or cannabis resin.

However, the opportunity to import products into Australia from Malta, Canada and South Africa has prompted the Corporation to pivot from domestic production in Australia to developing an import and distribution capability based in Sydney and now plans to import and introduce the "Salus BioPharma" branded products to the Australian market. Accordingly, MPX Australia surrendered its lease at the 47,000 square foot indoor facility (the "**Launceston Facility**") located in Tasmania, Australia.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "MPX Australia Awarded a Cannabis Manufacture License and Medicinal Cannabis License"* and "*Achievement of MPX Australia First Release Condition."*

Corporate Organization Chart

The following chart identifies our material subsidiaries, their applicable governing jurisdictions and the percentage of their voting securities which are beneficially owned, or controlled or directed, directly or indirectly, by the Corporation:



Corporate Highlights for the Year Ended September 30, 2020

Non-Brokered Private Placement Offering

The Corporation successfully closed the multiple tranches of a non-brokered private placement offering (the "**Offering**") of units (the "**Units**") of the Corporation during the financial year ended September 30, 2020. Initially, the Offering was for $5,000,000 (US$3,700,000) and increased to $6,800,000 (US$5,000,000) on September 16, 2020.

The closing of the first tranche (the "**First Tranche**") of the Offering on June 30, 2020 resulted in the issuance of 3,348 Units at a price of US$1,000.00 ($1,360) for aggregate gross proceeds of $4,553,280 (US$3,348,000). The closing of the second tranche (the "**Second Tranche**") of the Offering on July 31, 2020 resulted in the issuance of 346 Units at a price of US$1,000.00 ($1,360) for aggregate gross proceeds of $470,560 (US$346,000). The closing of the third tranche (the "**Third Tranche**") of the Offering on September 17, 2020 resulted in the issuance of 800 Units at a price of US$1,000.00 ($1,360) for aggregate gross proceeds of $1,088,000 (US$800,000). As at the financial year ended September 30, 2020, the Corporation issued a total of 4,494 Units for aggregate gross proceeds of $6,111,840 (US$4,494,000) for the closing of the initial three tranches of the Offering.

Each Unit consists of one 12% secured convertible debenture of the Corporation (a "**Debenture**") in the principal amount of US$1,000.00 (the "**Principal Amount**") and 7,000 common share purchase warrants (each, a "**Debenture Warrant**"). The Debentures will have a maturity date of twenty-four (24) months from the date of issuance, subject to certain conversion privileges (the "**Maturity Date**") as set forth in a debenture indenture (the "**Debenture Indenture**") entered into with AST Trust Company (Canada) ("**AST**"). Each Debenture will rank pari passu in right of payment of principal and interest with all other Debentures issued under the Offering. The Corporation and AST amended the Debenture Indenture on September 16, 2020 pursuant to a supplemental debenture indenture to increase the principal amount under the Debenture Indenture by $1,768,000 (US$1,300,000) to a new maximum principal amount of up to $6,800,000 (US$5,000,000).

The Corporation used the proceeds from the Offering to fund product and facility development as well as for working capital and other general corporate purposes.

Each Debenture bears interest at a rate of 12% per annum from the date of issue, payable quarterly in arrears on the last day of March, June, September and December in each year, commencing December 31, 2020 (each, a "**Coupon Date**"). The amount of interest that becomes payable on December 31, 2020 will represent accrued interest for the period from the applicable Closing Date to December 31, 2020. All accrued but unpaid interest as of each Coupon Date shall be payable by the Corporation in cash and shall accrue interest at a rate of 12% per annum.

The Principal Amount is convertible, for no additional consideration, into MPXI Shares at the option of the holder at any time prior to the earlier of: (i) 6:00 p.m. (Eastern Standard Time) on the Maturity Date; or (ii) the business day immediately preceding the date specified by MPXI for redemption of the Debentures at a conversion price equal to $0.12 per MPXI Share.

Each Debenture Warrant entitles the holder thereof to purchase one MPXI Share (each, a "**Debenture Warrant Share**") at an exercise price of $0.20 (the "**Exercise Price**") for a period of twenty-four (24) months from the Closing Date (the "**Expiry Date**").

The Corporation paid cash finders fees of $73,440 (US$54,000) and issued an aggregate of 989,999 compensation warrants (the "**Compensation Warrants**") to certain finders pursuant to the closing of the First Tranche and paid $6,800 (US$5,000) of cash finders fees and issued 91,666 Compensation Warrants to certain finders pursuant to the closing of the Third Tranche. Each Compensation Warrant entitles the holder to acquire one (1) MPXI Share at an exercise price of $0.20 per MPXI Share for twenty-four (24) months. No finders fees were paid in connection with the Second Tranche.

The Corporation entered into a guarantee and certain security documents in favour of AST, as debenture trustee, as security for the payment and performance of the Corporation's obligations under the Debenture Indenture. The Corporation also provided certain EBITDA covenants, agreed not to create, incur, assume or be liable for any indebtedness other than permitted indebtedness and the Debenture contains other default covenants consistent with this type of debt transaction. The Company is in compliance with these covenants.

See also *Subsequent Events – "MPXI Closed Additional Tranches of the Offering."*

Acceleration of the Acquisition of the Medical Cannabis Learning Network

Following its initial 20% investment in MCLN on July 16, 2019, the Corporation accelerated the acquisition of the remaining 80% interest in MCLN on December 3, 2019.

MPXI acquired all remaining shares of MCLN for a purchase price of $1,750,000 which was satisfied through the issuance of 3,224,247 units (the "**MCLN Units**") of the Corporation at a price of $0.51 per MCLN Unit (for 2,696,078 MCLN Units) and $0.71 per MCLN Unit (for 528,169 MCLN Units). Each MCLN Unit is comprised of one MPXI Share and one common share purchase warrant (each, a "**MCLN Warrant**"). Each MCLN Warrant entitles the holder to purchase one MPXI Share at an exercise price of $0.61 per MPXI Share for five years from the date of issuance.

See also *Corporate Structure and History – Canadian Assets – "Medical Cannabis Learning Network*" and *Corporate Highlights for the Year Ended September 30, 2020 – "Medical Cannabis Learning Network Increased its Outreach."*

Medical Cannabis Learning Network Increased its Outreach

On July 22, 2020, the Corporation announced MCLN increased its outreach into the natural health food sector by entering into a non-exclusive agreement dated July 15, 2020 with Miramedia Retail Inc. to create a new MCLN branded web-based portal, "MiraCBD". MiraCBD provides retailers, natural health practitioners and consumers with access to the MCLN platform which operates as: (a) a private network educational platform, providing information about the use of medical cannabis; (b) a telemedicine medium providing patient access to medical practitioners for advice and cannabis prescriptions from Spartan; and (c) a sales platform for Canadian cannabis Licence Holders. MCLN earns educational and consultation fees from Licence Holders subscribing to its services.

See also *Corporate Structure and History – Canadian Assets – "Medical Cannabis Learning Network."* and *Corporate Highlights for the Year Ended September 30, 2020 – Acceleration of the Acquisition of the Medical Cannabis Learning Network."*

Completion of Definitive Agreements for Cannabis Joint Venture in South Africa

On February 20, 2020, the Corporation announced that it completed definitive agreements pursuant to the previously announced cannabis joint venture in South Africa. Pursuant to the terms of the definitive agreements, the Corporation has acquired an 80% interest in First Growth with the remaining 20% held by Simonsberg.

Upon First Growth achieving the applicable milestones outlined below, MPXI will issue common share purchase warrants in MPXI (the "**FG Warrants**") to Simonsberg up to an exercise value of US$5,000,000. The FG Warrants will: (a) be issued in tranches, as outlined below; (b) have a term of three (3) years; and (c) have an exercise price equal to the greater of: (i) $0.35 with respect to FG Warrant B and C and $0.42 with respect to FG Warrant D, E and F and (ii) the five day volume weighted average price (the "**VWAP**") of MPXI on the CSE as of the day the respective milestone has been met, unless otherwise indicated below.

The FG Warrants will be issued as follows:

(a) FG Warrant A: US$500,000 exercise value upon receipt by First Growth of the South Africa License from SAHPRA with an exercise price determined as the five-day VWAP of the MPXI Shares on the CSE as of the date of the definitive agreements;

(b) FG Warrant B: US$500,000 exercise value upon receipt by First Growth of the South Africa License from SAHPRA;

(c) FG Warrant C: US$1,000,000 exercise value upon successful cultivation and processing of 1,000 kg of Good Agricultural and Collection Practice ("**GACP**") grade dried flower suitable for delivery to an extraction facility;

(d) FG Warrant D: US$1,500,000 exercise value upon successful cultivation and processing a further 5,000 kg (aggregate of 6,000 kg) of GACP grade dried flower suitable for delivery to an extraction facility;

(e) FG Warrant E: US$500,000 exercise value, upon the earlier of the: (i) receipt by First Growth of an extraction and manufacturing license from SAHPRA; and (ii) date that is twelve (12) months from the date that First Growth receives the South Africa License, if plans to build and fund an EU-GMP compliant extraction and manufacturing facility have not been approved; and

(f) FG Warrant F: US$1,000,000 exercise value, upon the earlier of the: (i) successful delivery of 100 kg of EU-GMP grade cannabis extract through First Growth's processing facility; and (ii) date that is twelve (12) months from the date that First Growth receives the South Africa License, if plans to build and fund an EU-GMP compliant extraction and manufacturing facility have not been approved.

In addition, First Growth will pay to Simonsberg a royalty of US$0.10 per gram of dried flower shipped.

See also Corporate Structure and History – International Assets – "First Growth Holdings Pty. Ltd."

Opening of Premium HolyWeed CBD Flagship Retail Store in Geneva

On February 10, 2020, the Corporation announced its inaugural HolyWeed CBD retail flagship store opened in the heart of Geneva's tourist district.

The location carries all HolyWeed 'Swiss Certified Organic' branded products as well as products from several other premium CBD brands curated by HolyWeed.

This new retail location builds on the Corporation's burgeoning European retail presence.

See also *Corporate Structure and History – International Assets – "HolyWorld SA."*

Spartan entered into a Services Agreement with Medical Cannabis by Shoppers Drug Mart Inc.

On July 2, 2020, the Corporation announced that Spartan has entered into a services agreement dated July 1, 2020 (the "**Services Agreement**") with Medical Cannabis by Shoppers Drug Mart Inc., a subsidiary of Shoppers Drug Mart.

The Services Agreement calls for Spartan to utilize its network of volunteers and professionals to perform clinical services for Shopper Drug Mart patients which will include prescribing cannabinoid combination and strength, delivery methods and general education about cannabis use as well as conducting follow-up medical appointments to monitor efficacy and patient well-being.

See also – *Corporate Structure and History – Canadian Assets – "Spartan Wellness Corporation."*

MPXI launches its Canadian Recreational Brand

On August 5, 2020, the Corporation announced the launch of its Canadian recreational brand, Strain Rec ™ by Canveda, with initial shipments made to the Province of Saskatchewan. The first shipment consisted purely of flower and was introduced to eight (8) Saskatchewan retailers in June 2020 through Canveda's permitted approved distributor in Saskatchewan.

See also *Corporate Structure and History – Canadian Assets – "Canveda Inc."* and *Corporate Highlights for the Year Ended September 30, 2020 – "MPXI Enters into Supply Agreement with Zenabis Global Inc."* and "*Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel,"* and *Subsequent Events – "Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products," "Canveda Enters into a Supply Agreement with the Alberta Provincial Retail Regulator for Strain Rec™ Products"* and "*Canveda Completes First Transaction under its Agreement for the Manufacturing and Distribution of Cannabis Products in Israel."*

Canveda Enters into Supply Agreement with Zenabis Global Inc.

On August 12, 2020, Canveda entered into a purchase agreement for high quality cannabis flower from Zenabis Global Inc. ("**Zenabis**"), a large-scale Canadian producer with an estimated 96,400 kg of licensed cannabis cultivation space. This supply agreement (the "**Zenabis-Canveda Supply Agreement**") secures Canveda with 300 – 1,000 kg of cannabis flower per calendar quarter.

See also *Corporate Structure and History – Canadian Assets – "Canveda Inc."* and *Corporate Highlights for the Year Ended September 30, 2020 – "MPXI launches its Canadian Recreational Brand"* and "*Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel,"* and

Subsequent Events – "Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products," "Canveda Enters into a Supply Agreement with the Alberta Provincial Retail Regulator for Strain Rec™ Products" and "*Canveda Completes First Transaction under its Agreement for the Manufacturing and Distribution of Cannabis Products in Israel."*

Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel

On August 13, 2020, the Corporation announced that Canveda has entered into a production and distribution agreement (the "**Panaxia Manufacturing & Distribution Agreement**") with Panaxia, the largest manufacturer and distributor of medical cannabis products in Israel, for the packaging and distribution of cannabis which will be marketed and sold in Israel under Canveda's medical cannabis brand "Salus BioPharma". The initial order for 100kg of cannabis was secured by Canveda under the Zenabis-Canveda Supply Agreement and is being shipped from Zenabis to Panaxia as all required import and export permits have been secured.

See also – *Corporate Structure and History – Canadian Assets – "Canveda Inc."* and *Corporate Highlights for the Year Ended September 30, 2020 – "MPXI launches its Canadian Recreational Brand"* and *"Canveda Enters into Supply Agreement with Zenabis Global Inc."* and *Subsequent Events – "Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products," "Canveda Enters into a Supply Agreement with the Alberta Provincial Retail Regulator for Strain Rec™ Products"* and "*Canveda Completes First Transaction under its Agreement for the Manufacturing and Distribution of Cannabis Products in Israel."*

Appointment of Jean-Marc Lévy to the Corporation's Advisory Team and Karl Bartolo to the Corporation's European Management Team

On October 1, 2019, the Corporation announced the appointment of a former Director of Reynolds-American Inc., Jean-Marc Lévy, to its Advisory Board. Reynolds-American was the 2nd largest tobacco company before being acquired by British American Tobacco PLC (BAT) in 2017.

Mr. Lévy also served on the Management Board of BAT where he directed its marketing and sales functions as Group Chief Marketing Officer from 2009 until 2014. A multilingual business leader with a successful track record of consumer-centric strategy, brand-building and operational delivery, Mr. Lévy will help develop and lead strategic business development opportunities for MPXI. Mr. Lévy is also an Executive-in-Residence at the IMD School of Business in Lausanne, Switzerland.

Additionally, the Corporation announced that it appointed Karl Bartolo as General Manager of its operations in Malta. With significant experience leading and managing strategic and operational performance, Mr. Bartolo will oversee the refurbishment of the recently acquired EU-GMP ready facility and help facilitate the EU-GMP certification process.

See also *Corporate Structure and History – International Assets – "Activity in Malta.*"

MPX Australia Awarded a Cannabis Manufacture License and Medicinal Cannabis License

The Australian ODC awarded MPX Australia with a Cannabis Manufacture Licence by on October 28, 2019 and a Medicinal Cannabis Licence on January 24, 2020.

See also *Corporate Structure and History – International Assets – "MPX Australia*" and *Corporate Highlights for the Year Ended September 30, 2020 – "Achievement of MPX Australia First Release Condition."*

Achievement of MPX Australia First Release Condition

On July 23, 2019, the Corporation announced that it completed the acquisition of the remaining interest of MPX Australia for a total purchase price of up to $4,000,000 to be satisfied by the issuance of up to 7,145,559 MPXI Shares as follows:

(a) 2,689,189 MPXI Shares ($1,250,000) at a price of $0.46 per MPXI Share upon the granting of the Australian License (the "**MPX Australia First Release Condition**").

(b) 2,151,351 MPXI Shares ($1,250,000) at a price of $0.58 per MPXI Share upon the completion of the Launceston Facility (lease surrendered), being the issue of an occupancy certificate by a governmental entity; and

(c) 2,305,019 MPXI Shares ($1,500,000) at a price of $0.65 per MPXI Share upon the earliest of: (i) the first successful harvest; (ii) the first material export; or (iii) immediately prior to the closing or occurrence of a change of control of the Corporation.

Upon receipt of the Medicinal Cannabis Licence, the MPX Australia First Release Condition was achieved and on February 3, 2020 MPXI issued 2,689,189 MPXI Shares ($1,250,000) at a price of $0.46 per MPXI Share.

See also *Corporate Structure and History – International Assets – "MPX Australia*" and *Corporate Highlights for the Year Ended September 30, 2020 – "MPX Australia Awarded a Cannabis Manufacture License and Medicinal Cannabis License."*

Resignation of CFO

On July 31, 2020, the Corporation announced that David McLaren has resigned as Chief Financial Officer of MPXI effective July 31, 2020 to pursue other opportunities. The Corporation notes that Mr. McLaren's departure was not related to any issues or disagreements regarding the Corporation's financial disclosures or accounting policies and practices.

See also *Subsequent Event – "Appointment of New Chief Financial Officer."*

Stock Option Grant

On February 11, 2020, the Corporation granted a total of 87,180 stock options to purchase MPXI Shares to consultants of the Corporation at an exercise price of $0.50 per MPXI Share expiring on February 11, 2025.

Subsequent Events

MPXI Closed Additional Tranches of the Offering

Subsequent to the year ended September 30, 2020, the Corporation completed additional tranches of the Offering and also further amended the Debenture Indenture on December 18, 2020 pursuant to the 2nd supplemental debenture indenture to increase the principal amount under Debenture Indenture, as amended on September 16, 2020, by $3,400,000 (US$2,500,000) to a new maximum principal amount of up to $10,200,000 (US$7,500,000) and to confirm the Canadian and United States dollar currency exchange rate as 1.36 Canadian dollars for each US$1.00.

The closing of the fourth tranche (the "**Fourth Tranche**") of the Offering on October 20, 2020 resulted in the issuance of 506 Units at a price of US$1,000.00 ($1,360) for aggregate gross proceeds of $688,160 (US$506,00). The closing of the fifth tranche (the "**Fifth Tranche**") of the Offering on December 24, 2020 resulted in the issuance of 229 Units at a price of US$1,000.00 ($1,360) for aggregate gross proceeds of $3,031,440 (US$2,229,000). The closing of the sixth tranche (the "**Sixth Tranche**") of the Offering on December 31, 2020 resulted in the issuance of 800 Units at a price of US$1,000.00 ($1,360) for aggregate gross proceeds of $198,560 (US$146,000). As at the financial year ended September 30, 2020, the Corporation issued a total of 4,494 Units for aggregate gross proceeds of $6,111,840 (US$4,494,000) for the closing of the initial three tranches of the Offering. As of the date hereof, the Corporation has issued a total of 7,375 Units for aggregate gross proceeds of $10,030,000 (US$7,375,000) from the closing of all six tranches of the Offering.
The Corporation paid cash finders fees of $25,840 (US$19,000) and issued an aggregate of 348,333 Compensation Warrants to certain finders pursuant to the closing of the Fifth Tranche and paid $3,876 (US$2,850) of cash finders fees and issued 52,250 Compensation Warrants to certain finders pursuant to the closing of the Third Tranche. Each Compensation Warrant entitles the holder to acquire one (1) MPXI Share at an exercise price of $0.20 per MPXI Share for twenty-four (24) months. No finders fees were paid in connection with the Fourth Tranche.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Non-Brokered Private Placement Offering."*

Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products

On December 1, 2020, the Corporation announced that Canveda received a licence amendment from Health Canada which authorizes Canveda to produce, sell, and export all categories of authorized Canadian cannabis products, including topicals, extracts and edibles.

Prior to the receipt of the amended licence, Canveda has been developing its flower and pre-roll product offerings in Alberta, Saskatchewan and Israel. This amendment allows Canveda to immediately expand into the production and sale of other Cannabis 2.0 products, such as extracts, vapes, tablets and topical creams. These products will be offered under both the "Salus" medical brand and the popular recreational "Strain Rec ™" brand.

See also *Corporate Structure and History – Canadian Assets – "Canveda Inc."* and *Corporate Highlights for the Year Ended September 30, 2020 – "MPXI launches its Canadian Recreational Brand," "Canveda Enters into Supply Agreement with Zenabis Global Inc."* and "*Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel,"* and *Subsequent Events – "Canveda Enters into a Supply Agreement with the Alberta Provincial Retail Regulator for Strain Rec™ Products"* and

"*Canveda Completes First Transaction under its Agreement for the Manufacturing and Distribution of Cannabis Products in Israel."*

Canveda Enters into a Supply Agreement with the Alberta Provincial Retail Regulator for Strain Rec™ Products

On October 1, 2020, the Corporation announced the entering into of an agreement dated August 7, 2020 between Canveda and AGLC for the supply of cannabis under the Strain Rec™ brand. Initially, Canveda will supply several strains of unique, high quality flower which will be sold by retail outlets in the Province of Alberta, as well as through AlbertaCannabis.org. Additional product SKUs will follow as Canveda's product offering diversifies. The agreement will continue until December 1, 2021, unless terminated earlier and may be extended upon mutual agreement of the parties for a maximum of two (2) additional terms of up to 18 months each.

See also – See also *Corporate Structure and History – Canadian Assets – "Canveda Inc."* and *Corporate Highlights for the Year Ended September 30, 2020 – "MPXI launches its Canadian Recreational Brand," "Canveda Enters into Supply Agreement with Zenabis Global Inc."* and "*Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel,"* and *Subsequent Events – "Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products,"* and "*Canveda Completes First Transaction under its Agreement for the Manufacturing and Distribution of Cannabis Products in Israel."*

MPX International enters into Asset Purchase Agreement to Expand into the Alberta Retail Cannabis Market under the Retail Banner Strain Rec™

On October 14, 2020, the Corporation announced that MPXI Alberta entered into an asset purchase agreement (the "**Asset Purchase Agreement**") dated July 31, 2020 pursuant to which MPXI Alberta acquired substantially all of the assets of Blaze 420 Today Inc. ("**Blaze 420**"), including the leasehold interests to three (3) locations across Alberta which each have received development permits to operate as retail cannabis stores (the "**Assets**").

The Assets acquired will enable MPXI to establish a cannabis retail platform in Alberta and open up to three (3) retail cannabis stores in the Edmonton, Alberta area, subject to the final approval from AGLC, upon meeting all licensing requirements.

MPXI Alberta has obtained approval from the AGLC to operate as a licensed candidate.

Pursuant to the terms of the Asset Purchase Agreement, MPXI Alberta acquired the Assets for a total purchase price of up to $749,000 comprised of the following consideration and based upon the achievement of certain milestones as set out below:

(i) up to $283,333 as of the date of the official opening of the first (1st) retail store ("**Milestone 1**") satisfied as follows: (a) $83,333 in cash; (b) $100,000 of MPXI Shares to be issued at a fixed price of $0.25 per MPXI Share; and (c) $100,000 through the issuance of a promissory note ("**Note 1**"), less any outstanding principal amount and any accrued and unpaid interest owing by Blaze 420 to MPXI as of October 1, 2020 (the "**Closing Date**") pursuant to the promissory note between Blaze 420 and the Corporation dated June 27, 2019;

(ii) up to $183,333 as of the date of the official opening of the second (2nd) retail store ("**Milestone 2**") satisfied as follows: (a) $83,333 in cash; and (b) $100,000 through the through the issuance of a promissory note ("**Note 2**"); and

(iii) up to $283,333 as of the date of the official opening of the third (3rd) retail store ("**Milestone 3**") satisfied as follows: (a) $83,333 in cash; (b) $100,000 of MPXI Shares to be issued at a price per share equal to the ten (10) day volume weighted average price of the MPXI Shares on the CSE as of the day Milestone 3 is achieved; and (c) $100,000 through the through the issuance of a promissory note ("**Note 3**" together with Note 1 and Note 2, the "**Notes**").

The Notes will be paid in quarterly increments with each payment equal to 20% of the Free Cash Flow generated in the previous quarter by the specific retail store operated by MPXI Alberta that the Note was issued in connection with. "**Free Cash Flow**" means, the cash that is produced after MPXI Alberta pays for all its operating expenses (including creditor payments, sales taxes, corporate taxes and interest payments) and provides for accrued but unpaid salaries, payroll taxes, sales taxes, corporate taxes and operating expenses and overdue creditor accounts. For the avoidance of doubt, the Free Cash Flow calculation for purposes of the Agreement will exclude: (A) the introduction of new capital; (B) any capital expenditure; and (C) proceeds from the disposal of any assets.

See also – See also *Corporate Structure and History – Canadian Assets – "MPXI Alberta Corporation."*

Appointment of New Chief Financial Officer

On October 19, 2020, the Corporation announced the appointment of Jeremy Blumer as MPXI's new Chief Financial Officer, effective October 16, 2020.

Mr. Blumer brings over 25 years of financial experience with both public and private companies to the Corporation, including in the cannabis industry as CFO with Quality Green Inc. a cannabis license holder based in Ontario and Wayland Group Corp. (formerly Maricann Group Inc.) which controlled a multinational group of cannabis companies. Mr. Blumer was also the Senior Director and Head of Accounting at Blackberry and held senior finance positions with Certicom, Ontario Ambulance Services Co and Pilot Insurance.

Mr. Blumer is a Chartered Professional Accountant and holds an Honours Bachelor of Commerce degree in Accounting and Finance from Queen's University.

See also *Corporate Highlights for the Year Ended September 30, 2020 – "Resignation of CFO."*

Canveda Completes First Transaction under its Agreement for the Manufacturing and Distribution of Cannabis Products in Israel

On November 19, 2020, the Corporation announced that Canveda completed its first delivery of cannabis flower pursuant to the Panaxia Manufacturing & Distribution Agreement.

A first shipment of 100 kg of high-quality cannabis flower was shipped from Canada to Israel on November 15, 2020 after receiving an export permit from Health Canada.

Panaxia uses high-quality cannabis flower to manufacture and distribute a variety of standardized, pharma-grade, smokeless, measured dosage cannabinoid-based products including sublingual tablets, slow-release tablets, pastilles, rectal suppositories, vaginal suppositories, skincare ointments, topical patches and oral spray inhalers.

The Salus BioPharma products will be sold to patients with a variety of conditions such as PTSD, chronic pain, cancer, epilepsy, Parkinson's, Alzheimer's, anorexia and HIV/AIDS.

See also – *Corporate Structure and History – Canadian Assets – "Canveda Inc."* and *Corporate Highlights for the Year Ended September 30, 2020 – "MPXI launches its Canadian Recreational Brand," "Canveda Enters into Supply Agreement with Zenabis Global Inc."* and "*Canveda Enters into an Agreement for the Manufacturing and Distribution of Cannabis Products in Israel,"* and *Subsequent Events – "Canveda Receives Licence Amendment from Health Canada Authorizing Production and Sales of Cannabis 2.0 Products,"* and *"Canveda Enters into a Supply Agreement with the Alberta Provincial Retail Regulator for Strain Rec™ Products."*

Stock Option Grant

On October 15, 2020, the Corporation granted a total of 500,000 stock options to purchase MPXI Shares to an officer of the Corporation, the first 250,000 at an exercise price of $0.25 per MPXI Share and the second 250,000 at an exercise price of $0.35 per MPXI Share, expiring on October 15, 2025.

SELECTED FINANCIAL INFORMATION

How We Assess the Performance of Our Business

The key financial measures indicated below are used by management in evaluating and assessing the performance of our business. We refer to certain key performance indicators used by management and typically used by our competitors in the medical cannabis market, certain of which are not recognized under IFRS. See "*Non-IFRS Measures and Other Financial Information*" elsewhere in this MD&A as well as "Non-IFRS Measures" below. These include the following key performance indicators:

- Revenue
- Cost of sales
- Operating expenses
- EBITDA (a non-IFRS measure)
- Adjusted EBITDA (a non-IFRS measure)

Non-IFRS Financial Measures

The Corporation uses "EBITDA" and "Adjusted EBITDA" as financial performance measures in the MD&A, neither of which defined under IFRS. These financial performance measures are computed on a consistent basis for each reporting period and management believes that they provide useful supplemental information to investors.

EBITDA

Management defines "**EBITDA**" as the net income (loss) from operations, adjusted by removing interest, tax, amortization and depreciation. Management believes "EBITDA" is a useful financial metric to assess its operating performance.

Adjusted EBITDA

Management defines "**Adjusted EBITDA**" as EBITDA adjusted by removing other non-recurring or non-cash items, including share-based compensation, transaction costs, non-cash consulting fees, accretion expenses, foreign exchange, the non-cash effects of accounting for biological assets, changes in the fair value of contingent consideration payable, write downs to inventory, losses on the disposal of property, plant and equipment as well as adding back cash lease payments. Management believes "Adjusted EBITDA" is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash items and acquisition related activities.

Selected Financial Information

The following table sets out a summary of results of operations for the financial periods specified below, as well as specific balance sheet data as at the end of each such period:

Selected results and earnings	**Three months ended September 30,**		**Year Ended September 30,**	
	2020	**2019**	**2020**	**2019**
	($)	**($)**	**($)**	**($)**
Gross revenue	878,811	453,704	3,254,844	1,666,153
Excise taxes	42,882	5,692	83,373	74,623
Net revenue	835,929	448,012	3,171,471	1,591,530
Cost of sales	(94,534)	(1,851)	569,742	291,535
Gross profit before unrealized gain from changes in fair market value of biological assets	930,463	449,863	2,601,729	1,299,995
Percent of sales	105.9%	76.3%	79.9%	78.0%
Unrealized gain from changes in fair market value of biological assets	(2,999)	3,523,617	2,032,120	5,150,607
Gross profit	927,464	3,973,480	4,633,849	6,450,602
Percent of sales	105.5%	503.9%	142.4%	387.2%
Total operating expenses	5,534,527	6,852,757	20,666,093	15,344,345
Loss from operations	(4,607,063)	(2,879,277)	(16,032,244)	(8,893,743)
Other income (expenses)	(24,335,631)	(183,129)	(25,699,707)	(226,663)
Income tax recovery (expense)	192,326	27,214	686,911	(258,000)
Net loss	(28,750,368)	(3,035,196)	(41,045,040)	(9,378,406)
Total comprehensive loss	(29,206,881)	(3,282,632)	(40,140,790)	(9,445,324)
Basic and diluted net loss per share	(0.21)	(0.02)	(0.28)	(0.13)
Weighted average number of shares - basic and diluted	141,670,225	135,144,187	140,063,088	71,690,606

Consolidated statements of financial position	As at September 30, 2020 ($)	As at September 30, 2019 ($)
Assets:		
Cash	1,308,811	16,356,889
Current assets	7,641,841	27,797,669
Total Assets	52,369,858	77,228,239
Liabilities:		
Current liabilities	8,409,134	5,217,147
Total liabilities	18,349,741	7,891,032
Total equity	34,020,117	69,337,207

Analysis of Results for the MD&A Financial Period

Net Revenue

For the three months ended September 30, 2020, MPXI posted net revenue of $835,929 (three months ended September 30, 2019 - $448,012). Revenue was mainly driven by sales in Spartan ($272,818), Canveda ($184,126), and HolyWeed ($378,537). In the comparative period, revenue was mainly driven by sales in Spartan ($408,372) and HolyWeed ($26,855). While the company realized solid growth in Canveda and HolyWeed revenues, driven by more months of operations as well as expansion of those businesses. Spartan's revenues, given the nature of its business which focuses on dealing directly with end customers, were negatively affected by the effects of COVID-19.

A summary of the Corporation's quarterly net revenue since December 31, 2018 is presented below:

Three months ended	Net revenue ($)
September 30, 2020	835,929
June 30, 2020	920,717
March 31, 2020	798,516
December 31, 2019	616,309
September 30, 2019	448,012
June 30, 2019	674,745
March 31, 2019	212,201
December 31, 2018	256,572

Cost of Sales

For the three months ended September 30, 2020, MPXI posted cost of sales of ($94,534) (three months ended September 30, 2019 - $1,851). The cost of sales of ($94,534) was mainly driven by Canveda, Spartan and HolyWeed sales. The year over year increase is predominately related to having a full quarter of such activity vs. being in various stages of coming on line as was the case in 2019.

For the year ended September 30, 2020, MPXI posted cost of sales of $569,742 (year ended September 30, 2019 - $291,535). The cost of sales of $569,742 was mainly driven by Canveda, and HolyWeed sales. Like the above, the increase reflects a complete year of near full operations in Canada as well as increased activity in HolyWeed.

Gross Profit

Gross profit for the three months ended September 30, 2020, before adjustment for the unrealized gain in the fair value of biological assets was $930,463 which represents a gross margin of 105.9%. The gross margin was mainly driven by sales at Canveda, Spartan and HolyWeed. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $927,464 calculated at 105.5% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility.

Gross profit for the three months ended September 30, 2019, before adjustment for the unrealized gain in the fair value of biological assets was $449,863 which represents a gross margin of 100.4%. The gross margin was mainly driven by sales at Canveda and Spartan. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $3,973,480 calculated at 886.9% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility and HolyWeed.

Gross profit for the year ended September 30, 2020, before adjustment for the unrealized gain in the fair value of biological assets was $2,601,729 which represents a gross margin of 79.9%. The gross margin was mainly driven by sales at Canveda, Spartan and HolyWeed. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $4,633,849 calculated at 142.4% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility.
Gross profit for the year ended September 30, 2019, before adjustment for the unrealized gain in the fair value of biological assets was $1,299,995, which represents a gross margin of 81.7%. The gross margin was mainly driven by sales at Spartan which are commission based and do not have any Cost of sales, and sales at Canveda. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $6,450,602 calculated at 405.3% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility and HolyWeed.

The increase in gross profits quarter over quarter and year over year are due to increased operational and sales activity across the company, particularly in Canada and to a lesser extent Switzerland. Canadian operations have moved towards distribution in multiple, Canadian jurisdictions compared to the prior year.

Operating Expenses

Operating expenses	Three months ended September,		Year Ended September 30,	
	2020 ($)	2019 ($)	2020 ($)	2019 ($)
General and administrative	3,707,002	3,571,378	13,596,048	8,656,714
Professional fees	634,869	1,099,369	2,209,380	2,532,655
Share-based compensation	(7,159)	66,911	84,145	1,314,992
Amortization and depreciation	1,199,815	2,115,099	4,776,520	2,839,984
	5,534,527	6,852,757	20,666,093	15,344,345

Professional fees decreased to $634,869 for the three months ended September 30, 2020 as compared to $1,099,369 in the comparable period. These fees include expenses related to audit, advisory, legal work, government and investor relations, consulting and costs associated with the board of directors of MPXI (the "**Board**"). This decrease is due to cost savings initiatives.

Professional fees decreased to $2,209,380 for the year ended September 30, 2020 as compared to $2,532,655 in the comparable period. This decrease is due to cost savings initiatives.

As part of the Corporation's incentive stock option plan (the "**Stock Option Plan**"), the Corporation recognized ($7,159) of share-based compensation for the three months ended September 30, 2020, as compared to $66,911 in the comparable period. The Corporation granted stock options to employees, directors, officers, and consultants of the Corporation under the Stock Option Plan on February 26, 2019, May 29, 2019, September 19, 2019, February 11, 2020 and October 15, 2020.

As part of the Stock Option Plan, the Corporation recognized $84,145 of share-based compensation for the year ended September 30, 2020, as compared to $1,314,992 in the comparable period. The decrease relates mainly to the cancellation of options due to several personnel changes as well as a decrease in the company's stock prices used for the calculation of newer grants.

The increase in amortization and depreciation relates primarily to the intangible and capital assets associated with the Canveda Facility which became operational during 2019, amortization of MCLN licence commencing in December 2019, and the additional amortization from the adoption of IFRS 16 during the year ended September 30, 2020.
General and administrative expenses for the three months and year ended September 30, 2020, and 2019, are allocated as follows:

General and administrative	Three months ended September 30,		Year ended September 30,	
	2020 ($)	2019 ($)	2020 ($)	2019 ($)
Occupancy costs	71,346	254,021	455,101	668,282
Consulting fees	1,334,633	1,197,503	3,754,582	2,865,663
Office and general	1,184,725	602,052	3,532,076	1,511,573
Repairs and maintenance	10,037	74,313	44,617	142,023
Salaries and benefits	983,417	1,029,999	5,107,858	2,341,916
Project costs	-	(18,342)	-	51,173
Sales and marketing	58,150	412,202	450,078	948,175
Regulatory expenses	64,694	19,630	251,736	127,909
	3,707,002	3,571,378	13,596,048	8,656,714

The increase in general and administrative expenses for the three months ended September 2020, as compared to the three months ended September 30, 2019, was primarily due to increases in office and general during the period. The main driver of the increase was the onboarding and full year impact of the HolyWeed business unit. Additionally, the acquisitions of Malta and South Africa have contributed with a full-year impact vs the prior periods.

The increase in general and administrative expenses for the year ended September 2020, as compared to the year ended September 30, 2019 was due to increase in consulting fees, salaries and benefits and office and general expenses relating to the growth in the Corporation's operations from the prior year.

Other income and expenses

Other (income) and expenses	Three months ended September 30,		Year Ended September 30,	
	($) 2020	($) 2019	($) 2020	($) 2019
Foreign exchange	(464,767)	10,860	(886,429)	344,066
Interest and income	(132)	(13,473)	(13,770)	(26,741)
Write-down of inventory	9,972,399	131,219	9,972,399	131,219
Write-off of goodwill & intangibles	14,471,543	-	14,471,543	-
Share of loss of joint venture	-	30,852	33,470	128,429
Interest and financing charges	151,996	29,747	528,767	46,597
Accretion expense	276,767	90,998	356,721	257,286
Change in fair value of contingent consideration	(341,424)	(424,920)	(1,894,615)	(1,646,649)
Loss on disposal of assets	735,770	-	2,962,117	71,083
Bad debt expense	171,676	36,983	199,873	36,983
Transaction costs	(370,650)	290,867	237,178	884,390
	24,603,178	183,133	25,967,254	226,663

Foreign exchange for the three months and year ended September 30, 2020 of $(464,767) and ($886,429) respectively relates to more volatile than average currency fluctuations for the multiple currencies within which the company operates including United States dollars, Swiss Francs, Euros, South African rand, and Australian dollars.

Much of the write-down of inventory for the three months and year ended September 30, 2020 of $9,972,399 relates to the impairment of biomass held at HolyWeed in Switzerland reflecting degradation of biomass, a decrease in hemp prices in the marketplace and a decision by management to retain the biomass for extraction, distillation and subsequent sale of high-potency CBD distillate. Management anticipates this will provide much higher gross margins than could be achieved by selling biomass into a market over-supplied with raw hemp flower and trim.

The write-off of goodwill and intangibles for the three months and year ended September 30, 2020 of $14,471,543 relates to impairment of goodwill in HolyWeed. This outcome was based on our regular analysis of the assets and projections for the business. The European operations were particularly hard hit by the effects of the COVID-19 pandemic.
Accretion expense for the three months and year ended September 30, 2020 of $276,767 and $356,721 respectively relates to the contingent consideration associated with the acquisition of Spartan, and convertible debentures.

The change in the fair value of the contingent consideration for the three months and year ended September 30, 2020 was a gain of $341,424 and $1,894,615 respectively which relates to the contingent consideration associated with the acquisition of Spartan, and driven by the change in the price of the MPXI Shares as at September 30, 2020.

Loss on the disposal of assets for the three months and year ended September 30, 2020 of $735,770 and $2,962,117 respectively relate primarily to the abandonment of infrastructure projects. As a result, the Corporation wrote off leasehold improvements and right-of-use assets relating to the Owen Sound Facility in Canada and the Launceston Facility in Australia.

Transaction costs for the three months and year ended September 30, 2020 of ($370,650) and $237,178 respectively relate primarily to acquisitions – South Africa and financing.

Non-IFRS Measures

EBITDA

EBITDA	**Three months ended September 30,**		**Year ended September 30,**	
	($) 2020	**($) 2019**	**($) 2020**	**($) 2019**
Net loss	(28,750,368)	(3,035,196)	(41,045,040)	(9,378,406)
Adjustments:				
Amortization and depreciation	1,199,815	2,115,099	4,776,520	2,839,984
Interest income	(132)	(13,473)	(13,770)	(26,741)
Interest and financing charges	151,996	29,747	528,767	46,597
Income tax expense (recovery)	(192,326)	(27,214)	(686,911)	258,000
EBITDA	(27,591,015)	(931,037)	(36,440,434)	(6,260,566)

Adjusted EBITDA

Adjusted EBITDA	Three months ended September 30,		Year ended September 30,	
	($) 2020	($) 2019	($) 2020	($) 2019
EBITDA	(27,591,015)	(931,037)	(36,440,434)	(6,260,566)
Adjustments:				
Share based compensation	(7,159)	66,911	84,145	1,314,992
Consulting fees settled by equity instruments	1,334,633	688,830	3,754,582	855,168
Unrealized gain from changes in fair value of biological assets	(2,999)	(3,523,617)	(2,302,120)	(5,150,607)
Changes in fair value of contingent consideration payable	(341,424)	(424,920)	(1,894,615)	(1,646,649)
Accretion expense	276,767	90,998	356,721	257,286
Foreign exchange	(464,767)	10,860	(886,429)	344,066
Write-down of inventory	9,972,399	131,219	9,972,399	131,219
Lease payments	444,163	-	1,406,247	-
Loss on disposal of assets	735,770	-	2,962,117	71,083
Write-off of goodwill & intangibles	14,471,543	-	14,471,543	-
Transaction costs	(370,65)	290,867	237,178	884,390
Adjusted EBITDA	(1,542,739)	(3,599,889)	(3,944,426)	(9,199,618)

Summary of Quarterly Results

Three Months Ended	Total Assets ($)	Net Revenue ($)	Net Loss before income taxes ($)
September 30, 2020	52,369,858	835,929	28,942,694[(1)]
June 30, 2020	79,491,239	920,717	5,437,458[(2)]
March 31, 2020	79,829,874	798,516	2,652,203[(3)]
December 31, 2019	79,260,738	616,309	4,699,596[(4)]
September 30, 2019	77,228,239	448,012	3,062,406[(5)]
June 30, 2019	77,349,218	674,745	989,506[(6)]
March 31, 2019	63,219,442	212,201	3,589,645[(7)]
December 31, 2018	33,267,270	256,572	1,478,845[(8)]

Notes:

(1) Net loss before income tax of $28,942,694 consists primarily of net revenue of $835,929, cost of sales of ($94,534), unrealized gain from changes in the fair value of biological assets of ($2,999), operating expenses of $5,534,527, write-off of goodwill of $14,471,543, write-down of inventory of $9,972,399, loss on disposal of assets $735,770, foreign exchange gain of $464,767, accretion expenses of $276,767 (from convertible debt), a fair value gain on contingent consideration payable of $341,424, interest and financing charges of $151,996, bad debt expense of $171,676, interest income of $132 and transaction costs of ($370,650).

(2) Net loss before income tax of $5,437,458 consists primarily of net revenue of $920,717, cost of sales of $414,159, unrealized gain from changes in the fair value of biological assets of $789,683, operating expenses of $4,137,018, loss on disposal of assets $2,117,930 (from the abandonment of infrastructure projects in Canada and Australia), foreign exchange loss of $234,589, accretion expenses of $8,598, a fair value gain on contingent consideration payable of $74,970, interest and financing charges of $79,142, bad debt expense of $28,197, interest income of $453 and transaction costs of $202,742.

(3) Net loss before income tax of $2,652,203 consists primarily of net revenue of $798,516, cost of sales of $185,413, unrealized gain from changes in the fair value of biological assets of $380,193, operating expenses of $4,792,397, foreign exchange gain of $802,891, accretion expenses of $22,940, a fair value gain on contingent consideration payable of $879,855, interest and financing charges of $124,856, interest income of $2,637 and transaction costs of $282,272.

(4) Net loss before income tax of $4,699,596 consists primarily of net revenue of $616,309, cost of sales of $64,704 unrealized gain from changes in the fair value of biological assets of $865,243, operating expenses of $6,202,151, foreign exchange loss of $146,640, share of loss of joint venture $33,470, accretion expenses of $48,416, a fair value gain on contingent consideration payable of $598,366, interest and financing charges of $172,773, interest income of $11,454 and transaction costs of $122,814.

(5) Net loss before income tax of $3,062,406 consists primarily of net revenue of $448,012, cost of sales of ($1,851) unrealized gain from changes in the fair value of biological assets of $3,523,617, operating expenses of $6,852,757, foreign exchange loss of $10,860, share of loss of joint venture $30,852, accretion expenses of $90,998, a fair value gain on contingent consideration payable of $424,920 and transaction costs of $290,867.

(6) Net loss before income tax of $989,506 consists primarily of net revenue of $674,745, cost of sales of $267,766 unrealized gain from changes in the fair value of biological assets of $1,277,086, operating expenses of $3,408,375, foreign exchange loss of $414,095, share of loss of joint venture $25,100, accretion expenses of $63,761, a fair value gain on contingent consideration payable of $1,273,336 and transaction costs of $32,574.

(7) Net loss before income tax of $3,589,645 consists primarily of net revenue of $212,201, cost of sales of $8,369 unrealized gain from changes in the fair value of biological assets of $64,160, operating expenses of $3,663,186, foreign exchange gain of $46,942, share of loss of joint venture $15,966, accretion expenses of $28,450, a fair value gain on contingent consideration payable of $309,690 and transaction costs of $506,398.

(8) Net loss before income tax of $1,478,845 consists primarily of net revenue of $256,572, cost of sales of $17,251 unrealized gain from changes in the fair value of biological assets of $285,744, operating expenses of $1,420,027, foreign exchange gain of $33,947, share of loss of joint venture $56,511, accretion expenses of $74,077, a fair value loss on contingent consideration payable of $361,297 and transaction costs of $54,551.

Selected Consolidated Statement of Financial Position Figures

	September 30, 2020 ($)	September 30, 2019 ($)
Cash	1,308,811	16,356,889
Inventory	4,385,071	2,561,127
Biological assets	439,251	6,404,755
Other current assets	1,508,708	2,474,898
Non-current assets	44,728,017	49,430,570
Current and long-term debt	4,974,573	2,964,973
Accounts payable, accrued liabilities, income tax payable and right-of-use liabilities	7,442,932	3,224,783
Other long-term liabilities	9,045,957	1,701,276
Equity attributable to shareholders of the Corporation	33,957,189	69,452,321

As of September 30, 2020, the Corporation had cash available of $1,308,811 down from $16,356,889 at September 30, 2019. This decrease from September 30, 2019, was mainly due to cash used in operations of $12,176,300 cash used in investing activities of $4,091,985, cash provided from net cash from financing activities of $1,174,882 and the effect of exchange rate fluctuations on cash held of $45,325.

As of September 30, 2020, the Corporation had inventory of $4,385,071 compared to $2,561,127 at September 30, 2019. The increase was attributable to ramp up in Canveda and a large transfer from HolyWeed's 2019 harvest. However, during the year ended September 30, 2020, the Corporation identified indicators of impairment resulting in a write-down of $9,972,399. The impairment is attributable to a decline in market prices and spoilage in HolyWeed.

As of September 30, 2020, the Corporation had biological assets of $439,251 down from $6,404,755 at September 30, 2019. The decrease in biological assets was driven by the completion of the HolyWeed 2019 harvest, and the harvested produce are now included in inventory.

As of September 30, 2020, the Corporation had other current assets of $1,508,708, down from $2,474,898 at September 30, 2019. This was due to increase in accounts receivable of $300,536, a decrease in amounts due from related parties of $413,838, a decrease in deposits of $618,055 and an increase in prepaid expenses of $234,863.

As of September 30, 2020, the Corporation had non–current assets of $44,728,017, down from $49,430,570 at September 30, 2019. This was due to increases in property, plant and equipment increased by $4,253,674, intangible assets had a net increase of $923,391 (KAAJENGA acquisition, Australian Licences and HolyWeed write-off), goodwill decreased by $13,366,688 (write off of goodwill in HolyWeed), long-term deposits increased by $81,459, an increase in restricted cash of $5,965, the joint venture decreased by $278,937 (KAAJENGA cannabis – 100% acquired during Q1 2020) and the recognition of a right-of-use asset of $3,678,583 as part of the Corporations implementation of IFRS 16 during Q1 2020.

As of September 30, 2020, the Corporation had current and long-term debt of $4,974,573 up from $2,964,973 at September 30, 2019. This is due to convertible debentures of $4,675,321, option component of convertible debt of $774,650, a decrease in contingent consideration of $1,920,600, a decrease in short-term loans of $834,907, an increase in long term loans of $120,000, an increase in amounts due to related parties of $89,786, and an increase in promissory notes of $666,950.

As of September 30, 2020, the Corporation had accounts payable, accrued liabilities, income tax payable and current right-of-use liabilities of $7,442,932 up from $3,224,783 at September 30, 2019, mainly driven by higher accounts payables and accruals at September 30, 2020, an increase in income tax payable of $71,664 and the recognition of a right-of-use liability of $1,164,879 as part of the Corporation's implementation of IFRS 16 during Q1 2020.

As of September 30, 2020, the Corporation had other long-term liabilities of $9,045,957 up from $1,701,276 at September 30, 2019. This was due to an increase in the other long term liabilities of $188,589 and the recognition of a right-of-use liability of $4,047,177 as part of the Corporation's implementation of IFRS 16 during Q1. These changes were partially offset by a decrease in the lease inducement of $868,518 due to the Corporations implementation of IFRS 16 during Q1 and a decrease in deferred taxes of $735,333.

As of September 30, 2020, the Corporation had total equity of $33,957,189 comprised of share capital of $66,136,348, other equity of $512,705, warrants of $12,541,696, contributed surplus of $1,458,399 accumulated other comprehensive income of $837,332, accumulated deficit of $47,529,291 and a non controlling interest of $62,928.

Liquidity and Capital Resources

Overview

The Corporation manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and

- to maximize shareholder return through enhancing the share value.

The Corporation considers its capital to be total equity. The Corporation manages capital through its financial and operational forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information

is provided to the Board. The Corporation's capital management objectives, policies and processes have remained unchanged during the financial period for this MD&A. The Corporation is not subject to any external capital requirements other than those noted below relating to the outstanding debt instrument.

The Corporation manages its liquidity risk by monitoring its operating requirements. Management prepares budget and cash forecasts to ensure it has sufficient funds to fulfill obligations. In managing working capital, the Corporation may, where necessary, limit or control the amount of working capital used for operations or other initiatives, pursue additional financing, manage the timing of its expenditures, or sell assets. Considering the ongoing economic challenges that have developed following the onset of the COVID-19 pandemic, the Corporation has implemented additional initiatives to increase liquidity, including applications to government assistance programs and negotiations with key account payable vendors which have resulted in discounts on payables and/or extended payment terms. The Corporation is not subject to any financial ratio maintenance covenants in its bank borrowings or outstanding debt instruments other than the EBITDA covenants and other default covenants consistent with this type of debt transaction contained in the Debenture Indenture. See "*Corporate Highlights for the Year Ended September 30, 2020" and "Subsequent Events*" for further details with respect to the Offering.

Following the completion of the first tranche of the Offering which resulted in the issuance of 3,348 units of the Corporation for gross proceeds of $4,553,280, the Corporation focused the use of the proceeds of the Offering to fund product and facility development in Switzerland and retail expansion in Canada as well as for working capital and other general corporate purposes. In order to maintain current operational capacity, additional sources of capital and/or financing may be required to meet planned growth and to fund our development activities. Liquidity will fluctuate based on demand for working capital resources required for these initiatives. See "Subsequent Events" for further details with respect to the Offering.

The Corporation is subject to risks and uncertainties that could significantly impair its ability to raise funds through debt or equity or to generate profits sufficient to meet future obligations, operational, or development needs. See "*Risk Factors*" for information on the risks and uncertainties that could have a negative effect on the Corporation's liquidity.

As at September 30, 2020, the Corporation had cash of $1,308,811 (September 30, 2019 - $16,356,889) to meet its current liabilities of $8,409,134 (September 30, 2019- $5,217,147). The Corporation had a working capital deficit of $767,293 (September 30, 2019- working capital surplus of $22,580,522). The ability of the Corporation to carry out its business plan rests with its ability to secure additional equity and other financing. Although the Corporation has been successful in obtaining financing from related parties and private placements in the past, the Corporation will likely require continued support. These material uncertainties cast significant doubt about the Corporation's ability to continue as a going concern.

Financial Instruments

Fair values

The carrying values of cash, restricted cash, accounts receivable, accounts payable, accrued liabilities, short-term loans, due to/from related parties and promissory note are a reasonable approximation of their fair values due to their short-term to maturity.

The option component of convertible debentures is estimated at fair value using a binomial lattice model using the following inputs: stock price (Level 1 input); risk-free rates (Level 1 input); credit spread (Level 3 input); volatility (Level 3 input).

Sensitivity Analysis:

Type	Valuation Technique	Key Inputs	Inter-relationship between significant inputs and fair value measurement
Convertible debentures	The fair value of the convertible debt at the quarter-end has been calculated using a binomial lattice methodology.	*Key observable inputs* • Share price (September 30, 2020: CAD $ 0.100) • Risk-free interest rate (September 30, 2020: 0.22% to 0.25%) • Dividend yield (September 30, 2020: 0%) *Key unobservable inputs* • Discount for lack of marketability (September 30, 2020: 20%) • Credit Spread (September 30, 2020: 9.45%)	The estimated fair value would increase (decrease) if: • The share price was higher (lower) • The risk-free interest rate was higher (lower) • The dividend yield was lower (higher) • The discount for lack of marketability was lower (higher) • The credit spread was lower (higher)

Derivative liabilities, September 30, 2020

	Comprehensive loss	
	Increase	Decrease
Expected volatility (20% movement vs. the model input)	$ (23,353)	$ 46,339
Credit Spread (10% movement vs. the model input)	$ 257,247	$ (297,281)
Discount for lack of marketability (10% movement vs. the model input)	$ 117,042	$ (103,439)

Working Capital

The table below sets out the cash, working capital (deficit) and current and long-term debt as of September 30, 2020 and 2019.

Working Capital	**September 30, 2020 ($)**	**September 30, 2019 ($)**
Cash	1,308,811	16,356,889
Working capital including cash	(767,293)	22,580,522
Current and long-term debt	4,974,573	2,964,973

Cash Flows

The Corporation's source of cash includes cash generated primarily from financing activities and other capital raising activities, as well as cash generated from our revenues. Positive cash flows from financing activities are expected to provide the Corporation with enough working capital to meet its short-term financial

commitments as they become due. The chart below highlights the Corporation's cash flows during the years ended September 30, 2020 and 2019:

Cash Flows	September 30, 2020 ($)	September 30, 2019 ($)
Operating activities	(12,176,300)	(11,582,237)
Investing activities	(4,091,985)	(3,515,102)
Financing activities	1,174,882	31,249,986
Effect of exchange rate fluctuations on cash held	45,325	39,663
Cash, beginning of period	16,356,889	164,579
Cash, end of period	1,308,811	16,356,889

Cash used in operating activities

The cash used in operating activities during the year ended September 30, 2020 was $12,176,300, primarily made up of: (1) a net loss of $41,045,040; adjusted for (2) the following items not affecting cash: (a) depreciation and amortization of $4,776,520; (b) total share-based compensation of $84,145; (c) accretion expenses of $356,721; (d) change in fair value of contingent consideration of $1,894,615; (e) share of loss of joint venture $33,470; (f) loss of disposal of plant, property and equipment of $2,936,258; (g) unrealized gain on biological assets of $2,032,120: (h) unrealized foreign exchange gain of $723,638; (i) consulting fees settled via equity instruments of $608,523; (j) deferred income tax recovery of $758,575; (k) interest and financing charges of $515,006; (l) pension liability of $226,034; (m) write off of goodwill and intangibles of $14,471,543 and (n) write off of inventory $9,972,399. Changes in non-cash working capital amounted to a gain of $297,069 (accounts receivable, inventory and biological assets, prepaid expenses and deposits, accounts payable and accrued liabilities).

In comparison, the cash used in operating activities during the year ended September 30, 2019 was $11,582,237, primarily made up of: (1) a net loss of $9,378,406; adjusted for (2) the following items not affecting cash: (a) depreciation and amortization of $2,839,984; (b) total share-based compensation of $1,314,992; (c) accretion expenses of $257,286; (d) change in fair value of derivative liability of $1,646,649; (e) share of loss of joint venture $128,429; (f) unrealized gain on biological assets of $1,150,607: (g) unrealized foreign exchange gain of $89,068; (h) consulting fees settled via equity instruments of $855,168; (i) loss on disposal of PPE of $71,083; (j) income tax expense of $258,000; (k) interest and financing charges of $42,713; (l) unrealized gain on biological assets of $5,150,607; and (m) pension liability of $26,073. Changes in non-cash working capital amounted to a loss of $1,289,371 (Accounts receivable, inventory and biological assets, prepaid expenses and deposits, accounts payable and accrued liabilities and lease inducement).

The most notable change relates to financing activity and reflects substantially less capital raise activity in 2020 as compared to 2019. The company now has operations that can generate cash and meet some of the company's working capital needs.

Cash used in investing activities

The net cash used in investing activities during the year ended September 30, 2020, of $4,091,985 was due to (a) purchase of property, plant, and equipment of $4,242,972; and (b) cash acquired through acquisition of subsidiaries of $150,987.

In comparison, the cash used in investing activities during the year ended September 30, 2019, of $3,515,102 was due to purchase of property, plant and equipment of $1,248,128, purchase of intangible assets of $2,224,800, investment in joint venture (KAAJENGA Cannabis) of $125,000, restricted cash of $112,190 and cash acquired through the acquisition of HolyWeed and MPX Australia of $195,014.

Cash provided by financing activities

The cash provided in financing activities during the year ended September 30, 2020, of $1,174,882 was due to repayment of term loan including interest of $929,976, financing provided to acquisition targets of $2,014,534, issuance costs on private placements of $17,624, interest payment of $77,339, and payments on leases of $1,406,247. This was offset by proceeds of private placement of $5,410,816, proceeds from term loans $120,000, amounts due to related parties of $89,786.

In comparison, the cash provided by financing activities during the year ended September 30, 2019, of $31,249,986 was primarily due to proceeds from a private placement of $26,905,163, proceeds received pursuant to the Arrangement of $5,239,591 and contributions and changes in owner's net investment of $1,658,698, prior to the Arrangement. This was partially offset by share issuance costs from the private placement of $533,752; repayment of term loan including interest of $331,894; financing provided to acquisition targets of $1,273,982; and amounts advanced to related parties of $413,838.

Outstanding Share Data

The Corporation's authorized share capital consists of an unlimited number of common shares. The following table quantifies the number of issued MPXI Shares, stock options, warrants and securities issuable upon the achievement of milestones:

	January 28, 2021	September 30, 2020	September 30, 2019
Outstanding MPXI Shares	142,131,650	141,670,225	135,144,187
Stock Options	4,129,680	3,687,180	3,775,000
Warrants	113,290,254	94,330,435	59,944,574
Warrants Issuable Upon the Exercise of other Convertible Securities	68,126	68,126	81,313
Securities Issuable Upon Achievement of Milestones	31,975,913	30,855,519	21,506,027
Securities Issuable Upon Conversion of Debentures	83,583,335	50,932,000	-

On July 31, 2020, the Corporation issued a total of 346 Debentures convertible into 3,921,334 MPXI Shares and issued a total of 2,422,000 Debenture Warrants an exercise price of $0.20 per MPXI Share.

On September 17, 2020, the Corporation issued a total of 800 Debentures convertible into 9,066,667 MPXI Shares and issued a total of 5,600,000 Debenture Warrants and 91,666 Compensation Warrants at an exercise price of $0.20 per MPXI Share.

Contractual Obligations and Commitments

The Corporation does not have any material off-balance sheet arrangements or commitments as of September 30, 2020.

Legal Claims

Background

On October 22, 2018 (the "**Spartan Closing Date**"), MPX Bio completed the acquisition of 100% of the outstanding shares in the capital of Spartan from Veteran Grown Corporation ("**VGC**") and Ninth Square Capital Corporation ("**Ninth Square**") for an aggregate purchase price of up to $6,000,000 of MPX Bio common shares and warrants to be issued upon the achievement of certain milestones as set out below during the period beginning on the Spartan Closing Date and ending on the date that is twenty-four (24) months from July 29, 2019 being the date on which Canveda became fully licensed to produce, distribute and sell cannabis. Upon the completion of the Arrangement, the Corporation acquired Spartan from MPX Bio.

Following the Spartan Closing Date and the completion of the Arrangement whereby the Corporation acquired Spartan, shareholders of VGC continued working with Spartan, which achieved the first milestone in the third quarter of 2019. Upon entering a substituted consideration agreement (the "**Substituted Consideration Agreement**") dated July 29, 2019 with VGC, the Corporation issued to VGC in connection with the achievement of the first milestone, 439,453 MPXI Shares at a deemed value of $0.64 per MPXI Share and 64,935 common share purchase warrants exercisable at a price of $0.77 per MPXI Share for a term of three (3) years from the date of issue.

On the Spartan Closing Date, MPX Bio issued an aggregate of 781,250 common shares of MPX Bio and 108,695 common share purchase warrants of MPX Bio to Ninth Square and VGC as the vendors.

Ninth Square Claim

The Corporation was served with a statement of claim on August 7, 2019, which was subsequently amended on August 31, 2019 (collectively, the "**Ninth Square Claim**"), by Ninth Square Capital. Ninth Square is a party to the September 2018 Share Purchase Agreement ("**SPA**") by which it sold the shares of Spartan. Ninth Square seeks damages in the amount of $3 million from MPXI as well as co-defendants iAnthus and MPX Bio. The Ninth Square Claim alleges that, among other things, the Arrangement was unfairly prejudicial to and unfairly disregarded the interest of Ninth Square.

On September 30, 2019, the Corporation defended the Ninth Square Claim, denying the allegations against it, and issued a counterclaim seeking damages in the amount of $1 million from Ninth Square. The counterclaim alleges, among other things, that Ninth Square breached the terms of the SPA, including the restrictive covenant. Ninth Square served the Corporation with its defense to the counterclaim on November 4, 2019.

The Corporation intends to vigorously defend the action and prosecute its counterclaim and maintains that it should not be obligated to do anything other than deliver securities as contemplated by the earn-outs that it already contractually agreed to make under the SPA.

MAT4 Claim

On July 16, 2020, the Corporation, was served with a statement of claim from MAT 4 Site Engineers Ltd. ("**MAT4**") seeking damages in the amount of $23,306 (the "**MAT4 Claim**") from MPXI, as well as co-defendants, BioCannabis Products Ltd. ("**BioCannabis**"), a wholly owned subsidiary of MPXI, 1799 20th St. E. Inc., QS1 2012 GP Inc., QS1 2012 LP, Solarize Financial 2015 LP, Solarize Financial 2015 GP Inc. and Bank of Montreal (the "**MAT4 Defendants**"). The MAT4 Claim alleges, among other things, a construction lien and default of payment of fees on the part of the MAT4 Defendants.

Lifestyle Claim

On October 8, 2020, the Corporation was served with a statement of claim from Lifestyle Management Inc. ("**Lifestyle**") seeking damages in the amount of $530,000 (the "**Lifestyle Claim**") from MPXI as well as co-defendants, MCLN, Michael Arnkvarn and David Melia (the "**Lifestyle Defendants**"). The Lifestyle Claim alleges, among other things, breach of contract and misrepresentation on the part of the Lifestyle Defendants.

The Corporation intends to vigorously defend the Lifestyle Claim.

Stock Option Plan

The Stock Option Plan of MPXI is a rolling stock option plan that sets the number of MPXI Shares issuable thereunder at a maximum of 10% of the MPXI Shares issued and outstanding at the time of any grant. As of the date of this MD&A, 4,129,680 stock options have been granted to purchase MPXI Shares as governed by the Stock Option Plan.

Related Party Transactions

Transactions with key management personnel

Key management personnel are those persons having, directly or indirectly, authority and responsibility for planning, directing, and controlling the activities of the Corporation and/or their subsidiaries, including any external directors of the Corporation and/or the Corporation's subsidiaries. The below chart sets out the remuneration of directors and key management personnel of the Corporation as follows:

	September 30, 2020	**September 30, 2019**
Salaries and benefits	954,691	925,109
Share-based compensation	-	818,669
	954,691	1,743,778

At September 30, 2020, the Corporation has an outstanding balance of $88,052 (ZAR 1,104,932) (September 30, 2019 – $Nil) due to Simonsberg who is a 20% shareholder of First Growth. This balance is non-interest bearing and due on demand.

The above noted transactions are in the normal course of business and were made on terms equivalent to those that prevail in an arm's length transaction. The amounts are agreed to by the parties and approved by the Board in strict adherence to conflict of interest laws and regulations.

At September 30, 2020, each of the officers and directors of the Corporation with control of less than 10% of the MPXI Shares collectively control 15,365,374 MPXI Shares or approximately 10.85% of the total MPXI Shares outstanding.

Outlook

The Corporation is focused on developing and operating assets across the global cannabis industry with an emphasis on cultivating, manufacturing and marketing products which include cannabinoids as their primary active ingredient.

In Canada, the Corporation is transitioning its principal business model away from cultivation to one of intermediation between buyers and sellers, accessing or facilitating the sale of cannabis products from License Holders and arranging or facilitating sales to medical cannabis consumers domestically or, increasingly, to international buyers. This strategy reduces or eliminates the need for large capital investment, while generating fees and margins with equivalent net returns to those generally available from seed-to-sale operations. The Corporation is currently involved in late-stage negotiations to facilitate several export opportunities to Europe and Australia and as noted above, processed its first shipment to Israel.

Domestically, Spartan and the MCLN are currently working together with several third-party Licence Holders to educate and market cannabinoid-based medicines to Canadian patients. Revenue is generated through transactional and/or hourly-based consulting fees from Licence Holders. The Spartan/MCLN platform acts as both a telemedicine medium providing patient access to medical practitioners for advice and cannabis prescriptions and as a sales platform for Canveda and anticipates adding other third-party Licence Holders in the coming months. The MCLN operates in much the same manner as Amazon or Shopify by providing on-line sales facilitation between medical cannabis users and Licence Holders.

While it will continue to operate the Canveda Facility, and in consideration of the domestic oversupply conditions, MPXI has shelved plans for any acquisition or expansion of additional cultivation in Canada. Specifically, it has discontinued planned development of the Owen Sound facility and will market its annual production at Canveda through its Spartan and MCLN channels as well as to various provincial cannabis distribution agencies. In December 2019, the Corporation accelerated its option to acquire 100% of MCLN securing an exclusive, worldwide, perpetual, royalty free licence to the Medical Cannabis Learning Network. This private social network connects patients with credible information on the use of medical cannabis, offers the ability to conduct virtual consultations with qualified medical practitioners and acts as an order-entry tool for the purchase of medical cannabis products from Canveda. MPXI is anticipating the addition of other third-party Licence Holders to the platform over the next several months.

The MCLN and its integration with the Spartan platform will play a significant role in our growth in Canada this year. Spartan is a leading medical cannabis clinic dedicated to assisting Veterans of the Canadian Forces, RCMP and first responders since 2017. Spartan has also expanded its services to helping Canadians seeking medical cannabis education, prescriptions, and advice on a wide selection of reputable Health Canada approved product offerings at its premier virtual clinic. Spartan prides itself on its 3 key measures for aligning clients with reputable suppliers: customer service~~s~~, product availability, and product quality. Spartan attributes its continued growth to its 4 Pillars of Success: (1) Honesty; (2) Integrity; (3) Respect; and (4) Giving Back to the Community.

Over 40 countries, including 24 in Europe, have legalized cannabis in some form and medicinal use is by far the primary focus of legalization. Success in the medical cannabis marketplace is largely determined by the number of patients being served and the Medical Cannabis Learning Network is a leading edge "patient acquisition" technology which can be adapted for use in many countries.

MPXI continues to explore opportunities to enter the retail (dispensary) arena in Canada and Switzerland. The first "HolyWeed" branded location was launched in Geneva in January 2020 and has been consistently profitable, supported planned expansion of retail outlets in Zurich and elsewhere in Europe. The Corporation intends to continue the creation of a retail footprint for its products in Canada, Europe and elsewhere.

In Switzerland, a successful harvest of high-CBD, organic "cannabis-light" biomass offers the Corporation the ability to process substantial amounts of CBD distillate, and isolate for sale into the global market. MPXI has entered into leases for two facilities in the Geneva area and while delayed by the advent of the COVID-19 pandemic, both are being converted into extraction and processing facilities and initial production of high-quality CBD distillate commenced in September with capacity expected to continue to expand during the next few months.

With the ultimate goal of creating a global supply chain of low-cost biomass, efficiently-scaled production of GMP quality cannabinoid products for sale into high-value markets, the Corporation will also continue to develop its projects in Malta and South Africa. While again plagued with COVID-19 induced delays, the Corporation still expects each of these projects to commence operations during calendar Q2 of 2021.

In Australia, the opportunity to import products from Malta, Canada and South Africa has prompted the Corporation to change its focus from domestic production to developing an import and distribution capability and now plans to import and introduce the Salus branded products to the Australian market. MPXI's Australian subsidiary is fully licensed for the import and distribution of cannabis. As a result, MPX Australia has discontinued its planned build-out of its cultivation facility in Tasmania.

Finally, the Corporation continues to investigate other international expansion opportunities that can provide lower-cost cultivation, new genetics, innovative production technologies and, most importantly, new markets for its products.

The business interruption created by the global shutdowns and travel restrictions has had a negative impact on the progress of the multiple domestic and international projects initiated by the Corporation in late 2019 and early 2020. Unlike most other cannabis ventures, virtually all of MPXI's operations were still in the pre-revenue stage when COVID-19 emerged. As a result, the Corporation embarked on a plan of cost containment, including wage reductions, the cancellation of several consulting arrangements, the delay of construction of facilities in Switzerland and South Africa and the abandonment of selected infrastructure projects in Canada and Australia. MPXI will extend many of these cost-saving initiatives in the post-COVID-19 period.

The international cannabis industry is evolving rapidly. Regional reports prepared by the London-based cannabis research firm Prohibition Partners predicts that by 2028, the European market for cannabinoid-based products will reach €120 billion (US$135 billion), the Oceania region will approach US$8.7 billion and, by 2024 Southeast Asia will achieve sales of US$8.5 billion (not inclusive of the huge CBD market in China). These potential revenues more than double the projected North American market for the same period.

MPXI, with its access to best practises, product formulations, SKU variety and branding acquired from management's previous U.S. involvement, its management experienced in both the U.S. and international cannabis and financial markets, its access to global capital and its early mover entry into multiple geographic regions, is extremely well positioned to benefit from this exponential growth in the international cannabis market.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Corporation does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

Critical accounting judgements and estimates

The following are the critical judgments, apart from those involving estimations (refer to (o) below), that have the most significant effect on the amounts recognized in the consolidated financial statements.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Judgment is also required to assess whether contingent consideration should be classified as equity or a liability. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration payable are recognised in net income (loss). Information about these judgments is included in Note 5.

Judgement is also required to assess whether the amounts paid on the achievement of milestones represents contingent consideration or compensation for post-acquisition services, and whether contingent consideration should be classified as equity or a liability. Information about these judgments is included in Note 5.

Control, joint control or significant influence

When determining the appropriate basis of accounting for the Corporation's interests in Kaajenga (Note 12), the Corporation makes judgments about the degree of influence that it exerts over the investees' relevant activities to determine whether the Corporation has control, joint control or significant influence. At September 30, 2019, MPXI had an interest of 20% in Kaajenga and a call option to purchase the remaining 80% interest. MPXI did not consider that this call option provided the Corporation with control over Kaajenga, because of the operational barriers to exercise the call option.

Valuation of biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make several estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors. The Corporation uses observable market data where available. In locations where there are no active markets for cannabis plants at the point of harvest, the valuation is determined using a valuation technique that uses inputs that are based on unobservable market data (Level 3). Refer to Note 8 for further information. In calculating final inventory values (Note 7), management compares the inventory cost to estimated net realizable value. In calculating the net realizable value, management is required to make a

number of estimates to determine the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Estimated useful lives, depreciation, and impairment of property, plant and equipment and intangible assets

Depreciation of property, plant and equipment and finite-life intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets. Information about these estimates is included in Notes 9 and 10 to the financial statements.

Share-based compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Corporation's stock price and the risk-free interest rate are used. To calculate the share-based compensation expense related to employee performance milestones associated with the terms of an acquisition, the Corporation must estimate the number of shares that will be earned and when they will be exercised based on estimated discounted probabilities. Information about these estimates is included in Note 20 to the financial statements.

Business combinations

In a business combination, the Corporation may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Corporation may rely on independent third-party valuators. The determination of these fair values involves a variety of assumptions, include revenue growth rates, expected operating income, discount rates, and earnings multiples. Information about these estimates is included in Note 5 to the financial statements.

Fair value measurements

Certain of the Corporation's (financial) assets and liabilities are measured at fair value. In estimating fair value, the Corporation uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Corporation will engage third party qualified valuators to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of biological assets is disclosed in Note 8, the acquired intangible assets in Note 10 and financial instruments in Note 23 of Annual Financial Statements.

Except as described below, the accounting policies applied in Annual Financial Statements are the same as those applied in the last annual financial statements.

The changes in accounting policies are also expected to be reflected in the Corporation's consolidated financial statements as at and for the year ending September 30, 2020.

Recently adopted accounting standards

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize right-of-use assets and lease liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

Previously, the Corporation determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Corporation now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Corporation applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after October 1, 2019. At inception or on reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Corporation has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Corporation leases assets, i.e. properties and facilities. As a lessee, the Corporation previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Corporation recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet. However, the Corporation has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Corporation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Corporation presents right-of-use assets separately from 'property, plant and equipment' which includes the underlying assets. As at September 30, 2020, the carrying amount of property right-of-use assets is $4,005,792 (October 1, 2019 – $4,143,052). The Corporation presents lease liabilities separately from other liabilities in the statement of financial position.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Corporation makes assumptions and estimations in the determination of the incremental borrowing rates used to calculate the present value of lease payments. Further, it has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Previously, the Corporation classified property leases as operating leases under IAS 17. The leases include offices and stores, for which the Corporation makes fixed monthly payments. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at October 1, 2019. The Corporation measures the right-of-use assets for all leases at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Corporation used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impacts on transition

On transition to IFRS 16, the Corporation recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	September 30, 2020
Right-of-use assets	$ 4,143,052
Lease liabilities	$ 5,011,571

The difference between the right-of-use assets and additional lease liabilities on transition does not result in an impact on retained earnings. This is explained by the previously recorded lease inducements. The previously recorded lease inducement liabilities derecognized and included in the right-of-use assets on transition.

When measuring lease liabilities for leases that were classified as operating leases, the Corporation discounted lease payments using its incremental borrowing rate at October 1, 2019. The weighted average rate applied is 8.27%.

	September 30, 2020
Operating lease commitment at Sept 30, 2020	$ 4,917,865
Extension options reasonably certain to be exercised	1,395,334
Inclusion of non-lease components in the lease payments	199,631
Discounted using the incremental borrowing rate at Oct 1, 2019	(1,501,259)
Lease liability at Oct 1, 2019	$ 5,011,571

A continuity of right-of-use assets for the year ended September 30, 2020, is as follows:

	September 30, 2020
Right-of-use assets at Oct 1, 2019	$ 4,143,052
Lease additions	1,197,613
Amortization for the period	(974,070)
Disposals	(743,266)
Lease modification	(125,010)
Foreign exchange	180,264
Right-of-use assets at September 30, 2020	$ 3,678,583

A continuity of right-of-use liabilities for the nine months ended September 30, 2020, is as follows:

	September 30, 2020
Right-of-use liabilities at Oct 1, 2019	$ 5,011,571
Lease additions	1,197,613
Lease payments	(1,406,247)
Interest expense on lease liabilities	437,667
Disposals	(61,128)
Lease modification	(142,027)
Foreign exchange	174,607
Right-of-use liabilities at September 30, 2020	$ 5,212,056
Current portion – payable within 12 months	$ 1,164,879
Non-current portion	4,047,177
Right-of-use liabilities at September 30, 2020	$ 5,212,056

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Less than one year	$ 1,395,381
One to five years	3,972,607
More than five years	1,321,547
Total undiscounted lease liabilities at September 30, 2020	$ 6,689,535

IFRIC 23 – Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23, which clarifies the application of recognition and measurement requirements in IAS 12 Income taxes when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 will be effective for the Corporation's fiscal year beginning on October 1, 2019, with earlier application permitted. MPXI has adopted IFRIC 23 in its consolidated financial statements for the period beginning on October 1, 2019 with no resulting adjustments.

Future Accounting Policies not yet Adopted

Amendment to IFRS 3 – Business combinations

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3). The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments provide an assessment framework to determine when a series of integrated activities is not a business. The amendments will be effective for the Corporation's business combinations and asset acquisitions occurring on or after the Corporation's fiscal year beginning on October 1, 2020. The Corporation is currently evaluating the potential impact of these amendments and does not expect significant impacts on the Corporation's consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments revise the existing requirements for hedge accounting and are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the

phasing out of interest-rate benchmarks such as Interbank Offered Rates ("IBOR"). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Corporation is currently evaluating the potential impact of these amendments and does not expect significant impacts on the Corporation's consolidated financial statements.

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Corporation is currently evaluating the potential impact of these amendments on the Corporation's consolidated financial statements.

CANNABIS REGULATORY FRAMEWORK IN CANADA

Below is a summary of the current and prior legislation in force in Canada related to both medical and adult-use cannabis.

Prior to the *Cannabis Act* (Canada) and the *Cannabis Regulations* (Canada) coming into force, only the sale of medical cannabis was permitted and was regulated by the ACMPR made under the Controlled Drugs and Substances Act (the "**CDSA**"). On October 17, 2018, the *Cannabis Act* (Canada) and the *Cannabis Regulations* (Canada) (the "**Cannabis Regulations**") came into force, regulating the cultivation, processing, possession, promotion and sale of cannabis in Canada for both medical and adult use purposes. The Cannabis Regulations replaced the CDSA and the ACMPR as the governing laws and regulations relating to cannabis in Canada, including in respect of the cultivation, processing, sale, and distribution of cannabis for medical purposes.

The Cannabis Regulations provide a licensing and permitting system for the cultivation, production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, promotion, sale, possession and disposal of adult-use cannabis and medical-use cannabis. The Cannabis Regulations, among other things, sets out requirements relating to the following matters: (i) licences; (ii) security clearances; (iii) physical security requirements and good production practices; (iv) permitted cannabis products; (v) packaging, labelling and promotion; and (vi) cannabis for medical purposes.

On October 17, 2019, the Regulations Amending the Cannabis Regulations came into force (the "**Further Regulations**"). The Further Regulations amend the Cannabis Act and Cannabis Regulations to, among other things, allow the production and sale of cannabis extracts (including concentrates), cannabis edibles and cannabis topicals (the "**New Products**") by parties holding the appropriate licenses. The New Products are now permitted in addition to the previously-permitted cannabis products, including dried cannabis, fresh cannabis, cannabis seeds and cannabis plants. Cannabis oil will now be regulated as cannabis extracts.

On December 11, 2020, Health Canada announced a new public consultation in relation to its intent to amend the Cannabis Regulations and associated regulatory framework to allow for non-therapeutic cannabis research involving human participants and cannabis testing as well as the following additional issues to help inform

potential future regulatory development: public possession limits, product labelling requirements, micro-class and nursery licensing regime and measures to support cannabis licence holders with difficulties they might have because of COVID-19. The comment period closed on January 11, 2021. This consultation comes ahead of a full review of the federal legislative framework on cannabis in Canada which is set to begin no later than October 17, 2021.

Licenses

The Cannabis Regulations establish six classes of licences under the Cannabis Act: (i) cultivation licences; (ii) processing licences; (iii) analytical testing licences; (iv) sales for medical purposes licences; (v) research licences; and (vi) cannabis drug licences. The Cannabis Regulations also create subclasses for cultivation licences (standard cultivation, micro-cultivation and nursery), processing licences (standard processing and micro-processing) and sale (sale for medical purposes). Different licences and each subclass carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each, the activity permitted, and the amounts of cannabis contemplated within each licence category.

Security Clearances

Certain people associated with a holder of a federal licence for cannabis cultivating, processing and/or medical sales (a "**Licence Holder**"), including: (i) individuals occupying a "key position" within the Licence Holder; (ii) directors, officers and individuals who exercise, or are in a position to exercise, direct control over a corporate Licence Holder; (iii) directors and officers of any corporation that exercises, or is in a position to exercise, direct control over a corporate Licence Holder; and (iv) certain other individuals identified by the Minister of Health (the "**Minister**"), must hold a valid security clearance issued by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences.

Cannabis Tracking System

Pursuant to the Cannabis Act, the Minister has established a national cannabis tracking system, known as the Cannabis Tracking and Licensing System (the "**CTLS**"). The CTLS provides a single-entry-point online secure platform for filing applications for security clearances and licences under the Cannabis Regulations. It also permits the Minister to track cannabis through the supply chain to help prevent diversion of cannabis into, and out of, the legal market. Licence Holders are required to, among other things, submit monthly reports to the Minister relating to inventory of their cannabis products.

Cannabis Products

As of October 17, 2019, the Cannabis Regulations authorize the sale of the following classes of cannabis by authorized persons: dried cannabis, cannabis oil, fresh cannabis, cannabis plants, cannabis plant seeds, edible cannabis, cannabis extracts and cannabis topicals.

Licence Holders are required to provide sixty (60) days' notice to Health Canada of their intent to sell any product which they have not previously sold, including any New Products. Assuming Health Canada does not object to the New Products being listed for sale, sales will be permitted to authorized retailers and medical patients at the expiry of the 60-day notice period.

Packaging and Labelling

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products (including the New Products). These requirements include plain packaging, strict limits on the use of logos, colours and other branding elements, and the requirement that cannabis products be packaged in a child-resistant container. In addition to the brand name, only one other brand element (e.g. logo, design or slogan) can be displayed. The Cannabis Regulations further impose requirements regarding disclosure and labelling of product source information (e.g. class of cannabis and prescribed information about the cultivator or processor), mandatory health warnings, a standardized cannabis symbol and specific product information around THC and CBD content. The same restrictions generally apply, with limited changes, to the New Products.

These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption.

Advertising and Promotional Activity

The Cannabis Act restricts the promotion of cannabis (including all cannabis products), cannabis accessories and services related to cannabis. Subject to a few exceptions, all promotions of cannabis, cannabis accessories and services related to cannabis are prohibited unless authorized by the Cannabis Act. Exceptions to the general prohibition on promotion are provided for "informational" and "brand-preference" promotion that is communicated in a manner that does not permit the promotion to be seen or otherwise accessed by young people. Within permitted channels for promotional activity, content is restricted to prohibit any promotional activity that: (i) communicates price or distribution; (ii) could be appealing to young persons; (iii) includes a testimonial or endorsement; (iv) depicts a person, character or animal, whether real or fictional; or (v) presents in way that evokes a positive or negative emotion about or image of, a way of life such as one that includes glamour, recreation, excitement, vitality, risk or daring. It is also prohibited to promote cannabis in a manner that is false, misleading or deceptive or that is likely to create an erroneous impression about its characteristics, value, quantity, composition, strength, concentration, potency, purity, quality, merit, safety, health effects or health risks.

Display of a brand element in sponsorship of a person, event, entity, activity or site, and naming of a sports or cultural site with a cannabis brand element, are also prohibited. The Cannabis Act also prohibits offering cannabis or a cannabis accessory without consideration or as consideration for other purchases or transactions. Similarly, it is prohibited to offer benefits conditional on purchase of cannabis or a cannabis accessory.

On October 17, 2019, the Further Regulations came into effect prohibiting any promotional communication: (i) that a cannabis extract has the flavour of confectionery, dessert, soft drinks or energy drinks; (ii) of health or cosmetic benefits for all cannabis; (iii) of energy values or nutrients for edible cannabis; (iv) of meeting special diets for edible cannabis; (v) that associate cannabis with an alcoholic beverage; or (vi) that associate cannabis with a tobacco product or a vaping product (a "vaping product" as defined in the Tobacco and Vaping Products Act, which excludes cannabis). In addition, the Cannabis Regulations have been amended to restrict the number and size of brand elements on promotional items.

Health Products and Cosmetics Containing Cannabis

Health Canada is taking a scientific, evidenced-based approach to the oversight of products with cannabis that make associated health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs, veterinary health products and medical devices (discussed further below). Under the current

regulatory framework, these health products are subject to the Food and Drugs Act ("**FDA**") and its regulations, in addition to the Cannabis Act and the Cannabis Regulations. The Cannabis Exemption (Food and Drugs Act) Regulations exempt cannabis from the FDA unless, among other things, therapeutic claims are made in association with such products. Pre-market approval from Health Canada is required for all products containing cannabis and an associated health claim.

When the Cannabis Act and Cannabis Regulations were introduced, the Natural Health Products Regulations under the FDA were amended to essentially prohibit cannabis products from being regulated as a natural health product. Instead, any cannabis product with an associated health claim is treated as a drug product. At present, cannabis (including all cannabinoids) is included on Health Canada's Prescription Drugs List. On June 19, 2019, Health Canada announced a new public consultation in relation to a potential new category of products referred to as "cannabis health products" ("**CHPs**"). The comment period closed on September 3, 2019.

On September 25, 2020, Health Canada published the results from the consultation and outlined key parameters for the proposed CHP category, including legal oversight, health claims, ingredients, the retail environment for both provincial and territorially retailers as well as federally licensed sellers of cannabis, protecting young persons and packaging and labelling requirements. Health Canada further advised that they intended to create a scientific advisory committee to further advice relating to CHPs. This new category of cannabis products may potentially address the current gap that essentially prohibits the making of health claims in connection with any cannabis product, other than as a prescription drug.

Cannabis for Medical Purposes

On October 17, 2018, the medical cannabis regime migrated from the CDSA and the ACMPR to the Cannabis Act and the Cannabis Regulations. The medical cannabis regulatory framework under the Cannabis Act and the Cannabis Regulations remains substantively the same as under the CDSA and the ACMPR, with adjustments to create consistency with regulations applicable to adult-use, to improve patient access, and to reduce the risk of abuse within the medical access system.

Under Part 14 of the Cannabis Regulations patients have three options for obtaining cannabis for medical purposes: (i) register a medical document with a holder of a medical sales licence to become a client of, and to purchase cannabis products from, that medical sales Licence Holder; (ii) register a medical document with Health Canada to produce a limited amount of cannabis; or (iii) register a medical document with Health Canada to designate someone else to produce a limited amount of cannabis for them.

With respect to (ii) and (iii), starting materials, such as cannabis plants or cannabis plant seeds, must be obtained from a Licence Holder. It is possible that (ii) and (iii) could significantly reduce the addressable market for the Corporation's products and could materially and adversely affect the business, financial condition and results of operations of the Corporation. That said, management of the Corporation believes that many patients may be deterred from opting to proceed with options (ii) or (iii) since such steps require applying for and obtaining registration from Health Canada to grow cannabis, as well as the up-front costs of obtaining equipment and materials to produce such cannabis.

The Cannabis Regulations provide that a medical document authorizing the use of cannabis for medical purposes must include the daily quantity of cannabis that the healthcare practitioner who provides the medical document authorizes for the patient. The maximum amount of cannabis products that may be sold to the patient are based on this daily quantity.

Export Permits

Export permits issued by Health Canada are specific to each shipment and may only be obtained for medical or scientific purposes. To apply for a permit to export cannabis, a Licence Holder must submit significant information to the Minister including information about the substance to be exported (including description, intended use, quantity) and the importer. As part of the application, applicants are also required to provide a copy of the import permit issued by a competent authority in the jurisdiction of final destination and to make a declaration to the Minister that the shipment does not contravene the laws of the jurisdiction of the final destination or any country of transit or transshipment. Export permits are time limited and the Minister may include conditions that the export permit holder must meet in order to comply with an international obligation, or reduce any potential public health, safety or security risk, including the risk of the exported substance being diverted to an illicit market or use. Moreover, the jurisdiction of import may impose additional obligations on a Canadian exporter. Export permit holders must also comply with post-export reporting requirements.

Provincial and Territorial Developments

While the Cannabis Act provides for the regulation by the Canadian federal government of, among other things, the production of cannabis for adult-use (i.e. non-medical) purposes, the Cannabis Act has authorized the provinces and territories of Canada to regulate other aspects of consumer cannabis, such as sale and distribution, minimum age requirements, and consumption. The government of each Canadian province and territory has regulatory regimes in place for the distribution and sale of cannabis within those jurisdictions. Retail sales are made online and at brick-and-mortar retail stores.

There are three general frameworks for brick-and-mortar retail: (i) private cannabis retailers licensed by the province (ii) government-operated retail stores; or (iii) a combination of both frameworks. Regardless of the framework, the recreational cannabis market is ultimately supplied by federally licensed cultivators and processors. In addition, each of these Canadian jurisdictions has established a minimum consumption age of 19 years old, except for Québec and Alberta, where the minimum age is 21 and 18, respectively.

The table below outlines the current regimes in each province and territory. There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for adult-use in Canada will continue with the terms outlined below or at all or, will not be amended or supplemented by additional legislation.

Activity	Privately Operated	Publicly Operated
Storefront adult-use sale	Alberta British Columbia Manitoba Newfoundland and Territories Northwest Territories Nunavut Ontario Saskatchewan Yukon	British Columbia Québec New Brunswick Northwest Territories Nova Scotia Prince Edward Island Yukon
Online adult-use sale	Manitoba Saskatchewan	Alberta British Columbia New Brunswick Newfoundland and Territories Northwest Territories Nova Scotia Nunavut Ontario Prince Edward Island Québec Yukon

All provinces and territories have a public possession limit of 30 grams per individual.

CANNABIS REGULATORY FRAMEWORK IN FOREIGN COUNTRIES IN WHICH MPXI HAS PLANNED OPERATIONS

The Corporation only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with the laws of the jurisdiction and Canadian regulatory obligations. The Corporation has planned activities in Switzerland, Australia, Malta and South Africa and may expand into other jurisdictions in the future. For the Corporation to export or import cannabis products to or from an international jurisdiction, the Corporation is required to apply for an export/import permit from Health Canada and a corresponding import/export permit from the regulator in the international jurisdiction.

Regulatory Framework in Switzerland

Commercialization of products containing Delta 9 tetrahydrocannabinol (THC)

Legal cultivation, distribution and consumption of cannabis in Switzerland is highly regulated and is generally only allowed for medicinal and scientific use under the terms of the *Federal Act on Narcotics and Psychotropic Substances* of October 3, 1951 (the "**Swiss Narcotics Act**"). Cannabis containing greater than 1% THC is generally prohibited from being cultivated and distributed, subject to obtaining an exceptional license. Without such exceptional license, any commercial activities in connection with cannabis or other products containing greater than 1% THC is prohibited in Switzerland.

The Federal Office of Public Health (the "**FPOH**") grants such exceptional licenses pursuant to the following activities: (i) the development of medicinal products; (ii) for restricted medical use (on prescription from a medical doctor); or (iii) scientific research purposes. An exceptional license for cultivation, import from another jurisdiction, production, or distribution of cannabis may be granted by the FPOH if cannabis is an active ingredient in a medicinal product authorized by the Swiss Agency for Therapeutic Products. Import / export license application process includes receipt of certification of good agricultural control practices protocols and hazard analysis critical control points to the satisfaction of the Swiss Agency for Therapeutic Products ("**Swissmedic**").

However, cannabis containing less than 1% THC is not subject to the federal Swiss Narcotics Act and is considered to be legal. No license is required under the Swiss Narcotics Act to cultivate or sell products containing cannabis with less than 1% THC; however, such products are subject to general regulations. If products are qualified as food, Swiss statutory law fixes maximum level of THC in different types of food product that should be complied with.

Depending on the products classification, either of the FOPH, the Federal Food Safety and Veterinary Office (the "**FSVO**") and Swissmedic, the Swiss Agency for Therapeutic Products, are responsible for the supervision and control of such low-THC cannabis products.

Smoked tobacco substitutes are subject to the Tobacco Products Ordinance, and must satisfy requirements applicable to smoked tobacco products, including health and safety regulations, and must comply with the FPOH's reporting requirements, packaging information requirements, business and tax registration.

Commercialization of products containing CBD

The set of Swiss statutory rules that apply to products containing CBD changes depending on classification of these products. Pursuant to *Federal Act on Food Products and Usual Items* (the "**FAFUI**") and the *Ordinance on Food Products and Usual Items* (the "**OFUI**"), the commercialization of cosmetic products containing CBD and of usual item enriched with CBD is authorised at the condition that (i) the CBD products

remain safe (contain less than 1% THC and no substance with pharmacological effects), and (ii) do not mention any medical or therapeutic effects. Commercialization of these products does not require any authorization.

Any food enriched with CBD (e.g., dietary food supplement or hemp seed oil with added CBD) must be qualified as *Novel Food* due to its negligible consumption before May 15, 1997. Thus, prior to the offer for sale, the products must be authorized by the FSVO or European Commission. The concept of food product enriched with CBD comprises any product that is intended to be ingested or can reasonable be expected to be ingested by humans. Each canton establishes a competent authority to ensure that these rules are complied with.

A CBD medicine must be manufactured in accordance with *Good Manufacturing Practices* requirements with CBD of a quality at least equivalent to the quality of the Cannabidiol monograph C-052 of the German Pharmaceutical Code. The commercialization of CBD medicine shall be authorised by Swissmedic.

Prior to offer for sale of CBD smoked tobacco substitutes these products shall be declared to FOPH with indication of all toxicological data of the additives used. Swiss statutory law does not require an authorization to be delivered by FOPH following the declaration. The packaging information requirements imposed by Tobacco Products Ordinance should be complied with.

If the presentation or the use of CBD products does not suggest or imply that they fall within the scope of application of rules related to food, cosmetics, utility items, tobacco substitutes or medicine, they may be considered as substances or preparations according to *Federal Act on Protection against Dangerous Substances and Preparations* (Chemicals Act). If theses products do not endanger life or health their commercialization does not require any authorisation.

Regulatory Framework in Australia

Legislation to enable the cultivation, production and manufacture of cannabis for medicinal and related research purposes in Australia was passed by Parliament on February 29, 2016. The amendments relating to licensing came into effect on October 30, 2016. Availability of medicinal cannabis products is governed by individual state and territory legislation and the two principal agencies which oversee the federal medicinal cannabis regime in Australia are the Therapeutic Goods Administration (the "**TGA**"), and the Australian ODC. Although medicinal cannabis is legal in Australia, the pathway for patients to access medical cannabis is highly regulated. As in Canada, the legislation which governs its use creates exemptions to existing narcotic control laws which permit patients to access medicinal cannabis by several means, including an access scheme under the supervision of a medical practitioner. This access scheme is known as the "Special Access Scheme" ("**SAS**").

There are three SAS pathways that a medical practitioner may use to access medicinal cannabis for an individual patient on a case-by-case basis:

1. Category A is a notification pathway that may be accessed by a prescribing medical practitioner or by a health practitioner on behalf of a prescribing medical practitioner. Category A patients are defined as being seriously ill if they have a condition that is reasonably likely to cause death within a matter of months, or from which premature death is reasonably likely to occur in the absence of early treatment.

2. Category B is an application pathway that can be accessed by a medical practitioner if patients do not fit the Category A definition. Category B applications must be reviewed and approved by the TGA before medicinal cannabis may be accessed and supplied to the patient. The application:

    (a) must include the patient diagnosis and indication for which the medicinal cannabis is sought;

    (b) requires a thorough clinical justification for the use of medicinal cannabis, which includes the seriousness of the condition, details of previous treatments and reasons why a registered therapeutic good cannot be used for the treatment of the individual patient in the particular circumstance; and

    (c) must include sufficient safety and efficacy data to support the proposed use of medicinal cannabis.

3. Category C does not apply to medicinal cannabis.

Patients may also access medicinal cannabis by way of clinical trials, or from an Authorised Prescriber. A medical practitioner may be granted authority to become an 'Authorised Prescriber' of medicinal cannabis to specific patients (or classes of recipients) with a particular medical condition. Authorised Prescribers are medical practitioners who are approved to prescribe unapproved therapeutic goods for a particular condition or class of patients in their immediate care without further TGA approval. An Authorised Prescriber can supply the product directly to specified patients under their immediate care. Use of the product under an authorisation must be always in line with the conditions specified in the authorisation. To become an Authorised Prescriber the medical practitioner must:

(a) have the training and expertise appropriate for the condition being treated and the proposed use of the product;

(b) be able to best determine the needs of the patient; and

(c) be able to monitor the outcome of therapy.

Once patients have a prescription, the products will be distributed through a pharmacist who obtains the products from the applicable licensed producer.

In order to export cannabis from Canada to Australia for sale through licensed channels, an entity is required to obtain permits in both Canada and Australia. In Australia, the Australian ODC will issue an import permit to an entity which is capable of securely receiving and storing narcotics, which will authorize the import of specific shipments of medicinal cannabis products for use in the manufacture of medicinal cannabis or medicinal cannabis products. In addition, there may be requirements specific to the particular Australian state or territory into which the products are being imported into that need to be complied with. In Canada, Health Canada will issue an export license, which corresponds with the Australian ODC import permit.

In order to cultivate, produce, and/or manufacture medicinal cannabis in Australia, an entity must have a valid license and permit granted by the Australian ODC, and also have a license issued by the TGA authorising the relevant activity.

In March 2019, an independent review of the Narcotic *Drugs Act 1967* (Cth) was conducted, and a final report by Professor John McMillian (the "**Report**") was tabled to the Australian government. The Report contained 26 recommendations to the regulatory framework for the cultivation, production and manufacture of medical

cannabis in Australia. All 26 recommendations in the Report were accepted by the government and a two-stage reform process was undertaken to ensure that the recommendations are appropriately implemented.

In November 2020, as part of the reform process, the Australian ODC sought comments from interested parties on a review of the structure, design and administrative processes relating to medicinal cannabis related permits. Submissions closed on December 18, 2020.

Recreational Cannabis

There is currently limited support at the federal level to decriminalise the use of cannabis for adult use in Australia.

Regulatory Framework in Malta

The Maltese Government introduced the possibility of the consumption of marijuana for medical purposes by amending the *Drug Dependence (Treatment not Imprisonment) Act* in March 2018 (the "**Drug Dependence Act**"). Through a highly regulated process, the amendment to the Drug Dependence Act enables a licensed medical practitioner to prescribe marijuana, in a non-smokable form, in cases where there are no viable alternatives to such a prescription. The prescription must be dispensed by a pharmacist in a licensed pharmacy.

In April 2018, Malta enacted the *Production of Cannabis for Medicinal and Research Purposes Act* (the "**Malta Act**"). The Malta Act sets out the licensing and approval process companies must comply with in order to legally cultivate, import, and process cannabis for medical or research purposes (the "**Malta Licensing Process**"). Pursuant to the Malta Act, the Minister of the Medicines Authority is the primary regulator of medical cannabis in Malta.

Malta Licensing Requirements

Persons intending to operate a cannabis facility must first obtain a letter of intent (the "**LOI**") from Malta Enterprise – the country's economic development agency. Once an LOI is issued, applicants are then required to submit an online form to the Malta Medicines Authority to initiate the GMP certification and licensing process.

The issuance of a license by the Medicines Authority is subject to several requirements, including: (i) the submission and evaluation of documents, including due-diligence documentation; (ii) the attainment of authorizations, approvals and clearances from other entities; and (iii) compliance with to-be prescribed terms and conditions, including conditions related to professional qualifications.

Any entity interested in the production of medical cannabis in Malta must also pay an application fee of €35,000 to acquire a manufacturing site license, with an annual renewal fee of the same amount. In addition to this amount, entities are required to pay €1 for every unit of cannabis product transacted.

Recreational Cannabis

Cannabis for recreational use remains an arrestable offence in Malta.

Regulatory Framework in South Africa

Cannabis Cultivation for Medicinal Purposes

SAHPRA is South Africa's drug regulatory authority and is governed by the Medicines and Related Substances Act, 1965 (the "**South Africa Medicines Act**"). The SAHPRA is responsible for regulating all medicines and medical devices in South Africa by ensuring that they meet standards of efficacy, safety and quality.

The South Africa Medicines Act, through the provisions of Section 21 or 22A allows for the acquisition, use, possession, manufacture or supply of cannabis for medicinal use by a medical practitioner, analyst, researcher or veterinarian for the treatment or prevention of a medical condition in a particular patient, or for the purposes of education, analysis or research, provided that a permit is obtained from the Director-General of Health. Access to medicines and Scheduled substances in South Africa is controlled through Scheduling of the substance.

South Africa is a signatory to the *United Nations Single Convention on Narcotic Drugs* (1961) (the "**Single Convention**"), which aims to combat drug abuse and trafficking through coordinated international cooperation directed at limiting the possession, use, trade, distribution, import, export, manufacture and production of narcotic drugs exclusively for medical and scientific purposes. The Single Convention therefore provides an international framework that recognises the medicinal value of narcotic drugs (including cannabis) and ensures that these are available for such purposes while preventing their abuse and diversion.

As a signatory to the Single Convention, South Africa is committed to comply with its obligations by controlling medicinal cannabis cultivation and reporting to the International Narcotics Drug Control Board (the "**INCB**") on volumes of production and manufacture. These obligations require South Africa to minimise the risk of diversion of cannabis and reserve its use for medical and scientific purposes only.

Under the South Africa Medicines Act, and in line with the Single Convention, cultivation, production, manufacture and use of medicinal cannabis products may only occur through a licence issued by the SAHPRA. These conditions allow the Government to limit quantities of cultivated and manufactured products based on quotas from the INCB, thus meeting a key obligation of preventing accumulation of cannabis material.

New Developments

In response to the September 18, 2018 ruling of the Constitutional Court of South Africa (the "**ConCourt**") in Minister of Justice and Constitutional Development and Others v Prince CCT 108/17 [2018] ZACC 30 (the "**2018 Decision**"), whereby the ConCourt declared that:

> (a) section 4(b) of the *Drugs and Drug Trafficking Act*, 1992 (the "**Drugs Act**") was unconstitutional and, therefore, invalid to the extent that it prohibits the use or possession of cannabis by an adult in private for that adult's personal consumption in private; (b) section 5(b) of the Drugs Act was constitutionally invalid to the extent that it prohibits the cultivation of cannabis by an adult in a private place for that adult's personal consumption in private; and (c) section 22A(9)(a)(i) of the South Africa Medicines Act was constitutionally invalid to the extent that it renders the use or possession of cannabis by an adult in private for that adult's personal consumption in private a criminal offence.

The Cannabis for Private Purposes Bill (the "**Bill**") was submitted to South Africa's Parliament in August 2020. This Bill gives effect to the ConCourt ruling and will among other things, legalize the possession and cultivation of cannabis by an adult for personal use in South Africa.

The public consultation process for the Bill closed on November 30, 2020.

Scheduling Status: THC and CBD

On May 22, 2020, the Minister of Health amended certain Schedules of the South Africa Medicines Act as follows: (i) cannabis, dronabinol and THC in Schedule 7 have been deleted; (ii) CBD is listed in Schedule 4, except: (A) in complementary medicines containing no more than 600 mg of CBD per sales pack, providing a maximum daily dose of 20 mg of CBD, and making a general health enhancement, health maintenance or relief of minor symptoms (low-risk) claim; or (B) processed products made from cannabis raw plant material intended for ingestion containing 0.0075% or less of CBD where only the naturally occurring quantity of cannabinoids found in the source material are contained in the product; and (iii) THC is listed in Schedule 6 except: (A) in raw plant material and processed products manufactured from such material, intended for industrial purposes and not for human or animal ingestion, containing 0.2% or less of THC; (B) processed products made from cannabis containing 0.001% or less of THC; or (C) when raw plant material is cultivated, possessed, and consumed by an adult, in private for personal consumption.

Products that meet those listed conditions in (ii) are now regulated as Schedule 0. Schedule 4 medicines containing CBD that claim to treat, prevent or cure a disease, must be registered by SAHPRA, can only be bought at a pharmacy with a prescription from an authorized prescriber and are controlled as Schedule 4 substances. Schedule 0 medicines containing CBD that make general health claims, may be sold in any retail outlet, advertised to the public and may only be manufactured, imported or distributed by a complementary medicine establishment licensed by SAHPRA.

By removing cannabis and THC from Schedule 7, the possession of cannabis by an adult for personal cultivation and use in private is enabled. The requirement of a permit for the manufacture of a Schedule 6 product is in accordance with South Africa's obligations as a signatory to the Single Convention.

Regulatory Framework in Israel

In June 2016, alongside the growing use and demand for medical cannabis, the Israeli government published Resolution No. 1587, which established a new regulatory framework for the "medicalization" of cannabis ("**Resolution 1587**"). In March 2017, the Israeli Health Ministry (the "**Israeli MOH**") announced a new cannabis licensing regime, under which new market entrants were encouraged to apply for various licenses which were no longer vertically integrated.

Since March 2017, the Israeli MOH has issued several provisional cultivation licenses to applicants to develop production facilities. Final approvals for all stages of the cultivation, production, marketing and distribution of cannabis products are subject to compliance with all regulatory requirements. This process involves agricultural, security and production protocols and standards. Once applicants have completed construction of their production facilities and meet all required agricultural and security rules, the Israeli MOH will grant approval to commence and conduct actual cannabis operations.

In December 2018, the Israeli Parliament approved an amendment to the Dangerous Drugs Ordinance – 1973, which, amongst other matters, established a regulatory, compliance oversight, and enforcement process for activities involving cannabis for medical and research purposes (the "**Dangerous Drugs Ordinance Amendment**"). The Dangerous Drugs Ordinance Amendment came into effect on May 1, 2019.

Export of Medical Cannabis Products

In January 2019, recommendations concerning legalising the export of cannabis for medical purposes was published. The Israeli government resolved to implement the recommendations. To receive a license to export medical cannabis products it would be necessary for the products to meet the standards set by the Israeli Health Minister, the activity would have to occur under the supervision of state authorities, and exports of reproducible plant material (such as plants, seeds, cuttings, tissue cultures, and plant parts) would not be approved.

On May 13, 2020, the Israeli government authorized the export of medical cannabis products with the publication of *Free Export Order (Amendment No. 2), 5764-2020.* Exports must occur under a license from the Israeli Health Minster's Medical Cannabis Unit in accordance with the Dangerous Drugs Ordinance, 1973. Medical cannabis products that were approved for export include cannabis inflorescences, resin, tinctures, syrups, oils, extracts, packaged kits, tablets, rolled cigarettes, and cartridges for inhalers.

Legalization of Recreational Cannabis

In November 2020, an Israeli government committee responsible for advancing cannabis market reform published a report concluding that it supports and recommends the legalization of adult-use recreational cannabis in Israel (the "**Israeli Report**"). Based on the Israeli Report, the Israeli Ministry of Justice is expected to formulate a bill to begin the legislative process towards the legalization of adult-use recreational cannabis. The government committee made its recommendation for legalization based on the increasing demand for recreational cannabis in Israel, the importance of maintaining quality standards and limiting uncontrolled products, the need for increased access to cannabis by medical patients and decreasing the size of the illegal market. The model proposed by the government committee in the Israeli Report is similar in nature to the model adopted in Canada, whereby government-licensed dispensaries will be established for the sale of recreational cannabis.

LEGALIZATION/PERMISSIBILITY OF CANNABIS IN INTERNATIONAL JURISDICTIONS

In 2014, a limited number of countries in the world, in addition to Canada, specifically, Israel, Czech Republic, Netherlands and Uruguay had established federally legal cannabis access regimes.

Since 2014, the actions of governments around the world have signaled a significant change in attitudes towards cannabis. To date, federal governments in a multitude of countries formally legalized medicinal cannabis access to either foster research into cannabis-based medical treatments and/or towards increasing legal access to medical cannabis for their citizens, including Argentina, Austria, Australia, Brazil, Denmark, Chile, Colombia, England, Germany, Greece, Israel, Italy, Jamaica, Lesotho, Mexico, Netherlands, Norway, Poland, Puerto Rico, South Africa, Switzerland and Turkey.

In addition, many other countries have established formal government efforts and/or trials to explore the legalization of and commercialization of medicinal cannabis access, including Belgium, Ireland, France, Portugal, Spain, India, Malaysia, South Korea, and Thailand

The forty-first meeting of the Expert Committee on Drug Dependence (the "**ECDD**") was held in Geneva, Switzerland, November 12-16, 2018. At that meeting, the ECDD undertook a critical review of whole-plant cannabis and cannabis extracts. The Director-General of the World Health Organization (the "**WHO**") sent a letter to the UN Secretary General on January 24, 2019, outlining its recommendations that included the recommendation that cannabis be removed from Schedule IV of the 1961 Convention on Narcotic Drugs (the "**Cannabis Scheduling Recommendations**"). The decision was subsequently postponed at the annual

sessions of the UN's Commission on Narcotic Drugs (the "**UNODC**") held March 22 to 26, 2019 and March 2 to 6, 2020.

On December 2, 2020, at the UNODC's reconvened 63rd session, the UNODC acted on the WHO's recommendations and deleted cannabis and cannabis resin from Schedule IV of the Single Convention, the strictest drug category. These substances however remain in Schedule I of the Single Convention and thus remain subject to all levels of control of the Single Convention. While this decision has more symbolic implications then practical, this decision means that the United Nations recognizes the therapeutic values of cannabis, which in turn, should encourage further research into the therapeutic capabilities of cannabis.

RISKS AND UNCERTAINTIES

There are several risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Corporation faces. Additional risks and uncertainties, including those that the Corporation does not know abut now or that it currently deems immaterial, may also adversely affect the Corporation's business. If any of the following risks occur, the Corporation's business may be harmed, and its financial condition and results of operations may suffer significantly.

Changes in Laws, Regulations and Guidelines Globally and in Canada

The business and activities of the Corporation are heavily regulated in all jurisdictions where it carries on business. Various laws, regulations and guidelines by governmental authorities govern the Corporation's business, including laws and regulations relating to the manufacturing, marketing, management, transportation, storage, sale and disposal of cannabis, as well as, health and safety, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Corporation, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Corporation's products and services.

In Canada, the Cannabis Act came into force on October 17, 2018, legalizing the sale of cannabis for adult recreational use. Prior to the Cannabis Act coming into force, only the sale of medical cannabis was legal. Further, on October 17, 2019, the Regulations Amending the Cannabis Regulations came into force, adding three new authorized classes of cannabis for sale: cannabis edibles, cannabis extracts and cannabis topicals. The legislative framework pertaining to the Canadian adult-use cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit the Corporation's ability to participate in such markets.

As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to such laws, regulations or guidelines may be difficult to interpret and apply and could negatively affect the Corporation's competitive position within the cannabis industry and the markets in which the Corporation operates. Moreover, there is no assurance that various levels of government in the jurisdictions in which the Corporation operates will not pass legislation or regulations that adversely impacts its business.

Licensing Risk

Government licenses are currently, and in the future may be, required in connection with the Corporation's operations, in addition to other unknown permits and approvals which may be required. To the extent such licences are required and not obtained, the Corporation may be prevented from operating and/or expanding its business globally, which could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

The Corporation is dependent upon the Canveda Licence for its ability to cultivate, process, package, store and sell dried cannabis and cannabis extracts, for medical and recreational purposes in Canada. Any adverse changes or developments affecting the Canveda Licence may impact the Corporation's business, financial condition, and results of operations.

The Canveda Licence is subject to ongoing compliance, reporting requirements and renewal. Although the Corporation believes it will meet the requirements of the Cannabis Act and Cannabis Regulations for future renewals of the Canveda Licence, there can be no guarantee that Health Canada will renew the Canveda Licence or, if renewed, that it will be renewed on the same or similar terms or that Health Canada will not revoke the Canveda Licence. Should the Corporation fail to comply with the requirements of the Canveda Licence or should Health Canada not renew the Canveda Licence when required or renew the Canveda Licence on different terms or revoke the Canveda Licence, there would be a material adverse effect on the Corporation's business, financial condition and results of operations in Canada.

The Australian Licences are also subject to ongoing compliance, reporting requirements and renewal. Although the Corporation believes it will meet the requirements of the Australian NDA for future renewals of the Australian Licences, there can be no guarantee that the Australian ODC will renew the Australian Licences or, if renewed, that it they will be renewed on the same or similar terms or that the Australian ODC will not revoke one or both of the Australian Licences. If the Corporation fails to comply with the requirements of the Australian Licences or if the Australian ODC does not renew the Australian Licences when required or renews the Australian Licences on different terms or revokes the Australian Licences, the expectations of management with respect to the increased future cultivation and growing capacity may not be borne out, which may have a material adverse effect on the Corporation's business, financial condition and results of operations in Australia.

Further, the Corporation is subject to ongoing inspections, by Health Canada in relation to the Canveda Licence and the Australian ODC in relation to the Australian Licences, to monitor its compliance with licensing requirements. The Corporation's existing licence and any new licences that it may obtain in the future in Canada, Australia or other jurisdictions may be revoked or restricted at any time in the event that such licence holders are found not to be in compliance with applicable law. Should the Corporation fail to comply with the applicable regulatory requirements or with conditions set out under the licences, should the licences not be renewed when required, or be renewed on different terms, or should the licences be revoked, the Corporation may not be able to continue producing or distributing cannabis in Canada or other jurisdictions.

In addition, the Corporation may be subject to enforcement proceedings resulting from a failure to comply with applicable regulatory requirements in Canada or other jurisdictions, which could result in damage awards, a suspension of existing approvals, a withdrawal of existing approvals, the denial of the renewal of existing approvals or any future approvals, recalls of products, product seizures, the imposition of future operating restrictions on the business or operations or the imposition of civil or criminal fines or penalties against the Corporation, its officers and directors and other parties. These enforcement actions could delay or entirely prevent the Corporation from continuing the production, testing, marketing, sale, or distribution of its

products and divert management's attention and resources away from its business operations.

COVID-19 Pandemic

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus ("**COVID-19**"), could materially and adversely impact the Corporation by causing operating, manufacturing, supply chain, and project development delays and disruptions, labour shortages, travel and shipping disruptions and shutdowns (including as a result of government regulation and prevention measures).

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, nonessential business closures, quarantines, self-isolations, shelters-in-place, and social distancing. Although the Corporation has taken steps to mitigate the impact of COVID-19, the Corporation cautions that its business could be materially and adversely affected by the risks, or the public perception of the risks, related to COVID-19.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Corporation's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect the Corporation's business, financial condition, growth strategies and results of operations.

Access to Capital

MPXI will have limited capital resources and operations and may require substantial additional capital in the near future to continue operations and activities. Since the latter part of February 2020, financial markets have experienced significant volatility in response to COVID-19 and equity markets in particular have experienced significant declines. The continued spread of COVID-19 nationally and globally may impact the Corporation's ability to obtain additional financing on terms acceptable to it, or at all. If MPXI fails to raise additional capital (other than with respect to the second tranche of the Offering), as needed, its ability to implement its business model and strategy could be compromised.

Even if MPXI obtains financing for its near-term operations, MPXI expects that it will require additional capital thereafter. MPXI capital needs will depend on numerous factors including: (i) MPXI's profitability; (ii) the release of competitive products by its competition; (iii) the level of its investment in research and development; and (iv) the amount of its capital expenditures, including acquisitions.

Permits and Authorizations

MPXI may not obtain the necessary permits and authorizations to operate the business.

Its operations in Canada, Switzerland, South Africa, Malta and Australia may not be able to obtain or maintain the necessary licenses, permits, authorizations, or accreditations, or may only be able to do so at great cost, to operate its cannabis business. In addition, it may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain or maintain the necessary permits, authorizations or accreditations, may prevent the Corporation from operating and/or expanding its business globally, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Expansion into Foreign Jurisdictions

The Corporation may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Corporation's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Corporation's business, financial condition and results of operations. In addition, in jurisdictions outside of Canada, there can be no assurance that any market for the Corporation's products will develop.

Risk of Litigation

The Corporation may become a party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business. Monitoring and defending against legal actions, whether meritorious or not, can be time-consuming, divert management's attention and resources and cause it to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Corporation could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While the Corporation has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Corporation's business, operating results or financial condition. Litigation may also create a negative perception of the Corporation. Any decision resulting from any such litigation could have a materially adverse impact on the Corporation's business.

Product Liability

As a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Corporation's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness or that the Corporation's products include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on its results of operations and financial condition of the Corporation. Although the Corporation has secured product liability insurance, and strictly enforces a quality standard within its operations, there can be no assurances that the Corporation will be able to maintain its product liability insurance on acceptable terms or with adequate coverage against potential liabilities. This scenario could prevent or inhibit the commercialization of the Corporation's potential products. To date, there have been no product related issues.

Wholesale Price Volatility

The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labour costs, shipping costs, economic situation, government regulations and demand), taxes, government programs and

policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond the control of the Corporation. The Corporation's operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as the Corporation's profitability is directly related to the price of cannabis. The price of cannabis is affected by numerous factors beyond the Corporation's control. Any price decline may have a material adverse effect on the Corporation's business, financial condition and results of operations.

Market Price and Volatility of MPXI Shares

Securities of micro-cap and small-cap companies, like MPXI, have experienced substantial price and volume volatility over the past few years and the market price of securities of many companies has experienced wide fluctuations which, in many cases, have not necessarily been related to the performance, underlying asset values or prospects of such companies and may result in a loss for investors. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Other factors unrelated to the Corporation's performance that may have an effect on the price of the MPXI Shares include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow the Corporation's securities; (ii) lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant amounts of MPXI Shares; (iii) the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities; (iv) a recession or market correction resulting from the spread of COVID-19; and (v) a substantial decline in the price of the MPXI Shares that persists for a significant period of time could cause the Corporation's securities to be delisted from an exchange, further reducing market liquidity.

In addition, the value of the MPXI Shares are subject to the ability of MPXI to build equity in the enterprise. If insufficient proceeds are raised and alternative financing is not available, the completion of MPXI's business plan may not be fulfilled. There can be no assurance that a profitable business will be achieved by MPXI.

As a result of any of these factors, the market price of the MPXI Shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's business, condition, prospects and reputation.

Reliance on Management

Decisions regarding the management of the Corporation's affairs will be made exclusively by the officers and directors of the Corporation and not by the holders of the MPXI Shares. Accordingly, investors must carefully evaluate the personal experience and business performance of the officers and directors of the Corporation. The Corporation may retain independent contractors to provide services to the Corporation. Generally, these contractors have no fiduciary duty to the holders of the MPXI Shares or the Corporation.

Difficulty in Recruiting and Retaining Management and Key Personnel

MPXI's future success depends on its key executive officers and the Corporation's ability to attract, retain, and motivate qualified personnel.

MPXI's future success largely depends upon the continued services of its executive officers and management team. If one or more of its executive officers are unable or unwilling to continue in their present positions, MPXI may not be able to replace them readily, if at all. Additionally, MPXI may incur additional expenses to recruit and retain new executive officers. If any of its executive officers join a competitor or forms a competing corporation, MPXI may lose some or all of its customers. Finally, the Corporation does not maintain "key person" life insurance on any of its executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect its business, financial condition, and results of operations, and thereby an investment in the MPXI Shares.

In addition, COVID-19 imposes a high risk to all the Corporation's activities, including the potential that an executive team member may become ill and the Corporation's ability to continue to rely on its key personnel throughout the pandemic. The Corporation has been diligently monitoring developments relating to COVID-19 and its impact on the Corporation's personnel.

MPXI's continuing ability to attract and retain highly qualified personnel will also be critical to its success because MPXI will need to hire and retain additional personnel as its business grows. There can be no assurance that MPXI will be able to attract or retain highly qualified personnel. The Corporation faces significant competition for skilled personnel in the industries it participates in. This competition may make it more difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, MPXI may not be able to effectively manage or grow its business, which could adversely affect its financial condition or business. As a result, the value of your investment could be significantly reduced or completely lost.

Managing Growth

MPXI may not be able to effectively manage its growth or improve its operational, financial, and management information systems, which would impair its results of operations.

In the near term, the Corporation intends to expand the scope of its operations activities significantly. If the Corporation is successful in executing its business plan, it will experience growth in its business that could place a significant strain on its business operations, finances, management, and other resources. The factors that may place strain on its resources include, but are not limited to, the following:

(i) the need for continued development of its financial and information management systems;

(ii) the need to manage strategic relationships and agreements with manufacturers, customers, and partners; and

(iii) difficulties in hiring and retaining skilled management, technical, and other personnel necessary to support and manage its business.

Additionally, MPXI's strategy envisions a period of rapid growth that may impose a significant burden on its administrative and operational resources. MPXI's ability to effectively manage growth will require the Corporation to substantially expand the capabilities of its administrative and operational resources and to attract, train, manage, and retain qualified management and other personnel. There can be no assurance that MPXI will be successful in recruiting and retaining new employees or retaining existing employees.

MPXI cannot provide assurances that its management will be able to manage this growth effectively. MPXI's failure to successfully manage growth could result in its sales not increasing commensurately with capital investments or otherwise materially adversely affecting its business, financial condition, or results of operations.

Canveda Facility

The Canveda Licence is specific to the Canveda Facility. Adverse changes or developments affecting the Canveda Facility, including but not limited to a *force majeure* event or a breach of security, could have a material adverse effect on the Corporation's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Corporation's ability to continue operating under the Canveda Licence or the prospect of renewing the Canveda Licence or could result in a revocation of the Canveda Licence.

Construction Risk Factors

The availability and performance of engineering and construction contractors, suppliers and consultants, and the receipt of required governmental approvals and permits in connection with the construction/expansion of the Corporation's facilities in Canada, Switzerland, South Africa, Malta and Australia is not guaranteed**.** Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with construction could delay or prevent the facilities being constructed in Canada, Switzerland, South Africa, Malta and Australia as planned. There can be no assurance that current or future construction plans implemented by the Corporation will be successfully completed on time, within budget and without design defect; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Corporation will be able to obtain all necessary governmental approvals and permits; or that the completion of the construction, the start-up costs and the ongoing operating costs will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

Intellectual Property

If MPXI fails to protect its intellectual property, its business could be adversely affected.

MPXI's viability will depend, in part, on its ability to develop and maintain the proprietary aspects of its technology to distinguish its products from its competitors' products. MPXI relies on copyrights, trademarks, trade secrets, and confidentiality provisions to establish and protect its intellectual property.

Any infringement or misappropriation of its intellectual property could damage its value and limit its ability to compete.

Competitors may also harm the Corporation's sales by designing products that mirror the capabilities of its products or technology without infringing on its intellectual property rights. If the Corporation does not obtain sufficient protection for its intellectual property, or if it is unable to effectively enforce its intellectual property rights, its competitiveness could be impaired, which would limit its growth and future revenue.

MPXI may also find it necessary to bring infringement or other actions against third parties to seek to protect its intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute and there can be no assurance that MPXI will have the financial or other resources to enforce its rights or be able to enforce its rights or prevent other parties from developing similar technology or designing around its intellectual property.

Although MPXI believes that its technology does not and will not infringe upon the patents or violate the proprietary rights of others, it is possible such infringement or violation has occurred or may occur, which could have a material adverse effect on its business.

MPXI is not aware of any infringement by it of any person's or entity's intellectual property rights. If products MPXI sells are deemed to infringe upon the patents or proprietary rights of others, MPXI could be required to modify its products or obtain a license for the manufacture and/or sale of such products or cease selling such products. In such event, there can be no assurance that MPXI would be able to do so in a timely manner, upon acceptable terms and conditions, or at all, and the failure to do any of the foregoing could have a material adverse effect upon its business.

There can be no assurance that MPXI will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action. If its products or proposed products are deemed to infringe or likely to infringe upon the patents or proprietary rights of others, MPXI could be subject to injunctive relief and, under certain circumstances, become liable for damages, which could also have a material adverse effect on its business and its financial condition.

Trade Secrets

MPXI's trade secrets may be difficult to protect. MPXI's success depends upon the skills, knowledge, and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensors and contractors. Because the Corporation operates in several highly competitive industries, it relies in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. MPXI enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third party's confidential information developed by the receiving party or made known to the receiving party by the Corporation during the course of the receiving party's relationship with it. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to the Corporation will be its exclusive property, and the Corporation enters into assignment agreements to perfect its rights.

These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to MPXI. MPXI's trade secrets also could be independently discovered by competitors, in which case it would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using its trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Corporation's competitive position.

Inability to Innovate and Find Efficiencies

If the Corporation is unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected.

In the area of innovation, MPXI must be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. MPXI may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Complying concurrently with federal, state, or provincial, and local laws in each jurisdiction the Corporation operates

As the Corporation's activities are global, it must comply with complex federal, provincial, or state and local laws in the jurisdictions in which it operates or proposes to operate in. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that the Corporation is not in compliance with these laws and regulations could harm its brand image and business. Moreover, it is impossible for the Corporation to predict the cost or effect of such laws, regulations, or guidelines upon its future operations.

Anti-money laundering laws and regulations

The Corporation is subject to a variety of laws and regulations in Canada and elsewhere that involve money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, as amended and the rules and regulations thereunder, the *Criminal Code (Canada)* and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in Canada or any other jurisdiction in which the Corporation has business operations or to which it exports.

In the event that any of the Corporation's operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments were found to be in violation of money laundering legislation, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation, and any persons found to be aiding and abetting MPXI in such violations could be subject to liability. Furthermore, this could disrupt the Corporation's operations, require significant management distraction, involve substantial costs and expenses, including legal fees, and restrict or otherwise jeopardize the Corporation's ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

While the Corporation has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that proceeds obtained by the Corporation could reasonably be shown to constitute proceeds of crime, the Corporation may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Operational Risk

The Corporation will be affected by several operational risks and the Corporation may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; and natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not cause or result in damage to, or destruction of, the Corporation's properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Corporation's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Corporation's future cash flows, earnings and financial condition. Also, the Corporation may be subject to or affected by

liability or sustain loss for certain risks and hazards against which the Corporation cannot insure or which the Corporation may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

There are factors which may prevent the Corporation from the realization of growth targets

The Corporation's growth strategy contemplates the successful construction of the facilities in Canada, Switzerland, South Africa, Malta, and Australia. There is a risk that these targets will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "Risk Factors" and the following:

(i) delays in obtaining, or conditions imposed by, regulatory approvals;

(ii) facility design errors;

(iii) environmental pollution;

(iv) non-performance by third party contractors;

(v) increases in materials or labour costs;

(vi) construction performance falling below expected levels of output or efficiency;

(vii) breakdown, aging or failure of equipment or processes;

(viii) contractor or operator errors;

(ix) operational inefficiencies;

(x) labour disputes, disruptions or declines in productivity;

(xi) inability to attract enough qualified workers;

(xii) disruption in the supply of energy and utilities; and

(xiii) major incidents and/or catastrophic events such as fires, explosions, storms, or physical attacks.

Reliance on third-party suppliers, manufacturers, and contractors; Reliance on Key Inputs

The Corporation's business is dependent on several key inputs from third parties and their related costs including raw materials and supplies related to its cultivation and production operations, as well as electricity, water and other local utilities. Some of these inputs may only be available from a single supplier or a limited group of suppliers in the future. If the Corporation becomes reliant upon a sole source supplier and it was to go out of business or suspend services, the Corporation might be unable to find a replacement for such source in a timely manner or at all. Similarly, if any future sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Corporation in the future. Additionally, any supplier could at any time suspend or withdraw services. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the Corporation's business, financial condition and operating results.

Contracts with Provincial Governments

The Corporation expects to derive a significant portion of its future revenues from its supply contracts with the various Canadian provinces. There are many factors which could impact the Corporation's contractual agreements with the provinces, including but not limited to availability of supply, product selection and the popularity of the Corporation's products with retail customers. If the Corporation's supply agreements with certain Canadian provinces are amended, terminated or otherwise altered, the Corporation's sales and results of operations could be adversely affected, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

In addition, not all of the Corporation's supply contracts with Canadian provincial wholesalers contain purchase commitments or otherwise obligate the provincial wholesaler to buy a minimum or fixed volume of cannabis products from the Corporation. The amount of cannabis that the provincial wholesalers may purchase under the supply contracts may therefore vary from what the Corporation expects or planned for. As a result, the Corporation's revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial wholesalers. If any of the provincial wholesalers decide to purchase lower volumes of products from the Corporation than MPXI expects, requires, imposes or expects a reduction on the price at which the product may be purchased, alters its purchasing patterns at any time with limited notice or decides not to continue to purchase the Corporation's cannabis products at all, the Corporation's revenues could be materially adversely affected, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Unreliability of Forecasts

Any forecasts the Corporation makes about its operations may prove to be inaccurate. MPXI must, among other things, determine appropriate risks, rewards, and level of investment in its product lines, respond to economic and market variables outside of its control, respond to competitive developments and continue to attract, retain, and motivate qualified employees. There can be no assurance that MPXI will be successful in meeting these challenges and addressing such risks and the failure to do so could have a materially adverse effect on its business, results of operations, and financial condition. MPXI's prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in the early stage of development. As a result of these risks, challenges, and uncertainties, the value of your investment could be significantly reduced or completely lost.

Consumer Acceptance of Cannabis

MPXI is dependent on the popularity of consumer acceptance of the Corporation's product lines.

MPXI's ability to generate revenue and be successful in the implementation of the Corporation's business plan is dependent on consumer acceptance and demand of the Corporation's cannabis product lines. Acceptance of the Corporation's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If customers do not accept the Corporation's products, or if MPXI fails to meet the needs and expectations of customers adequately, its ability to continue generating revenues could be reduced.

A drop in the retail price of cannabis products may negatively impact the business.

The demand for the Corporation's products depends in part on the price of commercially grown cannabis. Fluctuations in economic and market conditions that impact the prices of commercially-grown cannabis, such as increases in the supply of such cannabis and the decrease in the price of products using commercially-

grown cannabis, could cause the demand for cannabis products to decline, which would have a negative impact on its business.

Strategic Relationships

The Corporation may seek to enter into strategic alliances, or expand the scope of currently existing relationships, with third parties that the Corporation believes will have a beneficial impact, and there are risks that such strategic alliances or expansions of the Corporations currently existing relationships may not enhance its business in the desired manner.

The Corporation currently has, and may expand the scope of, and may in the future enter into, strategic alliances with third parties that the Corporation believes will complement or augment its existing business. The Corporation's ability to complete further such strategic alliances is dependent upon, and may be limited by, among other things, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Corporation's business and may involve risks that could adversely affect it, including the investment of significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that its existing strategic alliances will continue to achieve, the expected benefits to its business or that the Corporation will be able to consummate future strategic alliances on satisfactory terms, or at all.

There may be restrictions on the type and form of marketing the Corporation can undertake which could materially impact sales performance

The development of the Corporation's future business and operating results in Canada may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. The regulatory environment in Canada limits the Corporation's ability to compete for market share in a manner similar to other industries. If the Corporation is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Corporation's sales and operating results could be adversely affected.

Global Economic Conditions

Recent global financial conditions have been characterized by increased volatility and access to public financing. These conditions may affect the Corporation's ability to obtain equity or debt financing in the future on terms favourable to the Corporation or at all. If such conditions continue, the Corporation's operations could be negatively impacted.

The commercial adult-use and medical cannabis industry and market are relatively new in Canada and this industry and market may not continue to exist or grow as anticipated or the Corporation may be ultimately unable to succeed in this new industry and market

As a Licence Holder, the Corporation is operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Corporation must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects

the cannabis industry and market could have a material adverse effect on the Corporation's business, financial conditions, and results of operations.

As a result of the Cannabis Act, individuals who currently rely upon the medical cannabis market to supply their medical cannabis and cannabis-based products may cease this reliance, and instead turn to the adult-use cannabis market to supply their cannabis and cannabis-based products. Factors that will influence this decision include the price of medical cannabis products in relation to similar adult-use cannabis products, the amount of active ingredients in medical cannabis products in relation to similar adult-use cannabis products, the types of cannabis products available to adult-users and limitations on access to adult-use cannabis products imposed by the regulations under the Cannabis Act and the legislation governing distribution of cannabis enacted from time to time by the individual provinces and territories of Canada.

The size of the Corporation's target market is difficult to quantify, and investors will be reliant on their own estimates of the accuracy of market data

Since the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Corporation and, few, if any, established companies whose business model the Corporation can follow or upon whose success the Corporation can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Corporation. There can be no assurance that the Corporation's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

The Corporation's industry is experiencing rapid growth and consolidation that may cause the Corporation to lose key relationships and intensify competition

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation, and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Corporation in several ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Corporation to expend greater resources to meet new or additional competitive threats, all of which could harm the Corporation's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Corporation's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks

For customers of the Corporation to receive their product, the Corporation will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Corporation. Any delay by third party transportation services may adversely affect the Corporation's financial performance.

Moreover, security of the product during transportation to and from the Corporation's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Corporation's business, financials and prospects. Any such breach could impact the Corporation's future ability to continue operating under its licenses or the prospect of renewing its licenses.

No Guaranteed Return

There is no guarantee that an investment in the MPXI Shares will earn any positive return in the short, medium, or long term. There is no assurance that holders of the MPXI Shares will receive cash distributions or any rate of return on, or repayment of, their investment in the MPXI Shares. In fact, an investor could lose its entire investment in the MPXI Shares.

Revenue Shortfalls

Revenue shortfalls from budget may result from lower-than-expected sales volume, sale price and/or inventory due to inadequate marketing or lower than expected market stimulation. Average sales prices may be less than budgeted due to aggressive competitor pricing below the Corporation's prices.

Internal Controls

The failure to implement and maintain proper and effective internal controls and disclosure controls could result in material weaknesses in financial reporting, such as errors in financial statements and in the accompanying footnote disclosures that could require restatements. Investors may lose confidence in the Corporation's reported financial information and disclosure, which could negatively impact its share price.

The Corporation does not expect that its internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Insurance Coverage

MPXI's insurance coverage may not be adequate to cover all significant risk exposures. MPXI will be exposed to liabilities that are unique to the products it provides. While MPXI intends to maintain insurance for certain risks, the amount of its insurance coverage may not be adequate to cover all claims or liabilities, and it may be forced to bear substantial costs resulting from risks and uncertainties of its business. It is also not possible to obtain insurance to protect against all operational risks and liabilities. The failure to obtain adequate insurance coverage on terms favorable to us, or at all, could have a material adverse effect on its business, financial condition, and results of operations. Apart from Canveda, MPXI does not have any business interruption insurance. Any business disruption or natural disaster could result in substantial costs and diversion of resources.

Competition for market share with other companies, including other Licence Holders, some of which have longer operating histories and more financial resources and manufacturing and marketing experience.

The Corporation faces intense and increasing competition from other Licence Holders and other potential competitors, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation that may enable them to compete more effectively. As well, MPXI's competitors may devote their resources to developing and marketing products that will directly compete with its product lines. Due to this competition, there is no assurance that the Corporation will not encounter difficulties in obtaining revenues and market share or in the positioning of its products. There are

no assurances that competition in its respective industries will not lead to reduced prices for its products. If the Corporation is unable to successfully compete with existing companies and new entrants to the market this will have a negative impact on its business and financial condition.

In addition, it is possible that the medical cannabis industry will undergo consolidation, creating larger companies with greater financial resources, manufacturing and marketing capabilities and product offerings. As a result of this competition, the Corporation may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable, or at all.

Applications for cultivation, processing and/or sales licences are still being accepted and processed by Health Canada. The number of licences granted, and the number of Licence Holders ultimately authorized by Health Canada could have an adverse impact on the Corporation's ability to compete for market share in Canada's cannabis industry. MPXI expects to face additional competition from new market entrants that are granted licences under the Cannabis Act, or existing Licence Holders that are not yet active in the industry. If a significant number of new licences are granted by Health Canada, MPXI may experience increased competition for market share and may experience downward price pressure on its cannabis products as new entrants increase production.

MPXI also faces competition from unlicensed and unregulated market participants, including individuals or groups that can produce cannabis without a license similar to that under which it currently produces and illegal dispensaries and black-market participants selling cannabis and cannabis-based products in Canada. These competitors may be able to offer products with higher concentrations of active ingredients than the Corporation is authorized to produce. The competition presented by these participants, and any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from Licence Holders for any reason, or any inability of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products, could adversely affect its market share, result in increased competition through the black market for cannabis or have an adverse impact on the public perception of cannabis use and Licence Holders.

In addition, the Cannabis Regulations permits patients in Canada to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf for such purposes (if authorized to do so). Widespread reliance upon this allowance could reduce the current or future consumer demand for its medical cannabis products.

If the number of users of cannabis for medical purposes in Canada increases, the demand for products will increase. This could result in the competition in the medical cannabis industry becoming more intense as current and future competitors begin to offer an increasing number of diversified medical cannabis products. Conversely, if there is a contraction in the medical market for cannabis in Canada, resulting from the legalization of adult-use cannabis or otherwise, competition for market share may increase. To remain competitive, MPXI intends to continue to invest in research and development and sales and patient support; however, it may not have sufficient resources to maintain research and development and sales and patient support efforts on a competitive basis.

In addition to the foregoing, the legal landscape for medical cannabis use is changing internationally. MPXI has operations outside of Canada, which may be affected as other countries develop, adopt and change their cannabis laws. Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on the Corporation by Canadian or other regulations, might lower the demand for its medical cannabis products on a global scale.

Risks Inherent in an Agricultural Business

The Corporation's business involves the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Corporation expects that any such growing will be completed indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

The expansion of the medical cannabis industry may require new clinical research into effective medical therapies, when such research is new to Canada

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that the articles, reports and studies currently available support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this MD&A or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Corporation's products with the potential to lead to a material adverse effect on the Corporation's business, financial condition and results of operations.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety, inadequate or inaccurate labeling disclosure or other non-compliance with an issued licence. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal costs and/or proceedings that might arise in connection with the recall. The Corporation may lose a significant volume of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation as its owner could be harmed. A recall for any of the foregoing reasons or other reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Regulatory or Agency proceedings, Investigations and Audits

The Corporation's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Corporation to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Corporation may become involved in several government or agency proceedings, investigations and audits. The outcome of any regulatory or agency

proceedings, investigations, audits, and other contingencies could harm the Corporation's reputation, require the Corporation to take, or refrain from taking, actions that could harm its operations or require the Corporation to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Corporation's business, financial condition and results of operation.

Lack of Earnings and Dividend Record

The Corporation has limited earnings or dividend records. The Corporation has not paid dividends on its MPXI Shares since incorporation and does not anticipate doing so in the foreseeable future. Payments of any dividends will be at the discretion of the Board after considering multiple factors, including the financial condition and current and anticipated needs of the Corporation.

Tax

Canadian federal and provincial tax issues should be taken into consideration prior to investing in the MPXI Shares. The return on an investor's investment is subject to taxes and to changes in Canadian tax laws. There can be no assurance that tax laws, regulations or judicial or administrative interpretations of these laws and regulations will change in a manner that fundamentally alters the tax consequences to investors holding or disposing of the MPXI Shares.

If you are purchasing the MPXI Shares outside of Canada, you should consult your own tax advisor for advice for your local jurisdiction.

Potential for Conflict of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of or be involved with other companies involved in the cannabis industry and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the OBCA and other applicable laws.

Banking Risks

Cannabis businesses may have difficulty accessing the services of banks and processing credit card payments, which may make it difficult for the Corporation to operate. In February 2014, the Financial Crimes Enforcement Network ("**FCEN**") of the Treasury Department issued a memorandum (the "**FCEN Memo**") issued guidance with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbours or legal defences from examination or regulatory or criminal enforcement actions by the Department of Justice, FCEN or other federal regulators. As a result, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Corporation may have limited or no access to banking or other financial services in the jurisdictions it operates in. The inability or limitation on the Corporation's ability to open or maintain bank accounts in Canada or internationally or obtain other banking services and/or accept credit card and debit card payments may make

it difficult to operate and conduct its business as planned.

Security Risks

The premises of cannabis facilities are targets for theft. While the Corporation has implemented security measures and continues to monitor and improve its security measures, its Canveda Facility and Switzerland based facilities could be subject to break-ins, robberies and other breaches in security. In addition, cannabis can be targeted for theft during its transportation from the licensed facility to retail location. In the event of robbery or theft, the loss of cannabis plants, cannabis extract, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the Corporation.

The Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates

These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

Government environmental approvals and permits are currently and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed business activities or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Additional Information

Further information on MPXI may be found on the Corporation's website http://mpxinternationalcorp.com/ or readers can view annual financial statements and filings on SEDAR at http://www.sedar.com.