Management Discussion and Analysis
For the three and six months ended March 31, 2020

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations, dated July 10, 2020, relates to the unaudited interim condensed consolidated financial statements for the three and six months ended March 31, 2020 (the "**MD&A Financial Period**") of MPX International Corporation ("**MPXI**" or the "**Corporation**"). This MD&A should be read together with the Corporation's unaudited interim condensed financial statements for the three and six months ended March 31, 2020 (the "**Interim Financial Statements**"), including the notes thereto as well as the audited annual consolidated financial statements for the years ended September 30, 2019 and 2018 (the "**Annual Financial Statements**"), including the notes thereto. 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 Interim 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, Interim 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. Such statements include, but are not limited to, statements about the growth of the business, production and revenue expectations and the licensing of facilities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the 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, its 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, Belgium, 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. Because of these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements. The Corporation's forward-looking statements are made only as of the date of this MD&A and, except as required by law, MPXI undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events, or circumstances.

NOTICE TO READER

Notice Regarding New Legislation

On June 14, 2019, Health Canada announced amendments to the *Cannabis Regulations* (Canada) (the "**Cannabis Regulations**") setting out the rules governing the legal production and sale of edible cannabis, cannabis extracts, and cannabis topicals. Pursuant to the *Cannabis Act* (Canada) (the "**Cannabis Act**"), the amended regulations came into force on October 17, 2019. This MD&A specifically notes situations where the amended regulations, effective October 17, 2019, apply.

BUSINESS OVERVIEW

MPXI is a vertically integrated cannabis company focusing on the global and Canadian medical and adult-use cannabis markets. Our operations span significant portions of the cannabis value chain, from cultivation through manufacturing and product development and marketing of cannabis-based products that contain cannabinoids as their primary active ingredient.

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 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 CO2 oil products will be sold under the brand names 'MPX' and 'Salus' through a number of delivery systems, e-pens, cartridges and dabs. Canveda operates a fully constructed 12,000 square foot cannabis cultivation and processing 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.

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 the European Union ("**EU**"), with an initial focus on Malta, Switzerland, Belgium and the United Kingdom, 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**"), BioCannabis Products Ltd. ("**BioCannabis**"), 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, BioCannabis 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. The Non-U.S. MPX Bio Assets also include an industry partner participation and sponsorship agreement between Volteface, an independent cross-party organization that informs the public debate in the United Kingdom about cannabis, and MPX Bio dated September 24, 2018.

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. Prior to the Cannabis Regulations coming into force, Canveda submitted an amendment application to produce cannabis extract using ethanol. On February 22, 2019, Canveda's licence was amended under the Cannabis Regulations to permit the processing and sale of cannabis for medical purposes and most recently, on July 26, 2019, Canveda's licence was further amended in accordance with Sections 11(5), 17(5) and 27 of the Cannabis Regulations to permit the sale of fresh and dried cannabis products (the "**Canveda Licence**").

The Canveda Licence allows Canveda to develop its medical patient and product strategy and to commence selling its own products directly to registered patients for medical purposes as well as all of the provincial and territorial cannabis boards and holders of a licence for sale.

Canveda is currently in full production and expects to produce approximately 1,200,000 grams of high-quality cannabis flower per year under its current cultivation method. In order to expand flower production within the existing structure, a specialized rotary garden system ("**RGS**") will be introduced in one of the larger grow rooms in the later part of calendar 2020. Management expects that this RGS will significantly increase the yield of flower production per square foot. If the RGS experiment is successful, similar equipment will be subsequently installed in the remaining grow rooms.

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 receives sales commissions from 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.

Following receipt of Canveda's sales license on July 26, 2019, the Corporation is converting the Spartan patient base to patients of Canveda.

Medical Cannabis Learning Network

In July 2019, the Corporation acquired a 20% interest in 2702148 Ontario Inc. dba KAAJENGA Cannabis ("**KAAJENGA Cannabis**") securing an exclusive, worldwide, perpetual, royalty free licence to the Medical Cannabis Learning Network (the "**MCLN**"), a turnkey 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.

MPXI has fully integrated MCLN (as defined herein) technology into its wholly-owned subsidiary Spartan, a healthcare service provider and liaison that assists military veterans and first responders with access to medical services, including procuring medical cannabis. This approach has enabled MPXI to expand Spartan beyond military veterans and first responders and build relationships with other Licence Holders (as defined below).

Salus BioPharma

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

The SALUS Products, some of which are expected to be manufactured by 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.

BioCannabis Products Ltd.

BioCannabis, a wholly-owned subsidiary of the Corporation, submitted an application to Health Canada to become a licensed producer under Health Canada's Marijuana for Medical Purposes Regulations in October 2014 out of a 72,342 square foot facility in Owen Sound, Ontario (the "**BioCannabis Facility**"). BioCannabis' initial application provided for inventory of up to 1,500,000 grams and for the sale, delivery, destruction and production of dried marijuana.

After a review of the market conditions in Canada, and the apparent surplus of cultivation capacity, the Corporation determined that proceeding with the Owen Sound project would not be economically viable and have elected to postpone the project until, and will revisit this determination when and if, the domestic market's supply and demand conditions improve. On June 15, 2020, BioCannabis received a notice of default (the "**Notice**") of the lease on the BioCannabis Facility" and *"Subsequent Events – Notice of Default of BioCannabis Facility Lease."*

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, is the only Swiss CBD brand officially designated 'Swiss Certified Organic'. HolyWeed is a wholly-owned subsidiary of the Corporation and is fully verticalized from seed-to-sale. Its product range consists of 100% certified organic Swiss grown high CBD flowers with up to 1% tetrahydrocannabinol ("**THC**") content, and includes the following: (i) **Pre-Rolled Product:** Each quality-preserving package contains 5 pre-rolls filled with organic high CBD flowers; (ii) **CBD Flowers:** High-CBD content flower produced as 4 mood-specific strains with the option of 3.5 gram or 7 gram containers; (iii) **CBD Oil:** CBD oil (tincture) made exclusively from HolyWeed's best selection of its high CBD Swiss grown organic certified flowers in order to produce the optimal whole-plant, full spectrum CBD oil mixture; and (iv) **Chocolate CBD Cookies:** Each packet contains 3 grams of CBD spread over 6 cookies. The cookies are made with Swiss-sourced ingredients including chocolate chips from a well-known Swiss chocolatier.

HolyWeed planted approximately 61 hectares of certified organic, high-CBD strains of cannabis across Switzerland in the spring of 2019 and, with ideal growing conditions over the summer months, produced a highly successful harvest of approximately 90,000 kilograms of high CBD biomass. The biomass will be processed and sold during the next few months as dried flower, broad-spectrum distillate, isolate and other CBD-infused products.

HolyWeed's wholesale distribution network has access to more than 4,000 kiosks across Switzerland. 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. It is one of the first companies to have received authorization from the government of Belgium to commercialize CBD products with THC below 0.2% throughout Belgium and is currently authorized to sell high CBD pre-rolls. 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 isolates 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.

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.

Construction commenced in September 2019 on 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 – 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.

Pursuant to a consulting agreement dated April 23, 2019 between the Corporation and Bortex, a well-established Maltese conglomerate involved in manufacturing, distribution, retail operations and property development, Bortex will provide local support and oversight of the Corporation's Malta operations (the "**Bortex Services**") and assistance in setting up the Malta Facility (as defined herein) in exchange for a consulting fee of US$300,000 to be satisfied through the issuance of MPXI Shares.

The Malta License will be issued by the Malta Medicines Authority (the "**Medicines Authority**") upon the 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 the EU through Salus BioPharma.

On August 6, 2019, MPXI Malta Property Ltd. ("**MPXI Malta Property**"), a Maltese-company wholly-owned by MPXI Malta Operations, completed the acquisition of all outstanding shares of Alphafarma

Operations Ltd. ("**Alphafarma**") from Alpha Pharma Limited (the "**Maltese Vendors**"). As part of the acquisition, the lease for an EU-GMP ready facility in Mehriel, just outside of Valletta (the "**Malta Facility**) was terminated by the Maltese Vendors and a new lease was entered into between MPXI Malta Operations and Malta Industrial Parks Limited. The Corporation expects to invest approximately €3 million (approximately $4,521,600) for refurbishing the Malta Facility, extraction, processing and packaging equipment and working capital as part of the its strategy to penetrate the emerging EU markets.

Select employees of the Maltese Vendors, several of which are experienced and certified in the various quality control and quality assurance standards required for EU-GMP production, are now employees of Alphafarma pursuant to the acquisition.

The availability of such qualified personnel will also shorten and facilitate the EU-GMP certification process and allow MPXI Malta to quickly secure final license approval from Malta Enterprise and commence operations.

Additionally, on October 1, 2019, the Corporation appointed Karl Bartolo as General Manager of MPXI Malta. With significant experience leading and managing strategic and operational performance, Mr. Bartolo will oversee the refurbishment of the Malta Facility and help facilitate the EU-GMP certification process.

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.

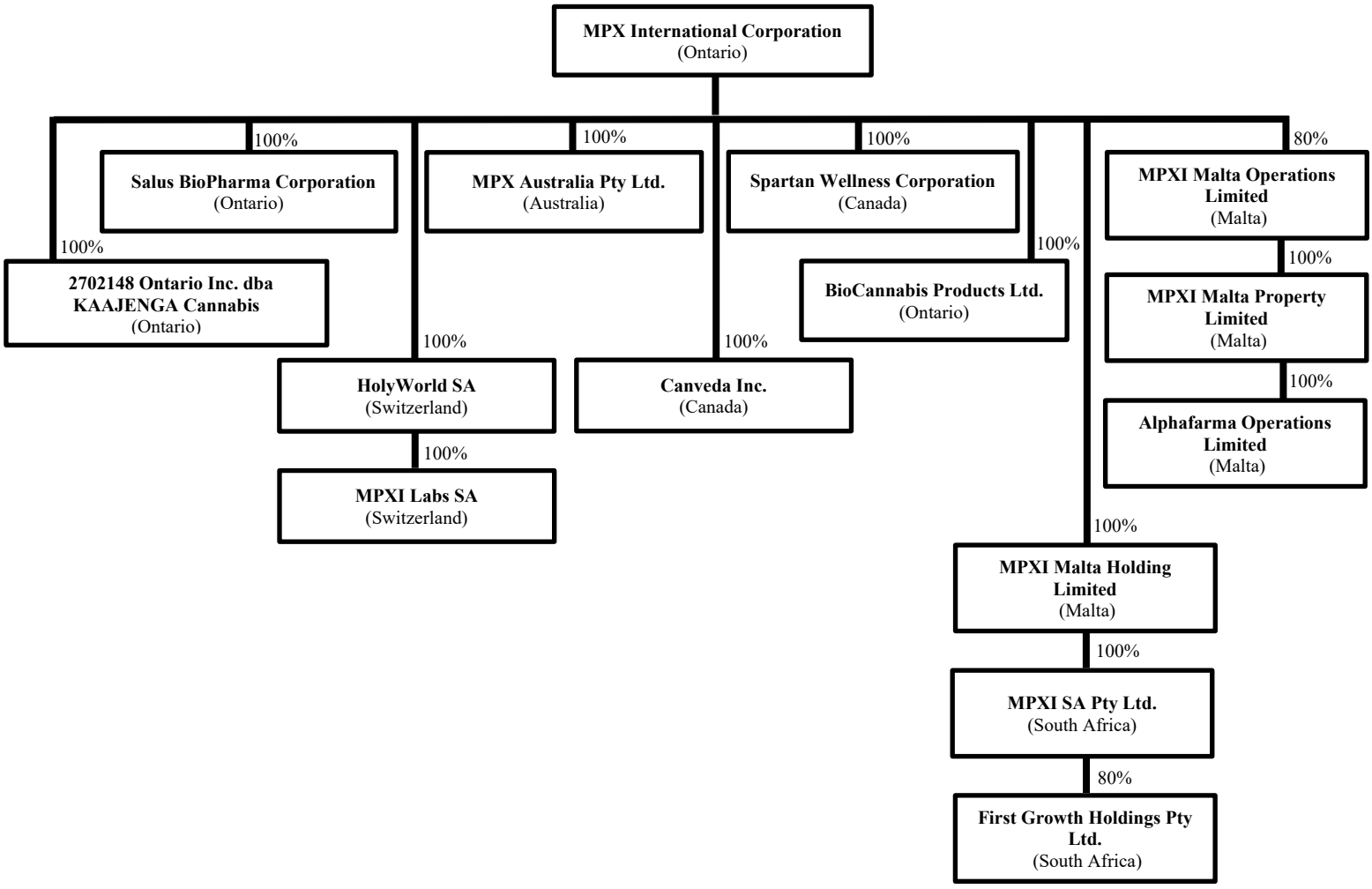
On October 28, 2019, MPX Australia was issued a Cannabis Manufacture Licence by the Australian Office of Drug Control (the "**Australian ODC**"), in accordance with the *Narcotic Drugs Act 1967* (Cth) (the "**Australian NDA**"), which authorizes MPX Australia, subject to the receipt of valid manufacture 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; (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.

MPX Australia surrendered its lease at the 47,000 square foot indoor facility (the "**Launceston Facility**") located in Tasmania, Australia in order to focus on the import and distribution of medical cannabis. See also "*Corporate Highlights – MPX Australia Awarded Medicinal Cannabis Licences"* and *"Subsequent Events – Surrender of the Launceston Facility Lease."*

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 Three Months Ended March 31, 2020

MPX Australia Awarded a Medicinal Cannabis License

On January 24, 2020, MPX Australia was awarded a Medicinal Cannabis Licence by the Australian ODC.

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, 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 – MPX Australia Awarded a Cannabis Manufacture License"*.

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) C$0.35 with respect to FG Warrant B and C and C$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. HolyWeed products include: 100% Swiss grown cannabis light/high CBD dry flowers, pre-rolls, oil tinctures, Cannabricot – a Swiss-made apricot cannabis liquor and eau-de-vie, a cannabis tea.

HolyWeed is currently the only Swiss CBD brand that has been awarded the official 'Swiss Certified Organic' label, a distinction that aligns the HolyWeed brand with Switzerland's impeccable reputation for high quality consumer products.

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

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

Upgrade to OTCQX®

On February 11, 2020, the Corporation announced that its common shares were approved for trading in the United States on the OTCQX®, effective Tuesday, February 11, 2020. MPXI's common shares will continue to trade under the ticker symbol "MPXOF."

Subsequent Events

Non-Brokered Private Placement Offering

On June 30, 2020, the Corporation successfully closed the first tranche of its previously announced non-brokered private placement offering (the "**Offering**") of units (the "**Units**") of the Corporation. The closing of the first tranche of the Offering resulted in the issuance of 3,348 Units at a price of US$1,000.00 (C$1,360) for aggregate gross proceeds of US$3,348,000 (C$4,553,280).

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 intends to use the proceeds from 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.

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 Initial 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 C$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 C$0.20 (the "**Exercise Price**") for a period of twenty-four (24) months from the Closing Date (the "**Expiry Date**"). The Corporation and AST entered into a warrant indenture (the "**Warrant Indenture**") pursuant to which the Debenture Warrants were created and issued.

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.

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

On July 2, 2020, the Corporation announced hat its wholly-owned subsidiary, 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.

Surrender of the Launceston Facility Lease

On June 30, 2020, MPX Australia entered into a deed to surrender its lease of the Launceston Facility for aggregate consideration of AU $53,624.

Notice of Default of BioCannabis Facility Lease

On June 15, 2020, BioCannabis received the Notice.

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)

IFRS Measures

Revenue

The Corporation primarily operates in the adult use and medical cannabis market which currently includes sales of cannabis products (as defined by the Cannabis Regulations). We recognize Revenue from sales at the fair value of the consideration received or receivable, net of estimated returns and an estimate of any sales incentives provided to customers, excluding taxes or duty. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of consideration is probable, we have satisfied our performance obligations under the terms of the arrangement, and have no ongoing involvement with the sold product. Revenue are recognized when it is probable that the economic benefits will flow to us and the Revenue can be reliably measured, regardless of when the payment is received.

Cost of Sales

Cost of sales consists of our production costs which are comprised primarily of labour, materials, consumables, supplies, overhead, amortization on production equipment, shipping, packaging and other expenses required to produce cannabis products sold during the period. Cost of sales related to the transformation of biological assets to the point of harvest are capitalized and included in the fair value measurement of the biological assets. Once goods are sold, the associated capitalized costs are recognized as production costs in the statement of operations for the period.

Cost of sales also include changes in the fair value of biological assets, which consists of cannabis plants measured at fair value less the cost to sell up to the point of harvest and inclusive of capitalized production costs. Changes in fair value less cost to sell biological assets during the year up to the point of harvest are recognized in the results of operations in the related year. Harvested cannabis is transferred from biological assets to inventory at its fair value less cost to sell up to the point of harvest, which becomes the deemed cost for inventory, and upon sale, the fair value cost adjustment portion is expensed to finished harvest inventory sold. Gross profit (loss) before gain on biological assets represents profit (loss) earned before the net impact of fair value gains (losses) and cost of finished harvest inventory sold that result from the transformation of biological assets.

Operating Expenses

Operating expenses consist of research and development ("**R&D**"), sales and marketing ("**S&M**"), general and administrative ("**G&A**") expenses, and share-based compensation to employees and non-employees. R&D expenses primary include costs related to the development of cannabinoid-based products as well as related salary expenses. S&M expenses include education programs, marketing, promotions and conference and exhibition costs and salary related expenses. G&A expenses primary include legal and professional service fees, other costs related to expanding operations, supporting business development, and general corporate matters, including labour related salary expenses.

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 March 31**		**Six months ended March 31**	
	($) 2020	**($) 2019**	**($) 2020**	**($) 2019**
Gross revenue	793,450	212,201	1,418,938	468,773
Excise taxes	(5,066)	-	4,113	-
Net revenue	798,516	212,201	1,414,825	468,773
Cost of sales	185,413	8,369	250,117	25,620
Gross profit before unrealized gain from changes in fair market value of biological assets	613,103	203,832	1,164,708	443,153
Percent of sales	77.3%	96.1%	82.1%	94.5%
Unrealized gain from changes in fair market value of biological assets	380,193	64,160	1,245,436	349,904
Gross profit	993,296	267,992	2,410,144	793,057
Percent of sales	125.2%	126.3%	169.9%	169.2%
Total operating expenses	4,792,397	3,663,186	10,994,548	5,083,213
Loss from operations	(3,799,101)	(3,395,194)	(8,584,404)	(4,290,156)
Other income (expenses)	1,146,898	(194,451)	1,232,605	(778,334)
Income tax (recovery) expense	(124,034)	11,278	(367,565)	11,278
Net loss	(2,528,169)	(3,600,923)	(6,984,234)	(5,079,768)
Total comprehensive loss	(1,020,328)	(3,518,229)	(5,273,341)	(4,992,771)
Basic and diluted net loss per share	(0.01)	(0.10)	(0.04)	(0.27)
Weighted average number of shares - basic and diluted	140,684,189	33,974,840	138,447,120	18,531,731

Consolidated statements of financial position	As at March 31, 2020 ($)	As at September 30, 2019 ($)
Assets:		
Cash	1,814,265	16,356,889
Current assets	17,582,518	27,797,669
Total Assets	79,829,874	77,228,239
Liabilities:		
Current liabilities	6,691,004	5,254,592
Total liabilities	12,318,172	7,891,032
Shareholders' equity	67,511,702	69,337,207

Analysis of Results for the MD&A Financial Period

Net Revenue

For the three months ended March 31, 2020, MPXI posted net revenue of $798,516 (three months ended March 31, 2019 - $212,201). Revenue was mainly driven by sales in Spartan ($574,597), Canveda ($84,134) and HolyWeed ($135,414). In the comparative period, revenue was mainly driven by sales in Spartan ($202,281).

A summary of the Corporation's quarterly net revenue since June 30, 2018 is presented below:

Three months ended	Net revenue ($)
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
September 30, 2018	54,136
June 30, 2018	4,771

Cost of Sales

For the three months ended March 31, 2020, MPXI posted cost of sales of $185,413 (three months ended March 31, 2019 - $8,369). The cost of sales of $185,413 was mainly driven by Holyworld and Canveda sales. The comparable period of $8,369 relates to cost of sales from the sale of non-cannabis nutraceutical products.

For the six months ended March 31, 2020, MPXI posted cost of sales of $250,117 (six months ended March 31, 2019 - $25,620). The cost of sales of $250,117 was mainly driven by Holyworld and Canveda sales. The comparable period of $25,620 relates to cost of sales from the sale of non-cannabis nutraceutical products.

Cost of sales for cannabis are derived from costs related to the internal cultivation and production of medical cannabis and from purchases of medical cannabis made from other licence holders operating within Canada. Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other licence holders and sold by the Corporation.

Gross Profit

Gross profit for the three months ended March 31, 2020, before adjustment for the unrealized gain in the fair value of biological assets was $613,103 which represents a gross margin of 77.3%. The gross margin was mainly driven by sales at Spartan which are commission based and have minimal cost of sales. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $993,296 calculated at 125.2% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility and in Switzerland.

Gross profit for the three months ended March 31, 2019, before adjustment for the unrealized gain in the fair value of biological assets was $203,832, which represents a gross margin of 96.1%. The gross margin was mainly driven by sales at Spartan which are commission based and have minimal cost of sales. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $267,992 calculated at 126.3% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility.

Gross profit for the six months ended March 31, 2020, before adjustment for the unrealized gain in the fair value of biological assets was $1,164,708 which represents a gross margin of 82.1%. The gross margin was mainly driven by sales at Spartan which are commission based and have minimal cost of sales. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $2,410,144 calculated at 169.9% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility and in Switzerland.

Gross profit for the six months ended March 31, 2019, before adjustment for the unrealized gain in the fair value of biological assets was $443,153, which represents a gross margin of 94.5%. The gross margin was mainly driven by sales at Spartan which are commission based and have minimal cost of sales. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $793,057 calculated at 169.2% of sales. The unrealized gain in fair value of biological assets relates to cannabis plants at the Canveda Facility.

Operating Expenses

Operating expenses	Three months ended March 31		Six months ended March 31	
	($) 2020	($) 2019	($) 2020	($) 2019
General and administrative	3,372,799	1,916,284	7,236,180	2,731,358
Professional fees	444,216	435,292	1,289,267	752,822
Share-based compensation	30,130	1,034,694	70,302	1,230,376
Amortization and depreciation	945,252	276,916	2,398,799	368,657
	4,792,397	3,663,186	10,994,548	5,083,213

Professional fees increased to $444,216 for the three months ended March 31, 2020 as compared to $435,292 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**").

Professional fees increased to $1,289,267 for the six months ended March 31, 2020 as compared to $752,822 in the comparable period. This increase is due to the change in volume and complexity of accounting and legal services required by the Corporation driven by acquisitions and growth.

As part of the Corporation's incentive stock option plan (the "**Stock Option Plan**"), the Corporation recognized $30,130 of share-based compensation for the three months ended March 31, 2020, as compared to $1,034,694 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, and February 11, 2020.

As part of the Corporation's incentive stock option plan (the "**Stock Option Plan**"), the Corporation recognized $70,302 of share-based compensation for the six months ended March 31, 2020, as compared to $1,230,376 in the comparable period.

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 six months ended March 31, 2020.

General and administrative expenses for the three and six months ended March 31, 2020, and 2019, are allocated as follows:

General and administrative	Three months ended March 31		Six months ended March 31	
	($) 2020	($) 2019	($) 2020	($) 2019
Occupancy costs	140,808	121,089	251,185	211,352
Consulting fees	824,338	712,026	1,814,266	832,485
Office and general	744,998	249,232	1,847,349	507,208
Repairs and maintenance	10,936	27,883	32,602	31,463
Salaries and benefits	1,456,096	477,151	2,820,514	674,993
Project costs	-	34,201	-	69,515
Sales and marketing	95,946	241,683	335,191	317,645
Regulatory expenses	99,677	53,019	135,073	86,697
	3,372,799	1,916,284	7,236,180	2,731,358

The increase in general and administrative expenses for the six months ended March 31, 2020, as compared to the six months ended March 31, 2019, was primarily due to increases in salaries and benefits, consulting fees and office and general expenses relating to acquisitions during the period and the Corporation's continued growth.

Other income and expenses

Other (income) and expenses	Three months ended March 31		Six months ended March 31	
	($) 2020	($) 2019	($) 2020	($) 2019
Foreign exchange	(802,891)	(46,942)	(656,251)	(80,889)
Interest and income	(2,637)	(150)	(14,091)	(150)
Share of loss of joint venture	-	15,966	33,470	72,477
Interest and financing charges	124,856	419	297,629	776
Accretion expense	22,940	28,450	71,356	102,527
Change in fair value of contingent consideration	(879,855)	(309,690)	(1,478,221)	51,607
Loss on disposal of PPE	108,417	-	108,417	71,037
Transaction costs	282,272	506,398	405,086	560,949
	(1,146,898)	194,451	(1,232,605)	778,334

Foreign exchange for the three and six months ended March 31, 2020 of $802,891 and $656,251 respectively relates to transactions denominated in United States dollars, Swiss Francs, Euros, South African rand, and Australian dollars from the Corporation's global activity.

Accretion expense for the three and six months ended March 31, 2020 of $22,940 and $71,356 respectively relates to the contingent consideration associated with the acquisition of Spartan

The change in the fair value of the contingent consideration for the three and six months ended March 31, 2020 was a gain of $879,855 and $1,478,221 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 March 31 2020.

Transaction costs for the three and six months ended March 31, 2020 of $282,272 and $405,086 respectively relate primarily to acquisitions – South Africa and financing.

Non-IFRS Measures

EBITDA

EBITDA	**Three months ended March 31**		**Six months ended March 31**	
	($) 2020	**($) 2019**	**($) 2020**	**($) 2019**
Net loss	(2,528,169)	(3,600,923)	(6,984,234)	(5,079,768)
Adjustments:				
Amortization and depreciation	945,252	276,916	2,398,799	368,657
Interest income	(2,637)	(150)	(14,091)	(150)
Interest and financing charges	124,856	419	297,629	776
Income tax expense (recovery)	(124,034)	11,278	(367,565)	11,278
EBITDA	(1,584,732)	(3,312,460)	(4,669,462)	(4,699,207)

Adjusted EBITDA

Adjusted EBITDA	Three months ended March 31		Six months ended March 31	
	($) 2020	($) 2019	($) 2020	($) 2019
EBITDA	(1,584,732)	(3,312,460)	(4,669,462)	(4,699,207)
Adjustments:				
Share based compensation	30,130	1,034,694	70,302	1,230,376
Consulting fees settled by equity instruments	47,234	150,737	79,583	150,737
Unrealized gain from changes in fair value of biological assets	(380,193)	(64,160)	(1,245,436)	(349,904)
Changes in fair value of contingent consideration payable	(879,855)	(309,690)	(1,478,221)	51,607
Accretion expense	22,940	28,450	71,356	102,527
Foreign exchange	(802,891)	(46,942)	(656,251)	(80,889)
Lease payments	(346,814)	-	(702,802)	-
Loss on disposal of property, plant and equipment	108,417	-	108,417	71,037
Transaction costs	282,272	506,398	405,086	560,949
Adjusted EBITDA	(3,503,492)	(2,012,973)	(8,017,428)	(2,962,767)

Summary of Quarterly Results

Three Months Ended	Total Assets ($)	Net Revenue ($)	Net Loss before income taxes ($)
March 31, 2020	79,829,874	798,516	2,652,203[(1)]
December 31, 2019	79,260,738	616,309	4,699,596[(2)]
September 30, 2019	77,228,239	448,012	3,062,406[(3)]
June 30, 2019	77,349,218	674,745	989,506[(4)]
March 31, 2019	63,219,442	212,201	3,589,645[(5)]
December 31, 2018	33,267,270	256,572	1,478,845[(6)]
September 30, 2018	27,216,234	54,136	1,188,516[(7)]
June 30, 2018	26,881,870	4,771	557,401[(8)]

Notes:

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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

(7) Net loss before income tax of $1,188,516 consists primarily of net revenue of $54,136, cost of sales of $31,676 unrealized gain from changes in the fair value of biological assets of $11,277, operating expenses of $1,186,293, foreign exchange gain of $7,859, share of loss of joint venture $43,630 and interest and financing charges of $189.

(8) Net loss before income tax of $557,401 consists primarily of net revenue of $4,771, cost of sales of $1,188,516 operating expenses of $576,596 and foreign exchange gain of $15,612.

Selected Consolidated Statement of Financial Position Figures

	March 31, 2020 ($)	September 30, 2019 ($)
Cash	1,814,265	16,356,889
Inventory	12,455,379	2,561,127
Biological assets	514,973	6,404,755
Other current assets	2,797,901	2,474,898
Non-current assets	62,247,356	49,430,570
Current and long-term debt	1,477,543	2,964,973
Accounts payable, accrued liabilities, income tax payable and right-of-use liabilities	5,594,411	3,224,783
Other long-term liabilities	5,246,218	1,701,276
Equity attributable to shareholders of the Corporation	67,511,702	69,337,207

As of March 31, 2020, the Corporation had cash available of $1,814,265 down from $16,356,889 at September 30, 2019. This decrease from September 30, 2019, was mainly due to cash used in operations of $10,310,684, cash used in investing activities of $1,909,256, cash outflows from net cash from financing activities of $3,811,615 and the effect of exchange rate fluctuations on cash held of $1,488,931.

As of March 31, 2020, the Corporation had inventory of $12,455,379 up from $2,561,127 at September 30, 2019. The increase in inventory was driven by the ramp up of Canveda production and the completion of the HolyWeed 2019 harvest.

As of March 31, 2020, the Corporation had biological assets of $514,973 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 March 31, 2020, the Corporation had other current assets of $2,797,901, up from $2,474,898 at September 30, 2019. This was due to increases in accounts receivable of $635,708, a decrease in amounts due from related parties of $413,838, a decrease in deposits of $221,286 and an increase in prepaid expenses of $322,419.

As of March 31, 2020, the Corporation had non–current assets of $62,247,356, up from $49,430,570 at September 30, 2019. This was due to increases in property, plant and equipment increased by $3,558,215, intangible assets increased by $2,914,300 (KAAJENGA acquisition and the Australian Licences), goodwill increased by $1,440,775 (Spartan and HolyWeed acquisitions), long-term deposits increased by $148,432, an increase in restricted cash of $5,730, the joint venture decreased by $278,937 (KAAJENGA cannabis – 100% acquired during Q1 2020) and the recognition of a right-of-use asset of $5,028,271 as part of the Corporations implementation of IFRS 16 during Q1 2020.

As of March 31, 2020, the Corporation had current and long-term debt of $1,477,543, down from $2,964,973 at September 30, 2019. This is due to a decrease in contingent consideration of $1,406,865, a decrease in short-term loans of $831,637 an increase in amounts due to related parties of $41,722 and an increase in promissory notes of $709,350.

As of March 31, 2020, the Corporation had accounts payable, accrued liabilities and current right-of-use liabilities of $5,594,411 up from $3,224,783 at September 30, 2019, mainly driven by higher accounts payables and accruals at March 31, 2020 and the recognition of a right-of-use liability of $1,214,460 as part of the Corporation's implementation of IFRS 16 during Q1 2020.

As of March 31, 2020, the Corporation had other long-term liabilities of $5,246,218 up from $1,701,276 at September 30, 2019. This was due to an increase in the pension liability of $12,889 and the recognition of a right-of-use liability of $4,748,065 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 $347,494.

As of March 31, 2020, the Corporation had total equity of $67,511,702, comprised of share capital of $66,136,348, warrants of $12,200,672, contributed surplus of $1,428,321 accumulated other comprehensive income of $1,643,975, accumulated deficit of $13,576,939 and a non controlling interest of $320,675.

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.

Management believes it has sufficient liquidity to support continued operations and to meet its short-term liabilities and commitments as they become due. 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. In light of 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 "*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 C$4,553,280, the Corporation intends to use 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 March 31, 2020, the Corporation had cash of $1,814,265 (September 30, 2019 - $16,356,889) to meet its current liabilities of $6,691,004 (September 30, 2019- $5,254,592). The Corporation had working capital of $10,891,514 (September 30, 2019- $22,543,077).

Financial Instruments

Fair values

The carrying values of cash, restricted cash, accounts receivable, accounts payable, accrued liabilities, and short-term loans are a reasonable approximation of their fair values due to their short-term to maturity. Contingent consideration payable and derivative financial instruments are recorded at fair value and is measured at each reporting date.

Working Capital

The table below sets out the cash, working capital (deficit) and current and long-term debt as of March 31, 2020 and September 30, 2019:

	March 31, 2020 ($)	September 30, 2019 ($)
Cash	1,814,265	16,356,889
Working capital including cash	10,891,514	22,543,077
Current and long-term debt	1,477,543	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 six months ended March 31, 2020 and 2019:

Cash Flows	March 31, 2020 ($)	March 31, 2019 ($)
Operating activities	(10,310,684)	(3,251,357)
Investing activities	(1,909,256)	(145,376)
Financing activities	(3,811,615)	33,485,318
Effect of exchange rate fluctuations on cash held	1,488,931	-
Cash, beginning of period	16,356,889	164,579
Cash, end of period	1,814,265	30,253,164

Cash used in operating activities

The cash used in operating activities during the six months ended March 31, 2020 was $10,310,684, primarily made up of: (1) a net loss of $6,984,234; adjusted for (2) the following items not affecting cash: (a) depreciation and amortization of $2,398,799; (b) total share-based compensation of $70,302; (c) accretion expenses of $71,356; (d) change in fair value of contingent consideration of $1,478,221; (e) share of loss of joint venture $33,470; (f) loss of disposal of plant, property and equipment of $108,417; (g) unrealized gain on biological assets of $1,245,436: (h) unrealized foreign exchange gain of $1,864,181; (i) consulting fees settled via equity instruments of $79,583; (j) deferred income tax recovery of $367,565; (k) interest and financing charges of $284,320; and (l) pension liability of $12,889. Changes in non-cash working capital amounted to a loss of $1,430,183 (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 six months ended March 31, 2019, was $3,251,357, primarily made up of: (1) the net loss of $5,079,768; and (2) the following operating activities: (a) depreciation and amortization of $415,038; (b) total share-based compensation of $1,230,376; (c) accretion expenses of $102,527; (d) change in fair value of derivative liability of $51,607; (e) share of loss of joint venture $72,477; (f) unrealized gain on biological assets of $349,904: (g) unrealized foreign exchange gain of $82,918; (h) consulting fees settled via equity instruments of $150,737; (i) loss on disposal of PPE of $114,119; and (j) income tax expense of $11,278. Changes in non-cash working capital amounted to a loss of $52,762 (Accounts receivable, inventory and biological assets, prepaid expenses and deposits, accounts payable and accrued liabilities and lease inducement).

Cash used in investing activities

The net cash used in investing activities during the six months ended March 31, 2020, of $1,909,256 was due to (a) purchase of property, plant, and equipment of $2,060,243; and (b) cash acquired through acquisition of subsidiaries of $150,987.

In comparison, the cash used in investing activities during the six months ended March 31, 2019, of $145,376 was due to purchase of property, plant and equipment of $145,376.

Cash from financing activities

The cash used in financing activities during the six months ended March 31, 2020, of $3,811,615 was due to repayment of term loan including interest of $1,008,366, financing provided to acquisition targets of $2,142,169 and payments on leases of $702,802. This was partially offset by amounts due to related parties of $41,722

In comparison, the cash provided by financing activities during the six months ended March 31, 2019, of $5,239,591 was primarily due to proceeds from the 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 $1,457,835. This was partially offset by share issuance costs from the private placement of $117,271.

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:

	July 10, 2020	March 31, 2020	March 31, 2019
Outstanding MPXI Shares	141,670,225	141,670,225	103,476,424
Stock Options	3,737,180	3,737,180	4,529,250
Warrants	86,216,769	61,790,770	60,726,285
Warrants Issuable Upon the Exercise of other Convertible Securities	68,126	68,126	68,126
Securities Issuable Upon Achievement of Milestones	30,855,519	30,855,519	5,101,904
Securities Issuable Upon Conversion of Debentures	37,925,972	-	-

On January 24, 2020, MPX Australia was awarded a Medicinal Cannabis Licence from the Australian ODC, achieving the first milestone relating to the Australian Acquisition. On February 3, 2020, the Corporation issued 2,689,189 MPXI Shares in connection to this milestone.

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

On June 30, 2020, the Corporation issued a total of 3,348 Debentures convertible into 37,925,972 MPXI Shares and granted a total of 23,436,000 Debenture Warrants and 989,999 compensation warrants at an exercise price of $0.12 per MPXI Share expiring on June 30, 2022.

Contractual Obligations and Commitments

The Corporation does not have any material off-balance sheet arrangements or commitments as of March 31, 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.

Milestone	Sales of Cannabis Sales Units [1]		VGC		Ninth Square		Veteran Growth Fund	
	Aggregate	Through Canveda	Shares	Warrants	Shares	Warrants	Shares	Warrants
Closing	N/A	N/A	$375,000	$62,500	$375,000	$62,500	$125,000	$125,000
1	200,000	N/A	$281,250	$50,000	$281,250	$50,000	$125,000	$125,000
2	485,000	90,000	$281,250	$50,000	$281,250	$50,000	$125,000	$125,000
3	885,000	315,000	$281,250	$50,000	$281,250	$50,000	$125,000	$125,000
4	1,290,000	570,000	$281,250	$50,000	$281,250	$50,000	$1,000,000	$500,000
Totals			**$1,500,000**	**$250,000**	**$1,500,000**	**$250,000**	**$1,500,000**	**$1,000,000**

Notes:

(1) A "Cannabis Sales Unit" is deemed to be 1 gram of dried cannabis or equivalent amount of a class of cannabis specified in Schedule 3, "Equivalent Amounts", of the Cannabis Act, being: (a) 1 gram of dried cannabis; (b) 5 grams of fresh cannabis; (c) 15 grams of solids containing cannabis; (d) 70 grams of non-solids containing cannabis; (e) 0.25 grams of solid or non-solid concentrates; or (f) 1 cannabis plant seed, however, notwithstanding the equivalence formula in the Cannabis Act, for the purposes of determining the milestones for the purchase price and cannabis oils shall be converted to grams of dried cannabis according to the equivalency supplied by the selling licensed producer as indicated on their website and the label on each product as required by applicable regulations.

(2) Under the terms of the Substituted Consideration Agreement (as defined below), the parties agreed to reduce the number of Cannabis Sales Units to be sold through Canveda pursuant to the second milestone to 45,000.

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.

Claim

The Corporation was served with a statement of claim on August 7, 2019, which was subsequently amended on August 31, 2019 (collectively, the "**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 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 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 defence 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.

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, 3,737,180 stock options have been granted to purchase MPXI Shares as governed by the Stock Option Plan.

The following is a summary of the material terms of the Stock Option Plan:

(a) persons who are Eligible Persons (as defined in the Stock Option Plan) of MPXI are eligible to receive grants of options under the Stock Option Plan;

(b) options granted under the Stock Option Plan are non-assignable and non-transferable, other than by will or by the laws of descent;

(c) options granted under the Stock Option Plan are exercisable for a maximum of 10 years from the date of grant;

(d) in the case of options granted to a Participant (as defined in the Stock Option Plan) who is an employee, consultant, consultant company or management company employee, the Participant must be a bona fide employee, consultant, consultant company or management company employee, as the case may be, of MPXI or its subsidiaries;

(e) except as otherwise determined by the Board:

(i) if a Participant who is a non-executive director of MPXI ceases to be an Eligible Person as a result of his or her retirement from the Board, each unvested option held by such Participant shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested option held by such Participant will cease to be exercisable on the earlier of the original expiry date of the option and twelve (12) months after the date of his or her retirement from the Board;

(ii) if a Participant who is not an Eligible Person receives options pursuant to the Plan of Arrangement, such options will be exercisable for a period of ninety (90) days after they are issued;

(iii) if the service, consulting relationship, or employment of a Participant with MPXI or its subsidiaries is terminated for cause, each vested and unvested option held by the Participant will automatically terminate and become void on the Termination Date (as defined in the Stock Option Plan);

(iv) if a Participant dies, the legal representative of the Participant may exercise the Participant's vested options for a period until the earlier of the original expiry date of the option and twelve (12) months after the date of the Participant's death, but only to the extent the options were by their terms exercisable on the date of death. For greater certainty, all unvested options held by a Participant who dies shall terminate and become void on the date of death of such Participant; and

(v) if a Participant ceases to be an Eligible Person for any reason whatsoever other than referred to in (A) to (D) above, each vested option held by the Participant will cease to be exercisable on the earlier of the original expiry date of the option and six (6) months after the Termination Date; however, if a Participant who is an officer ceases to be an Eligible Person as a result of such officer's termination without cause or resignation for good reason, any unvested options as of the date of termination will be accelerated and become immediately fully vested as of such date and such options will be exercisable by the officer for a period of up to one year following the date of termination (as defined in the Stock Option Plan);

(f) provided the MPXI Shares are listed on the Exchange (as defined in the Stock Option Plan), the exercise price of each option will be set by the Board on the date such option is granted, and will not be less than the Market Price (as defined in the Stock Option Plan); and

(g) in the event of an actual or potential Change of Control Event (as defined in the Stock Option Plan), the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant: (A) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any option; (B) permit the conditional exercise of any option, on such terms as it sees fit; (C) otherwise amend or modify the terms of the option, including for greater certainty permitting Participants to exercise any option, to assist the Participants to tender the underlying MPXI Shares

to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying MPXI Shares during such Change of Control Event; (D) permit the exchange for or into any other security or any other property or cash, any option that has not been exercised without regard to any vesting conditions attached thereto; and (E) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the options not exercised prior to the successful completion of such Change of Control Event. In addition, in the event of an actual or potential Change of Control Event, the Board, or any company which is or would be the successor to MPXI or which may issue securities in exchange for MPXI Shares upon such Change of Control Event becoming effective, may in its discretion, without the necessity or requirement for the agreement of any Participant, issue a new or replacement options over any securities into which the options are exercisable, on a basis proportionate to the number of MPXI Shares underlying such option and at a proportionate Exercise Price (as defined in the Stock Option Plan) (and otherwise substantially upon the terms of the option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the option may be exercised and expiry dates; and in such event, the Participant shall be deemed to have released his or her option over the MPXI Shares and such option shall be deemed to have lapsed and be cancelled.

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:

Selected Results and Earnings	**Three months ended March 31**		**Six months ended March 31**	
	($) 2020	**($) 2019**	**($) 2020**	**($) 2019**
Salaries and benefits	273,046	216,514	548,544	436,034
Share-based compensation	-	818,669	-	818,669
	273,046	1,035,183	548,544	1,254,703

At March 31, 2020, the Corporation has an outstanding balance of $41,722 (ZAR 524,342) (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 of Directors in strict adherence to conflict of interest laws and regulations.

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 licensed License Holder's ("**LH**") 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.

Domestically, Spartan and the MCLN are currently working with 13 License Holders to educate and market cannabinoid-based medicines to Canadian patients. As well, MPXI is anticipating the addition of several additional LH's to the platform over the next several weeks. The Corporation generates transactional and/or hourly-based consulting fees from LH's for sales generated over the network on behalf of LH's. The Spartan/MCLN platform acts a both a telemedicine medium providing patient access to medical practitioners for advice and cannabis prescriptions and as a sales platform for licensed producers. The MCLN operates in much the same manner as Amazon or Shopify by providing on-line sales facilitation between consumers and suppliers.

While it will continue to operate the Canveda Facility, MPXI has shelved plans for any acquisition or expansion of additional cultivation in Canada and will market its estimated 1,200 kg of annual production 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 KAAJENGA Cannabis securing an exclusive, worldwide, perpetual, royalty free licence to the MCLN. 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 MPXI's, wholly-owned licence holder, Canveda as well as from 13 other Canadian License Holders

The MCLN and its integration with the Spartan platform will play a significant role in our growth in Canada this coming 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 MCLN 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, Switzerland and the United Kingdom. With the opening of the first "beleaf" branded outlet in Central London in December 2019 and the first "HolyWeed" branded locations in Geneva in January 2020. The Corporation intends to continue the creation of a retail footprint for its products in Canada, Europe and elsewhere.

In Switzerland, a very successful harvest of approximately 90,000 kilograms of high-CBD, organic "cannabis-light" biomass offers the Corporation the ability to process substantial amounts of CBD distillate, isolate and smokable product for sale into the global market throughout the coming months. MPXI has entered into leases for two facilities in the Geneva area and while delayed by the advent of the Covid-10 pandemic, both are being converted into extraction and processing facilities and are expected to commence operations in mid 2020.

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, Australia and South Africa. While again plagued with Covid-19 induced delays, the Corporation still expects each of these projects to commence operations during the early part of the 2021 calendar year.

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 the virus emerged. As a result, the Corporation embarked on 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 period and, combined with a concentration on the development of revenues in Canada and Switzerland, the expectation is that the EBITDA targets contained in the Debenture Indenture will be achieved by the end of calendar 2020.

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 that have the most significant effect on the amounts recognized in the Interim Financial Statements.

In preparing the Interim Financial Statements, the Corporation's management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the Corporation's management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the new significant judgements related to the lessee accounting under IFRS 16, which is described in Notes 3 and 4 of the Interim 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 Interim Financial Statements.

Except as described below, the accounting policies applied in Interim 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.

The Corporation has initially adopted IFRS 16 Leases on October 1, 2019. Several other new standards are effective for the Corporation beginning October 1, 2019; however, they did not have a material effect on the Corporation's financial statements.

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 on the basis of 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 March 31, 2020, the carrying amount of property right-of-use assets is $5,028,271 (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.

	Sept 30, 2019
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%.

	Sept 30, 2019
Operating lease commitment at Sept 30, 2019	$ 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 six months ended March 31, 2020, is as follows:

	Mar 31, 2020
Right-of-use assets at Oct 1, 2019	$ 4,143,052
Lease additions	1,197,613
Amortization for the period	(501,411)
Foreign exchange	189,017
Right-of-use assets at Mar 31, 2020	$ 5,028,271

A continuity of right-of-use liabilities for the six months ended March 31, 2020, is as follows:

	Mar 31, 2020
Right-of-use liabilities at Oct 1, 2019	$ 5,011,571
Lease additions	1,197,613
Lease payments	(702,802)
Interest expense on lease liabilities	220,445
Foreign exchange	235,698
Right-of-use liabilities at Mar 31, 2020	$ 5,962,525
Current portion – payable within 12 months	$ 1,214,460
Non-current portion	4,748,065
Right-of-use liabilities at Mar 31, 2020	$ 5,962,525

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

Less than one year	$ 1,454,744
One to five years	4,372,572
More than five years	1,494,394
Total undiscounted lease liabilities at March 31, 2020	$ 7,321,710

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.

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 licence for 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.

License 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". The comment period closed on September 3, 2019. 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 License 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 on 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, Belgium and South Africa and may expand into other jurisdictions in the future. In order 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 have to 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 has to 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 is allowed to supply the product directly to specified patients under their immediate care. Use of the product under an authorisation must be at all times 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.

The recently completed review of the *Narcotic Drugs Act 1967* (Cth) recommends *"major congestion busting initiatives for medicinal cannabis cultivation, production and manufacturing that will apply to the whole sector"*(*The Office of Drug Control, Media Release dated August 2, 2019, Boosting Australia's medicinal cannabis industry*).

The Office of Drug Control, Media Release dated August 2, 2019, Boosting Australia's medicinal cannabis industry

The Government has agreed in principle to adopt all 26 recommendations of the independent review conducted by Professor John McMillian.

Two proposed changes will simplify the administration of the medicinal cannabis scheme and remove impediments to developing the Australian medicinal cannabis industry.

Changes to the *Narcotic Drugs Regulation 2016* will reduce the regulatory burden on licence applicants and reduce the time it takes to apply and what level of detail is required.

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.

Persons intending to operate a marijuana facility must first obtain a letter of intent from Malta Enterprise – the country's economic development agency – obtain licensure from the Minister of the Medicines Authority and comply with other regulations.

As of this date, the Medicines Authority is still developing regulations governing the application process and operation of marijuana facilities. On November 26, 2018, regulations establishing a fee schedule for marijuana facilities were issued. Once the Medicines Authority publishes regulations governing the Malta Licensing Process, it is anticipated that the holders of a letter of intent from Malta Enterprise will be able to begin the process of obtaining final licensure.

Malta Licensing and Operating Requirements

Although the Medicines Authority is still promulgating regulations, the Malta Act provides some detail on marijuana facility licensing and operations. Before a company can cultivate, import, process cannabis or produce products intended for medicinal or research purposes, it must: (i) comply with the Malta Act; (ii) apply for and obtain a letter of intent from Malta Enterprise; (iii) comply with relevant regulations, including international treaty obligations and production and quality regulations under the Medicines Act, 2003; and (iv) apply for and obtain licensure from the Medicines Authority. 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.

Most of the licensing and operating requirements will, however, be established by Medicines Authority regulation. The Malta Act endows the Minister of the Medicines Authority with the power to make regulations governing: (i) the licensure application process, including grants, renewals, suspensions, transfers, and cancellations of licenses; (ii) the process for persons to object to the granting of a license; (iii) the duration of

licenses; (iv) personnel qualifications; (v) inspections, inventory procedures, and quality controls; and (vi) fee schedules, penalties, and sanctions.

Regulatory Framework in Belgium

Medical Cannabis

The *Royal Decree of 11 June 2015* prohibits the distribution of cannabis in the form of a plant for medical purposes in Belgium. An opinion has been submitted by the Commission for Medicinal Products for Human Use and is currently being studied. Given the complexity of the opinion, the Federal Agency for Medicines and Health Products (the "**FAMHP**") has not been able to set a timing for its decision on this. However, a pharmacist may dispense authorized cannabis medication to patients with a medical prescription. In Belgium, there is currently only one authorized cannabis drug.

Cultivation

Under the *Single Convention on Narcotic drugs, 1961*, (the "**Convention**") cannabis is considered a narcotic in Belgium and use of cannabis for medical and scientific research is highly regulated. In accordance with the Convention, if the government of Belgium wishes to permit the cultivation of cannabis, its government must create a stand-alone office that is exclusively responsible for managing and controlling the cultivation, trade, import and export of medical cannabis. As of this date, such office has not yet been formally created, however, in February 2019, Bill 3530/001 was passed allowing for the creation of such office (the "**Cannabis Agency**") within FAMHP. The Cannabis Agency will be responsible for designating permitted cultivation areas in Belgium, granting licenses to cultivators, purchasing and taking possession of the cannabis and importing, exporting, wholesale trading and maintaining stock of medicinal cannabis.

The legal framework governing the application process, cultivation and sale of cannabis has been proposed but not yet approved. Under the current proposal, following the creation of the Cannabis Agency, candidates will be able to submit tenders for the cultivation of a certain amount of cannabis in designated locations. The Cannabis Agency will grant cultivation licenses to successful candidates and will in turn purchase the product for export and/or distribution.

Cannabis containing 0.2% THC or less

As provided for in the *Ministerial Decree of 27 July 2011* (the **"2011 Decree"**), cannabis cultivation containing 0.2% THC or less is legal in Belgium. In accordance with the 2011 Decree, regional authorities may issue authorizations to grow low-THC cannabis in-ground.

Cannabis flower containing less than 0.2% THC is considered an herbal product for smoking; a product composed of plants, herbs or fruits, which does not contain tobacco and can be consumed by mean of a combustion process. In Belgium, the sale and use of an herbal product for smoking must comply with a series of rules set out in the *Royal Decree of 5 February 2016* (the "**2016 Decree**") which applies specifically to plant-based products for smoking, among other things. Specifically, and in accordance to Article 16 of the 2016 Decree, a manufacturer of herbal products for smoking must submit to the authorities a list of all ingredients used in the manufacturing of the product prior to placing such herbal product on the market. If a product is approved, it may then be sold in retail locations and will be listed on the Positive List of Herbal Products for Smoking on the Federal Public Service (FPS) Heath Food and Environment website.

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.

Cannabis with the exception of CBD when intended for therapeutic purposes (Schedule 4 substance) and THC when intended for therapeutic purposes (Schedule 6 substance), is classified as a Schedule 7 substance, making it subject to special restrictions and controls.

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 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 – Recreational and Medicinal Use Cannabis

On September 18, 2018 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, found that there is a need for a regulatory framework to ensure that quality products are cultivated and harvested and made available to patients when prescribed by an authorized prescriber / physician..
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 ConCourt ruling suspended its order of invalidity for a period of 24 months to provide the Parliament of South Africa an opportunity to correct the constitutional defect in the laws. To date, no draft amendments have yet been made available for public comment.

However, it granted interim relief by way of a reading-in of the two Acts to ensure that, during the period of suspension of invalidity, it would not be a criminal offence for an adult person: (a) to use or be in possession of cannabis in private for his or her personal consumption in private; and (b) to cultivate cannabis in a private place for his or her personal consumption in private.

CBD

As of May 15, 2019, the South Africa Medicines Act was amended to remove CBD from the highly regulated Schedule 7 list and moved to Schedule 4. Schedule 4 includes, amongst others, substances that can be sold by pharmacies with a required prescription. Further, certain CBD products were completely excluded, allowing for legal sale of CBD products made in accordance with the government's specified preparations. The two conditions are: (1) a maximum daily dose of 20 milligrams of CBD with an accepted low risk claim or health claim which refers only to: (i) general health enhancement without any reference to specific diseases; (ii) health maintenance; or (iii) relief of minor symptoms (not related to a disease or disorder); and (2) consist of processed products made from cannabis raw plant material and processed products, where only the naturally occurring quantity of cannabinoids found in the source material are contained in the product, and which contain not more than 0.001% of THC and not more than 0.0075% total CBD.

Unless renewed, the exemption from the provisions of Section 22A (2) of the South Africa Medicines Act will expire at midnight on May 14, 2020.

Regulatory Framework in the United Kingdom

In the United Kingdom (the "**UK**"), cannabis and products derived from it are subject to controlled substances legislation, set out in the *Misuse of Drugs Act* 1971 (the "**MDA 1971**") and the *Misuse of Drugs Regulations* 2001 (the "**MDR 2001**"), which impose wide restrictions, backed by criminal sanctions, on the import, sale and possession of controlled drugs.

Cannabis Based Products for Medicinal Use in Humans

On November 1, 2018, regulations came into effect making available 'cannabis-based products for medicinal use in humans' ("**CBPM**"s) to be prescribed without the need for a Home Office controlled drugs licence (a "**Home Office Licence**"). The decision to prescribe is restricted to a doctor on the Specialist Register of the General Medical Council and can only be supplied to meet the special clinical needs of a named patient where no licensed product is available.

Licensing Regime

The Home Office, a governmental department in the UK, receives and considers licensing applications to produce, possess, supply, cultivate (in the case of cannabis plants) and import or export controlled drugs. Cultivation or possession of cannabis plants cannot lawfully be undertaken without the requisite Home Office Licence. There are two licensing regimes relating to cannabis cultivation, according to whether the varieties are high or low THC. The Home Office only issues licences for cultivation of plants from approved seed types with a THC content not exceeding 0.2%, as listed in the EU's Common Catalogue of Varieties of Agricultural Plant Species. It is not lawful to extract CBD from cannabis plants in the UK.

Any proposal to cultivate cannabis materials to produce a CBPM will be individually considered by the Home Office on its merits and in accordance with the general drug licensing risk assessment process.

CBD

CBD in its pure form, as an isolated substance, would not be controlled under the MDA 1971 or MDR 2001. However, the Home Office cautions that if a CBD product contained any controlled cannabinoids, unintentionally or otherwise, then it is highly likely that the product would be controlled.

For a CBD or other cannabinoid product to be made available lawfully for human consumption, it must meet the definition of a CBPM or that of an Exempted Product pursuant to the MDR 2001. To be considered 'exempt' from control, no one component part of the product or preparation must contain more than one milligram of the controlled drug. To establish that the definition is met, the Home Office advises that full spectrum analysis laboratory testing should be undertaken to demonstrate that the THC level in the product is at a lawful level. Further, to ensure that a CBD product falls outside UK medicines legislation, no "medical claims" may be made on the packaging or in any related advertising and the product must not have a "functional" effect (i.e. restores, corrects or modifies a physiological function in humans by exerting a pharmacological, immunological or metabolic action). Any product that has CBD incorporated into it will, in addition, have to meet the sector-specific requirements for that category of product.

Novel Foods

The majority of CBD products for sale in the UK take the form of CBD oils and/or food supplements. In 2019, the UK Food Standards Authority ("**FSA**") accepted the clarification from the EU that CBD extracts are considered novel foods.

Novel food is defined as food that had not been consumed to a significant degree by humans in the EU before 15 May 1997. Novel foods must be safe for consumers, properly labelled, and not nutritionally disadvantageous for the consumer. Before a novel food can be legally marketed in the EU, a pre-market safety assessment and authorisation on the basis of an evaluation in line with the above principles is necessary.

CBD products therefore need to be evaluated and authorised as novel foods before they are permitted to be placed on the market. On February 13, 2020, the FSA announced that it has marked March 31, 2021 as the deadline to submit valid novel food authorisation applications in the UK, other than Scotland. After this date, only products which have submitted a valid application will be allowed to remain on the market.

In addition to complying with the novel food regime, a CBD product that would be taken orally by the consumer would fall within the wider UK food safety regime. Depending on the composition, the products are likely to be viewed as food or food supplements. Products must be safe for human consumption. Regulations provide for the labelling of food supplements and for the particulars with which products must be marked or labelled. Health and nutrition claims are closely regulated under both EU and domestic law to prevent false or misleading statements about the effect or nature of a food.

Other products including CBD

CBD may lawfully be an ingredient in other products such as cosmetic products. The Cosmetics Regulation EC 1223/2009 applies to all cosmetic products and require all products to be safe and compliant with the regulations. The Cosmetics Regulations list the substances that are prohibited from use in cosmetics and this includes narcotic substances. However, cannabis is defined as meaning the flowering or fruiting tops of the plant. Accordingly, the seeds and extracts or oils from the seeds, after separation from the rest of the plant, may be used in cosmetic products. Every cosmetic product placed on the market requires a safety assessment carried out by a suitably qualified professional.

CBD may also be an ingredient in e-cigarette or vaping products. In such cases, depending on its composition, the product may have to comply with the UK Tobacco and Related Products Regulations 2016 which govern both tobacco products and herbal products for smoking.

Where no other sector specific requirements apply to a CBD product then the General Product Safety Regulations 2005 would be applicable. These regulations require manufacturers and distributors not to place unsafe products on the market, to take corrective steps if they find they have done so, and to provide consumers with relevant information on risks.

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 over 30 additional countries 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 have 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.

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

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**"). At the annual session of the UN's Commission on Narcotic Drugs (the "**UNODC**") held March 22 to 26, 2019, in Vienna, Austria, the UNDOC determined to postpone the voting on the recommendations of the WHO to provide more time for member states to consider the recommendations.

The member states were given the opportunity to address questions to WHO during intersessional meetings held on June 24, 2019 and September 23, 2019. Further, member states were asked to submit, by January 17, 2020, any comments on the Cannabis Scheduling Recommendations to be shared with the Commission. At the upcoming annual session of the UNODC on March 2 to 6, 2020 the member states are expected to vote on the Cannabis Scheduling Recommendations.

RISKS AND UNCERTAINTIES

There are a number of 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 actually 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 or not meritorious, 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.

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 of 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 and BioCannabis 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.

The Corporation is expecting to continue with construction of its BioCannabis Facility, and the Corporation has also applied, through BioCannabis, to become a licence holder and expects that the BioCannabis Facility has the potential to significantly increase the Corporation's cultivation, growing and manufacturing capacity. However, no assurance can be given that Health Canada will approve the Owen Sound licence application. If the Corporation is unable to secure a licence for the BioCannabis Facility, 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 Canada. Without other plans that mitigate construction delays or cost over-runs in respect of the build-out of the BioCannabis Facility, howsoever caused, any such delays or cost over-runs could have a material adverse effect on the Corporation's business, financial condition and results of operations in Canada.

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. In the event that 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 a number of 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 sufficient numbers of 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.

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 a number of 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

In order 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.

There are currently hundreds of applications for cultivation, processing and/or sales licences being 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 License 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 are able to 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 amount 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 a number of 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 taking into account many 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.