TAAT LIFESTYLE & WELLNESS LTD.
(FORMERLY MOLORI ENERGY INC.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED JULY 31, 2020 AND 2019

(Expressed in Canadian dollars)

Set out below is a review of the activities, results of operations and financial condition of TAAT Lifestyle & Wellness Ltd.(Formerly Molori Energy Inc.) ("MOL", "TAAT", or the "Company") for the period ended July 31, 2020. The discussion below should be read in conjunction with the Company's consolidated financial statements ("financial statements") for the period ended July 31, 2020. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. ***This MD&A has been prepared as at September 29, 2020.***

The Company is listed on the CSE:TAAT, OTCQB: TOBAF and Frankfurt :2TP2

Additional information related to the Company is available on SEDAR at www.sedar.com and the Company's website is www.taatusa.com

BACKGROUND AND CORE BUSINESS

TAAT Lifestyle & Wellness Inc. (Formerly Molori Energy Inc.) ("TAAT" or the "Company") was incorporated on June 5, 2006 in British Columbia under the Business Corporations Act. The Company is a life sciences company focused on non-tobacco based smokable products. The Company changed its name from Molori Energy Inc. to TAAT Lifestyle & Wellness Ltd on April 6, 2020.

The Company's head office is 2630 – 1075 West Georgia Street, Vancouver, BC, V6E 3C9 and its registered address is Suite 810 – 789 West Pender Street, Vancouver BC, V6C 1H2.

CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULTS OF OPERATIONS

MANAGEMENT TEAM UPDATES

On August 4, 2020, the Company appointed Setti Coscarella, who was a lead strategist at Philip Morris International ("Philip Morris"), to lead the Company as its Chief Executive Officer. Mr. Coscarella holds an MBA from the Schulich School of Business and has professional experience including analyst and investment banking roles at three of Canada's "Big Five" financial institutions.

On August 21, the Company appointed Tim Corkum as the Company's Chief Revenue Officer, who was formerly a Commercialization Executive for Philip Morris. Mr. Corkum will apply his extensive knowledge of commercialization to form and navigate the route to market for the Company's product.

OUR PRODUCTS AND PROPRIETARY PROCESS

The Company is innovating nicotine-free and tobacco-free alternatives to traditional cigarettes. The Company utilizes a proprietary 14-step process and a blend of all-natural ingredients to provide smokers an alternative to traditional cigarettes that does not contain nicotine and tobacco.

The Company is anticipating the release of three primary flavour variants in Q4 2020, namely Original, Smooth, and Menthol. *Original* will be a full-flavored product which has been developed to closely emulate the taste experience of a regular tobacco cigarette. *Smooth* has been developed to produce a flavour profile which is milder in taste. *Menthol* has been developed to mimic the taste profile of a mentholated tobacco cigarette. The company will market its products under the Taat brand and position its base material as Beyond Tobacco™.

The Company has a unique, novel, and patent-pending process for refining the Beyond Tobacco™ base material to impart a scent and taste that resembles tobacco, despite containing no actual tobacco. Through the application of a proprietary flavouring treatment, the Company is able to completely transform the raw material into a finished product that tastes and smells like tobacco when combusted. This material is referred to as *Base Cigarette Material* ("BCM"). Similarly to fine-cut tobacco, BCM is derived entirely from plant matter, however BCM is fundamentally different from fine-cut tobacco in that it has no tobacco content whatsoever. As such, BCM contains no nicotine, is non addictive, and undergoes substantially different processing than fine-cut tobacco. This process forms a significant part of the value of Beyond Tobacco™ and is a closely-guarded trade secret. The Company anticipates the granting of a US patent on this process which could further protect the company's intellectual property and allow it to potentially scale rapidly.

DISTRIBUTION

The Company is proud to provide an update on the Company's distribution network. As of the date of this MD&A, the Company has made several key partnerships with key distributors to scale the Company's business and increase the overall value of the business for its shareholders.

On July 3, 2020, the Company entered into a distribution agreement on July 3, 2020 with Worldwide Vape Distribution ("WWV"), in which WWV agreed to distribute Original and Menthol versions of the Company's product. WWV is one of the largest Texas-based wholesalers of premium vaping products with distribution partners in 38 U.S. States and has direct and indirect access to more than 10,000 retail stores across the country.

The Company has also secured distribution through West Coast Vape Supply ("WCVS"). Founded in 2013, WCVS represents several dozen brands of products for the tobacco-smoking alternative known as "Vaping". WCVS has a database of more than 300,000 customers of its online store, with an online order processing volume in excess of 1,000 U.S orders per day. WCVS has a flagship retail store in California, as well as an online store and a wholesale distribution network that collectively has access to more than 20,000 U.S retail stores.

On August 28, 2020, the Company executed a one-year renewable comprehensive distribution agreement with Artisan Vapor Franchise LLC ("Artisan"), in which Artisan is to carry the Company's product in Original and Menthol varieties. Artisan has more than 70 franchised storefronts in the United Kingdom, Pakistan and the United States. Eligible Artisan franchised storefronts (based on local regulations of each franchise's jurisdiction) may carry the Company's products under this distribution agreement.

MANUFACTURING AND LOGISTICS

On September 2, 2020 the Company entered into an agreement with a commercial-scale contract manufacturer for the production of Beyond Tobacco™. Obtaining favourable pricing terms on manufacturing was a key objective achieved when the Company entered into its agreement with the manufacturer. The manufacturing agreement is full-service and includes the production of Beyond Tobacco™, procurement of all required materials used in the assembly of Beyond Tobacco™, pack and carton packaging, master case packaging, pallets, and short-term warehousing. The Company's agreement with the manufacturer provides for renewal of the favourable pricing terms provided an order volume threshold is met within the year. The Company fully anticipates meeting and exceeding these thresholds and looks forward to a long-term strategic relationship with the manufacturer. The current production capacity of the manufacturer is up to 2,000 sticks per minute. If the Company's order volume is greater than anticipated, the manufacturer has assured the Company that it will make additional capacity available to meet the volume requirements. The Company will also work with the manufacturer to build a "safety stock" of its products to ensure continuous availability in the event of unforeseen supply disruptions.

OUTLOOK

The Company has recently reached numerous milestones which include the finalization of BCM formulation, the finalization of a pack design, the filing of a provisional patent, the closing of a private placement, procurement of a commercial-scale contract manufacturer with favourable pricing terms, and the addition of an executive team experienced in tobacco sales, distribution, commercialization, and marketing.

The Company is looking forward to the launch of Beyond Tobacco™ in brick-and-mortar locations in the United States in Q4 2020. The Company has undertaken an extensive study of the US market and understands the key markets in which to launch Beyond Tobacco™. The Company's focus in Q4 2020 will be to solidify and execute the route to market strategy, develop and execute its marketing plan, and ensure that the appropriate infrastructure is built both internally and externally to support the ongoing scaling of the business.

STRATEGIC ACQUISITIONS - TAAT AND TRUE TOKE

On March 18, 2020, the Company completed an acquisition of all of the issued and outstanding securities of TAAT International (the "TAAT International Acquisition") pursuant to a definitive share exchange agreement dated February 21, 2020. The TAAT International Acquisition was completed by way of a share exchange resulting in TAAT International becoming a wholly-owned subsidiary of the Company, following which the Company continued the business of TAAT International. The TAAT International Acquisition constituted an arm's length transaction.

In connection with the TAAT International Acquisition, on February 21, 2020, the Company issued 13,000,000 common shares and paid a finder's fee of 956,200 common shares to an arm's length party.

TAAT is based in Las Vegas, Nevada and is focused upon the development of Beyond Tobacco™ to prepare for commercialization in the United States as a tobacco-free combustible product that is an alternative to smoking tobacco. Mr. Joe Deighan, the controlling shareholder and founder of TAAT, is a pioneer in the tobacco-free combustibles, having developed and launched the "Wild Hemp" brand of hemp cigarettes while the CEO of America Juice Co. On April 5, 2020, Mr. Joseph Deighan was appointed as a Director of the Company.

The change of business and TAAT International Acquisition has positioned the Company to enter the USD $814 billionglobal tobacco market.

On February 12, 2020, the Company entered into a Share Purchase Agreement to acquire all of the issued and fully diluted outstanding shares of TT Enterprises Inc. d/b/a True Toke ("True Toke").

The consideration payable by the Company for the purchase of True Toke consists of the issuance of 7,500,000 common shares of the Company (issued on February 24, 2020) and a payment of $50,000 (paid on March 18, 2020) on closing day. An additional $150,000 shall be payable by the Company upon the Company completing a financing of at least $500,000 post of concurrent listing of the Company's common shares on the CSE. On February 24, 2020, the Company issued 525,000 common shares to an arm's length party in connection with the acquisition of True Toke.

FINANCING AND CORPORATE MATTERS

On April 22, 2019, the Company consolidated its shares on a 4 for 1 basis. All share capital numbers have been restated to reflect the share consolidation.

On May 15, 2019, 22,436 warrants with an exercise price of $2.00, and 875,046 warrants with an exercise price of $1.40 expired without being exercised.

On June 6, 2019, the Company completed a non-brokered private placement and issued 18,567,490 units at a price of $0.055 per unit for gross proceeds of $1,021,212. Each unit consists of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at a price of $0.10 for a period of two years. The Company paid a finder's fee of 1,510,191 shares valued at $332,242 to an arm's length party in connection with the private placement.

On September 18, 2019, the Company completed a non-brokered private placement and issued 5,666,667 common shares at a price of $0.15 per common share for gross proceeds of $850,000. The Company issued 464,500 finder shares to an arm's length party valued at $116,125.

On February 21, 2020, the Company closed a non-brokered private placement of 2,250,000 common shares (the "Common Shares") at a price of $0.20 per Common Share for gross proceeds of $450,000. In connection with the private placement, the Company paid a cash finder's fee of CAD $21,091 to an arm's length party.

On May 4, 2020, the Company closed a non-brokered private placement of 2,060,520 common shares (the "Shares") at a price of $0.20 per Share for gross proceeds of $412,104. The net proceeds from the Private Placement will be used for general corporate and working capital purposes.

On June 10, 2020, the Company completed a non-brokered private placement and issued 3,020,000 common shares at a price of $0.25 per common share for total proceeds of $755,000 (the "First Private Placement"), of which $377,105 was received prior to January 31, 2020. The Company also completed an additional non-brokered private placement of 675,000 Shares at a price of $0.40 per Share for gross proceeds of $270,000 on June 10, 2020 (the "Second Private Placement"). The net proceeds from the Second Private Placement will be used for general corporate and working capital purposes.

Finder's fees of $7,200 cash and an 28,800 common shares purchase warrants ("Finder's Warrants") with an exercise price of $0.25 to purchase one additional Share per Finder's Warrant for a period of 12 months from closing have been paid as finder's fees to arm's length parties in connection with the closing of the First Private Placement.

During the nine months ended July 31, 2020, the Company received a total of $1,887,104 for non-brokered private placements. The Company issued a total of 3,155,000 common shares for total gross proceeds of $315,500 through the exercise of 3,155,000 share purchase warrants with an exercise price of $0.10.

On August 28, 2020, the Company closed a first tranche of its previously announced non-brokered private placement of 3,719,005 units (the "Units") at a price of $0.70 per Unit for gross proceeds of $2,603,304 (the "First Tranche"). Each Unit consists of one (1) Share (each, a "Share") and one-half (1/2) of one (1) transferable Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to purchase one (1) additional Share of the Company for a period of one year from closing at a price of $1.00 per Share. In the event that the Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Shares may be traded at such time) of $1.25 or greater per Share for a period of five (5) consecutive trading days at any time from the Closing Date, the Issuer may accelerate the expiry date of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Warrants) and, in such case, the Warrants will expire on the thirtieth day after the date of such notice.

Finder's fees of an aggregate total of $130,381 cash, 121,000 Shares and 12,002 Warrants ("Finder's Warrants") with an exercise price of $1.00 to purchase one additional Share per Finder's Warrant for a period of 12 months from closing have been pursuant to the closing of the First Tranche.

FINANCING AND CORPORATE MATTERS (CONTINUED)

On September 11, 2020, the Company closed the second and final tranche of its non-brokered private placement (the "Second Tranche"). In connection with the Second Tranche, the Company issued 2,385,272 units (the "Units") at a price of $0.70 per Unit for gross proceeds of $1,669,690. Each Unit consists of one (1) common share (each, a "Share") and one-half (1/2) of one (1) transferable Share purchase warrant (each whole warrant being a "Warrant"). Each Warrant entitles the holder thereof to purchase one (1) additional Share of the Company for a period of one year from closing at a price of $1.00 per Share. In the event that the Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Shares may be traded at such time) of $1.25 or greater per Share for a period of five (5) consecutive trading days at any time from the Closing Date, the Issuer may accelerate the expiry date of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Warrants) and, in such case, the Warrants will expire on the thirtieth day after the date of such notice. Gross total proceeds raised from the first and Second Tranche of the private placement amount to $4,272,994.

Finder's fees of an aggregate total of $115,296.31 cash, 69,299 Shares and 95,410 Warrants ("Finder's Warrants") with an exercise price of $1.00 to purchase one additional Share per Finder's Warrant for a period of 12 months from closing have been paid as finder's fees to arm's length third parties connection with the closing of the Second Tranche.

On September 25, 2020, the Company announced that the expiry date of the warrants issued on August 28, 2020 and September 11, 2020 with regard to its non-brokered private placements have been accelerated to 30 days from September 25, 2020 for a new expiry date of October 25, 2020. The acceleration of the Expiry Date is due to a trigger event which occurred due to the closing price of the common shares being equal or greater than $1.25 for a period of five (5) consecutive trading days, thereby automatically accelerating the Expiry Date of the Warrants.

Subsequent to the period end, the Company issued 744,140 common shares through the exercise of 744,140 share purchase warrants.

SELECTED FINANCIAL INFORMATION

For the	**Three-months ended July 31, 2020 $**	Three-months ended July 31, 2019 $	**Nine-months ended July 31, 2020 $**	Nine-months ended July 31, 2019 $
REVENUE				
Sales	**63,481**	-	**72,488**	-
Cost of goods sold	**(28,818)**	-	**(41,288)**	-
Gross profit	**34,663**	-	**31,200**	-
EXPENSES				
Accounting and legal	**128,420**	226	**151,755**	3,923
Accretion of decommissioning provision	**-**	4,729	**-**	14,189
Exploration expenditures (recovery)	**-**	1,594	**-**	11,021
Filing and regulatory	**52,744**	11,961	**67,581**	24,722
Foreign exchange loss	**34,788**	5,342	**(19,952)**	12,268
Interest expense	**-**	2,510	**8,109**	9,094
Management and consulting	**102,326**	176,557	**819,631**	474,057
Office, rent and administrative	**45,977**	16,987	**134,160**	44,492
Marketing and shareholder communication	**603,203**	42,286	**615,244**	60,253
Research and development	**81,184**	-	**81,184**	-
Share-based payments	**2,671,216**	-	**2,671,216**	-
Travel	**34,331**	11,400	**66,274**	17,374
Transaction cost	**-**	-	**222,180**	-
Salaries and wages	**5,427**	-	**7,557**	-
Amortization	**29,027**	-	**69,916**	-
Loss for the period	**(3,753,980)**	(273,592)	**(4,863,655)**	(671,393)

Results of Operations for the three-month period ended July 31, 2020 compared to the three-month period ended July 31, 2019

As a result of TAAT International and True Toke acquisitions, the Company began generating revenue in the second quarter of 2020. However, the Company still relies on external financings to generate capital. As a result, the Company has continued to incur losses since its inception.

During the three-month period ended July 31, 2020, the Company incurred a net loss and comprehensive loss of $3,763,866 (2019 - $273,592). The increase in net loss and comprehensive loss of $3,490,274 was mainly attributable to the net effect of:

- Revenue of $63,481 (2019 - $Nil) for the three months ended July 31, 2020 is related to test sales generated in select US markets by TAAT and True Toke after the acquisition. The increase is due to growth in sales of Beyond Tobacco™ in the third quarter of 2020.
- Cost of sales of $28,818 (2019- $Nil) is related to sales generated by TAAT and True Toke after the acquisition. Cost of sales is primarily the cost of inventories sold.
- Management and consulting expenses decreased to $102,326 for the three months ended July 31, 3030 (2019 - $176,557) as the Company changed consultants to support management in its effort to build infrastructure necessary for the Company's growth. Over the past several months, the Company changed its business model to become an early-stage life sciences company.
- Office, rent, administration and travel increased to $45,977 for the three months ended July 31, 2020 (2019- $16,987) primarily from increased administration and office expenses related to the newly leased office space in Las Vegas, Nevada in January 2020.
- Accounting and legal expenses increased to $128,420 (2019 - $226) for the three months ended July 31, 2020 as a result of significant increase in legal and accounting work related to the TAAT and TrueToke acquisition agreements, negotiations and the valuation work done.
- Foreign exchange loss of $37,788 (2019 – loss of $5,342) for the three months ended July 31, 2020 is mostly due to translation of fluctuations of the USD to CAD currency exchange differences.
- Research and development of $81,184 (2019 - $Nil) for the three months ended July 31, 2020 is related to the Company's development of its Beyond Tobacco™ products.
- Share-based payments of $2,671,216 (2019 - $Nil) for the three months ended July 31, 2020 is related to the stock options granted to directors, officers and consultants of the Company.
- Transaction cost of $222,180 (2019- $Nil) for the three months ended July 31, 2020 is for finder fees paid to acquire TrueToke and TAAT.
- Amortization expense of $69,916 (2019- $Nil) for the three months ended July 31, 2020 relates to the amortization of the right of use lease and property and equipment acquired from business combinations.

The increase in overall expenses during the three-month period ended July 31, 2020 is in line with management's expectations.

Results of Operations for the nine-month period ended July 31, 2020 compared to the nine-month period ended July 31, 2019

The comprehensive net loss for the period increased to $4,863,655 for the nine months ended July 31, 2020. This increase in net loss is primarily due to increased activities related to changing its principal business to the distribution of tobacco-free combustible products.

In 2019, there were limited exploration activities associated with the Company's prior 'oil and gas' business, due to the Company's suspension of activity on its oil and gas properties in 2018.

- Management and consulting expenses increased to $819,631 for the nine months ended July 31, 2020 (2019 - $474,057) as the Company hired more consultants to assist with the expansion of business. Over the past several months, the Company changed its business model to become an early-stage life sciences company and acquired TrueToke and TAAT.
- Office, rent, administration and travel increased to $134,160 for the nine months ended July 31, 2020 (2019 - $44,492) primarily from office expenses related to the newly signed lease agreement in Las Vegas to support operations in the states.
- Accounting and legal expenses increased to $151,755 for the nine months ended July 31, 2020 (2019 - $3,923) primarily due to increased legal and accounting fees associated with acquisitions of TrueToke and TAAT.
- Foreign exchange gain of $19,952 (2019 – loss of 12,268) for the nine months ended July 31, 2020 is mostly due to translation of fluctuations of the USD to CAD currency exchange differences.
- Research and development of $81,184 (2019 - $Nil) for the nine months ended July 31, 2020 is related to the Company's development of its hemp products.
- Share-based payments of $2,671,216 (2019 - $Nil) for the nine months ended July 31, 2020 is related to the stock options granted to directors, officers and consultants of the Company to assist with the increased operations.
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Results of Operations for the nine-month period ended July 31, 2020 compared to the nine-month period ended July 31, 2019 (continued):

- Transaction cost of $222,180 (2019- $nil) for the nine months ended July 31, 2020 is for finder fees paid to acquire TrueToke and TAAT.
- Amortization expense of $69,916 (2019- $Nil) for the nine months ended July 31, 2020 relates to the amortization of the right of use lease and property and equipment acquired from business combinations.
- Revenue of $72,488 (2019 – $Nil) and cost of sales of $41,288 (2019 - $Nil) for the nine months ended July 31, 2020 is related to hemp cigarette sales generated by TAAT and True Toke after the acquisition.

Below is a break-down of the various consulting fees incurred by the Company:

	Nine-month period ended July 31	
	2020 $	2019 $
Management consulting fees	463,834	315,000
Financial advisory	61,500	-
Advisory and business development consulting fees	279,297	99,057
Professional fees, accounting	8,500	60,000
Sales consulting	6,500	-
Total	819,631	474,057

Cash flows for the period ended July 31, 2020 compared to 2019

Cash used in operating activities for continued operations $2,195,993 (2019 - $1,154,504) increased over the prior period as more cash spent was spent on general administrative items and the Company's change inits principal business activities in 2020.

Cash used in investing activities of $32,019 (2019 - $Nil) increased over the prior period due to the purchase of equipment during the year in 2020.

Cash inflows from financing activities of $2,195,657 (2019 - $1,117,612) increased from the prior period due to an increase in equity activity. The equity activity during the period ended July 31, 2020 consisted of funds received from one private placement completed during the period and advances for a private placement completed subsequent to period end, whereas equity activity in prior period consisted of warrants being exercised.

Summary of Quarterly results

	2020			2019				2018
	Q3	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $
Net Sales	63,481	9,007	-	-	-	-	-	17,650
Net (income) loss	3,753,980	610,766	492,842	(161,395)	232,543	192,593	205,207	4,633,313
Basic net (earnings) loss per share	0.10	0.02	0.01	(0.01)	0.01	0.02	0.02	0.48
Diluted net (earnings) loss per share	0.10	0.02	0.01	(0.01)	0.01	0.02	0.02	0.48

The fluctuation of net loss and profit throughout the different quarters is a result of a variety of factors, including moving from Oil & Gas exploration and development activities to a life sciences company focused on non-tobacco based smokable products in 2020. The large loss in Q4 of 2018 relates to the impairment loss recognized in Q4 2018 relating to the Company's prior oil and gas operations. The increase in net loss in Q2 and Q3 of 2020 is due to an expansion operations as a result of acquisition of TAAT International and True Toke. The Company incurred higher administration, legal, and research and development costs in 2020 as a result of the business expansion. The large increase in net loss in Q3 2020 is due to $2,671,216 of share-based compensation related to stock options granted to certain consultants, advisors, and management.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2020, the Company had working capital of $171,794, including cash of $312,380 as compared to a working deficiency of $123,280, including cash of $344,736 as at October 31, 2019.

The Company's ability to fund operational activities and investing in capital assets such as production machinery and equipment are contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company and if and when the Company will be profitable; however, management is committed to pursuing all possible sources of financing and other resources in order to execute its business plan including new equity issues and other forms of financing.

These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

OUTSTANDING SHARE DATA

At the date of this report the Company has 76,384,416 issued and outstanding common shares, 6,669,070 outstanding stock options, and 8,572,955 outstanding warrants.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At the date of this report, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

RELATED PARTY TRANSACTIONS

The Directors and Executive Officers of the Company are as follows:

Setti Coscarella	Chief Executive Officer
Joel Dumaresq	Chief Financial Officer and Director, Former Chief Executive Officer
Theo van der Linde	Former Chief Financial Officer
Tim Corkum	Chief Revenue Officer
John Cumming	Director
Kevin Ma	Director
Joe Deighan	Director

Key management personnel are comprised of the Chief Executive Officer, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

	July 31, 2020	**July 31, 2019**
	$	$
Management fees – CFO and former CEO	180,000	180,000
Management fees – Former CFO	135,000	135,000
	315,000	315,000

The Company incurred the following transactions with companies that are controlled or managed by directors of the Company:

	July 31, 2020	**July 31, 2019**
	$	$
Rent expenses to a company jointly controlled by the former CFO and CEO	9,000	9,000
Consulting fees to a company jointly controlled by the former CFO	45,000	-
Office expenses to a company jointly controlled by the former CFO and CEO	18,000	18,000
	72,000	27,000

RELATED PARTY TRANSACTIONS (Continued)

As at July 31, 2020, $647,420 (2019 - $375,768) is due to related parties. All balances are unsecured, non-interest bearing, and are due on demand. As at July 31, 2020, there is a note payable of $59,342 (2019 - $169,332) due to an officer of the Company.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment, recoverability of the carrying value of exploration and evaluation assets, fair value measurements for, reserves and accumulated depletion, financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets. Actual results may differ from those estimates and judgments.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgement applied in preparing the Company's financial statements is the assessment of the Company's ability to continue as a going concern.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities, and notes payable approximate their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2020, the Company had a cash balance of $312,380 to settle current liabilities of $1,450,713. The Company anticipates it will need additional capital in the future to support its recent change of business model to manufacturing and distribution of hemp cigarettes. The Company has recently closed an additional financing to mitigate liquidity risk. Please see the *Financing and Corporate Matters* section. The Company's future revenues, if any, are expected to be from the sale of hemp cigarettes. The economics of developing and producing hemp are affected by many factors including the cost of operations, as well as variations in the quality of hemp, and the price of hemp. There is no guarantee that the Company will be able to successfully develop its production facilities and distribution channels. Capital could be derived from the exercise of outstanding warrants and the completion of other equity financings. The Company has limited financial resources and has no assurance that additional funding will be available to it for future development of its projects, although the Company has been successful in the past in financing its operations through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and operational success of its activities. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of the commodity tax receivable. The Company has been successful in recovering receivables and believes credit risk with respect to receivables to be insignificant.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at July 31, 2020, the Company had investments in investment-grade short-term deposit certificates. Interest earned is negligible and therefore interest rate risk is very low.

b) Foreign currency risk

The majority of the Company's business is conducted in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Group's business, actually occur, the Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may stand to lose all or part of their investment.

The Company Will Require Significant Amounts of Additional Capital in the Future

The Company has limited financial resources. The Company will continue to make substantial capital expenditures related to future acquisitions and development or to take advantage of opportunities for acquisitions, joint ventures, or other business opportunities that may be presented to it.

In addition, the Company may incur major unanticipated liabilities or expenses. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on commercially acceptable terms, if at all.

Regulatory Risks

Some of the proposed activities of the Company will be subject to regulation by governmental authorities, which may include, but are not limited to the various state departments of agriculture, U.S. Food and Drug Administration, USDA, and/or Drug Enforcement Administration. The Company's business objectives are, in part, contingent upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the cultivation and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to cultivate or sell industrial hemp. Amendments to current laws and regulations governing

RISK FACTORS (Continued)

the importation, distribution, transportation and/or production of industrial hemp, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Limited Operating History
TAAT was founded in early 2019 and has generated minimal revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Volatile Stock Price
The stock price of the Issuer, post TAAT International Acquisition, is expected to be highly volatile and could be drastically affected by governmental and regulatory regimes and community support for the industrial hemp industry. The Issuer cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Company's Shares.

Risks Inherent in an Agricultural Business
The Company's business may, in the future, involve the growing of industrial hemp, 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 such growing for the Company is expected to be completed by experienced farmers, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Reliance on Management
Another risk associated with the cultivation and sale of industrial hemp is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well-managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Insurance and Uninsured Risks
The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses, and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company will be an Entrant Engaging in a New Industry
The non-tobacco cigarette industry is fairly new. There can be no assurance that an active and liquid market for the Issuer's Shares will develop and shareholders may find it difficult to resell their Shares. Accordingly, no assurance can be given that the Issuer will be successful in the long term.

Difficulty to Forecast
The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industrial hemp industry in the USA. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth
The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

RISK FACTORS (continued)

Internal Controls
Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's Shares.

Need for Additional Financing and Possible Effects of Dilution
The Issuer may issue equity securities to finance its activities, including future acquisitions. If the Issuer were to issue additional Shares following the TAAT International Acquisition, existing holders of such Shares may experience dilution in their holdings. Moreover, when the Issuer's intention to issue additional equity securities becomes publicly known, the Issuer's share price may be adversely affected.

Litigation
The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be finalized against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Unfavourable Publicity or Consumer Perception
Any adverse or negative publicity, scientific research, limiting regulations, medical opinion, and public opinion relating to the consumption of non-tobacco combustible products and CBD may have a material adverse effect on the Company's operational results, consumer base, and financial results.

Fluctuating Prices of Raw Materials
The Company's revenues, if any, are expected to be derived largely from the production, sale, and distribution of processed hemp biomass. The Company purchases hemp from farmers at market prices at the time of harvest. Changes in the price for processed biomass between the purchase from farmers and sale to customers cannot be predicted with any level of certainty.

Facility Expansion
The overall success of the Company is partially dependent on the ability of the Company to expand its processing facility. The development or construction of such facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond the Company's control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed the Company's budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, the Company may not be able to achieve the intended economic benefits from the construction of the new facility, which in turn may materially and adversely affect its business, prospects, financial condition, and results of operations.

Global Economy Risk
An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Issuer will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Issuer and its management. If uncertain market conditions persist, the Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations, and the trading price of the Issuer's Shares on the CSE.

RISK FACTORS (continued)

The Issuer could be deemed a passive foreign investment company which could have negative consequences for U.S. investors. Depending upon the composition of the Issuer's gross income or its assets, the Issuer could be classified as a passive foreign investment company ("PFIC") under the United States tax code. If the Issuer is declared a PFIC, then owners of the Common shares who are U.S. taxpayers generally will be required to treat any "excess distribution" received on their Common shares, or any gain realized upon a disposition of Common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a qualified electing fund ("QEF") election or a mark-to-market election with respect to the Common shares. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of the Issuer's net capital gain and ordinary earnings for any year in which the Issuer is classified as a PFIC, whether or not the Issuer distributes any amounts to its shareholders. U.S. investors should consult with their tax advisors for advice as to the U.S. tax consequences of an investment in the Common shares.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosures concerning TAAT's expenses are provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its financial statements for the period ended July 31, 2020. These statements are available on the TAAT website – www.taatusa.com and its SEDAR profile, which can be accessed through www.sedar.com.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for business activities. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are currently no significant proposed transactions, other than what is disclosed elsewhere in the MD&A.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE (Continued)

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the Financial Statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing future performance, and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our business model and strategic plans;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our ability to develop and commercialize product candidates;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;
- the rate and degree of market acceptance utility of our future products, if any;
- the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- estimates of our expenses, capital requirements, and our needs for additional financing

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company are inherently subject to significant business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions including, but not limited to: (i) obtaining positive results of trials with of-age users of combustible products; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect patents and proprietary rights.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS (Continued)

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.