MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Expressed in thousands of Canadian dollars, except as otherwise stated.

48NORTH CANNABIS CORP.
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the three months ended September 30, 2020

This management discussion and analysis of the financial condition and results of operations ("MD&A") of 48North Cannabis Corp. ("Company" or "48North"), is for the three months ended September 30, 2020 and is dated November 30, 2020. The MD&A should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the years ended June 30, 2020 and June 30, 2019. The annual financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors on November 30, 2020.

This MD&A provides information that the management of the Company believes is important to assess and understand the results of operations and financial conditions of the Company. All amounts are presented in Canadian dollars, unless otherwise noted. The Company's condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information filed by us with the Canadian Securities Administrators, including quarterly reports, annual reports and annual information forms are available on-line at www.sedar.com.

Forward-Looking Statements

This MD&A may contain statements that are "forward-looking statements". These include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "anticipate", "believes", "estimate", "intend", "plan", "would", and "outlook" or statements to the effect that actions, events or results "will", "may", "should" or "would" be taken, occur or be achieved. Forward-looking statements are not historical facts, and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this analysis. Forward-looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management on the date the statements are made and the Company does not undertake any obligation to update forward-looking statements if the circumstances or management's beliefs, opinions or estimates should change. Readers should not place undue reliance on forward-looking statements.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations. See "Risk Factors".

Corporate Information

As of June 30, 2020, 48North has two wholly owned subsidiaries, 48North Amalco Ltd. ("Amalco") and Good & Green Cannabis Corp. The Company primarily operates its cannabis business through two, indirect, wholly-owned subsidiaries, DelShen Therapeutics Corp. ("DelShen") and Good & Green Corp. (formerly 2599760 Ontario Corp.) ("G&G"), both of which are licenced under the *Cannabis Act*, S.C. 2018, c.16 (together with the regulations made thereunder from time to time, the "Cannabis Act"). DelShen is licenced to produce, process, extract and sell (including cannabis oil products, oil extracts, topicals and edible cannabis products) cannabis pursuant to the Cannabis Act at DelShen's indoor cannabis production facility ("DelShen Facility"), located near Kirkland Lake, Ontario. G&G is licenced to produce cannabis pursuant to the Cannabis Act at G&G's indoor cannabis production facility ("G&G Facility"), located in Brantford, Ontario and G&G's outdoor cannabis production facility ("Good Farm"), located on 100 acres in Brant County, Ontario. On January 17, 2020, Health Canada licenced our extraction space within the Brantford facility. On August 28, 2019, the Company acquired all of the issued and outstanding shares of Rare Industries, Inc. ("Rare"). On May 22, 2020, the Company sold all of the issued and outstanding shares of Rare. On October 9, 2019, the Company acquired all of the issued and outstanding shares of Sackville & Co. Merchandising

Ltd. ("Sackville"). On May 11, 2020, the Company sold all of the issued and outstanding shares of Sackville. The head office, principal address, and records office are located at 257 Adelaide Street West, Suite 500, Toronto, Ontario, Canada, M5H 1X9. 48North is a publicly traded corporation, incorporated in Canada. The Company's common shares ("Common Shares") are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "NRTH". The April Warrants (as defined below) are listed on the TSXV under the trading symbol "NRTH.WT".

The Company was incorporated under the laws of Alberta on October 29, 2010, and continued into British Columbia in August 2016. The principal business of the Company at that time was to identify and evaluate business or assets with a view to completing a qualifying transaction ("Qualifying Transaction") under relevant policies of the TSXV. The Company had one wholly owned subsidiary, 2622752 Ontario Inc. ("752OI"), which was incorporated with the sole purpose of facilitating a future Qualifying Transaction.

On June 5, 2018, the Company completed its Qualifying Transaction with 2558107 Ontario Inc. (doing business as 48North Cannabis Corp.) ("48N"). As part of the Qualifying Transaction, the Company completed a continuance from the Business Corporations Act (British Columbia) to the *Canada Business Corporations Act*, changed its name to 48North Cannabis Corp. and consolidated its 1,775,000 shares on a 2 to 1 basis to 887,500 Common Shares. Following this change, 752OI amalgamated with 48N which resulted in the formation of Amalco. In connection with that amalgamation, Amalco acquired all of the issued and outstanding shares of 48N and the former shareholders and convertible debenture holders of 48N were issued a total of 76,930,037 post-consolidation Common Shares. Immediately following that amalgamation, 48North had a total 77,817,537 common shares outstanding.

Upon closing of the Qualifying Transaction, the shareholders of 48N owned 98.9% of the Common Shares and as a result, the Qualifying Transaction was considered a reverse acquisition of the Company by 48N. For accounting purposes 48N was considered the acquirer and the Company was considered the acquiree. Accordingly, the consolidated financial statements are in the name of 48North Cannabis Corp., however they are a continuation of the financial statements of 48N.

48N was incorporated on January 26, 2017 under the laws of the Province of Ontario and on December 14, 2017, changed its name to 48North Cannabis Corp. On June 1, 2018, the name was changed back to 2558107 Ontario Inc. On July 1, 2017, 48N completed a corporate reorganization with DelShen. Each common share of DelShen was exchanged for one common share of 48N and DelShen became a wholly owned subsidiary of 48N. The Company's consolidated financial statements reflect the historical operations of DelShen. Prior to the reorganization, 48N was a shell company with no operations. The Health Canada licence pursuant to the Cannabis Act remained with DelShen.

On November 23, 2018, the Company incorporated 2667087 Ontario Inc. as a holding company to affect the Good & Green transaction. On November 30, 2018, 2667087 Ontario Inc. acquired 100% of 2599708 Ontario Inc. through an amalgamation and changed its name to Good & Green Cannabis Corp. G&GCC owns 100% of the issued and outstanding shares of 2599760 Ontario Corp. d/b/a Good & Green, 2618351 Ontario Inc., and 2656751 Ontario Ltd. On July 3, 2019 2599760 Ontario Corp. changed its name to Good & Green Corp. 2618351 Ontario Inc. is a holding company for the indoor Brantford facility and 2656751 Ontario Ltd. is a holding company for a 100-acre farm near Brantford.

On July 17, 2019, the Company made a strategic investment of $1,250 in Friendly Stranger Holdings Corp., ("Friendly Stranger") a cannabis accessories retailer in Ontario that has been operating for 25 years and aims to add legal cannabis to its offerings after receiving a licence under the Cannabis Act. The Company purchased 187,500 Class A common shares of the Friendly Stranger for $750 and a convertible debenture in the principal amount $500 from Friendly Stranger. The debenture matures on June 19, 2021, bears interest at the rate of 6.0% per annum, and is convertible at the option of Friendly Stranger on maturity into class A common shares of Friendly Stranger at a conversion price of $5.00 per share. The conversion may be forced upon Friendly Stranger obtaining authorization for a second retail store location. During 2020, the Company has revalued the investment to $800 and taken a corresponding charge to the statement of loss. Subsequent to quarter end, on November 2, 2020, Fire & Flower Holdings Corp., a subsidiary of Fire & Flower Inc. announced it had entered into a definitive share purchase agreement to acquire all of the issued and outstanding shares of Friendly Stranger Holdings Corp. It is expected that the Company's shares in the Friendly Stranger will be converted into Fire & Flower Inc. shares and that there will be time restrictions on the Company's ability to sell the Fire & Flower Inc. shares.

On August 28, 2019, the Company acquired 100% of Rare Industries Inc. ("Rare"), a U.S. multi-state vape technology brand with product distribution in Oregon and Washington state. On May 22, 2020, the Company entered into a separation agreement ("Separation") whereby it sold all of the issued and outstanding shares of Rare back to its founders for US$1.00 dollar. The Company issued 2,900,000 common shares as part of the original purchase agreement to the Rare founders. As part of the Separation, the Company sold Rare 'as is, where is' and agreed to certain working capital amounts at closing. Furthermore, the Company accepted the resignations of the Rare founders from 48North. The Separation also contained standard mutual releases. The Company has disclosed the Rare operations as discontinued operations for the fiscal 2020 year.

On October 9, 2019, the Company acquired 100% of Sackville & Co. Merchandising Ltd. ("Sackville"), a U.S.-based cannabis brand focused on design-forward cannabis accessories. Sackville had one wholly owned subsidiary, Parlor (US) Ltd. On May 11, 2020, the Company entered into a minutes of settlement agreement ("Settlement") whereby it sold all of the issued and outstanding shares of Sackville back to its founders for US$1.00 dollar through a share purchase agreement. As part of the Settlement, the Company sold Sackville 'as is, where is' and agreed to certain working capital amounts at closing and 4,756,624 48North common shares held in escrow were returned to the Company for cancellation. Furthermore, the Company accepted the resignations of the Sackville founders from 48North. The Settlement also contained standard mutual releases. The Company has disclosed the Sackville operations as discontinued operations for the fiscal 2020 year.

Business Overview

48North is a vertically integrated cannabis company. The Company primarily operates its cannabis business through two, indirect, wholly-owned subsidiaries, DelShen and G&G, both of which are licenced under the *Cannabis Act*. DelShen is licenced to produce, sell and extract cannabis pursuant to the Cannabis Act at the DelShen Facility, located near Kirkland Lake, Ontario. G&G is licenced to produce and extract cannabis pursuant to the *Cannabis Act* at the G&G Facility, located in Brantford, Ontario and is licenced to produce cannabis pursuant to the *Cannabis Act* at G&G's 100-acre outdoor cannabis production facility, the Good Farm.

On February 28, 2017, Health Canada granted the DelShen Facility a cultivation licence and subsequently extended the expiry of the licence to February 26, 2021. DelShen planted its first two cannabis crops in June 2017 and harvested them in November 2017. The initial crops were submitted to Health Canada for testing. DelShen's licence to sell was granted on June 22, 2018 and is valid until February 26, 2021. On September 13, 2018, Health Canada granted DelShen an extraction licence. On October 17, 2018, the Cannabis Act and the new Industrial Hemp Regulations (Canada) came into effect and now govern the licensing process. On October 16, 2019, DelShen received its processing licence amendment and on October 16, 2019, DelShen received an amendment to authorize the sale of cannabis oil products. On October 23, 2019, the conditions on DelShen's licence were amended to permit the sales of cannabis extracts, topicals and edible cannabis products.

On February 28, 2018, 48N and the Company signed an Acquisition Agreement, pursuant to which the Company acquired 100% of the issued and outstanding securities of 48N in exchange for the issuance by the Company of economically equivalent securities to the former securityholders of 48N. Prior to the completion of the Qualifying Transaction, the Company was a Capital Pool Corporation on the TSXV. The acquisition of 48N by the Company constituted a Qualifying Transaction under relevant policies of the TSXV. On June 5, 2018, the TSXV approved the Qualifying Transaction. On June 11, 2018, the Company's Common Shares started trading on the TSXV under the symbol "NRTH".

On October 12, 2018, Health Canada granted the G&G Facility a cultivation licence with an expiry of October 12, 2021. G&G planted its initial crops in October 2018 and harvested the initial crops in January 2019. The initial crops were submitted to Health Canada for testing. On March 8, 2019, Health Canada granted the G&G Facility an extraction licence.

In October 2018, G&G applied for an outdoor grow cultivation licence with Health Canada for 100 acres of farm land near the Brantford facility. On May 17, 2019, Health Canada granted the Good Farm a cultivation licence with an expiry of May 17, 2022. In June 2019, the Company completed planting of 10 different cultivars of cannabis seeds at the Good Farm and announced the conversion of the Brantford facility from a cultivation-focused facility into a propagation, processing and packaging facility. On January 17, 2020, Health Canada licenced the extraction space within the Brantford facility.

As at June 30, 2018, the Company had no revenues from the sale of medical cannabis. During Q1 of fiscal 2019, the Company began selling to cannabis to other licenced producers. In November 2018, the Company entered into a cannabis supply agreement with Canopy Growth Corporation for dried cannabis. The first transfer under the supply agreement was shipped from 48North's DelShen facility to Canopy in December 2018.

In February 2019, the Company signed a supply agreement with the Société québécoise du cannabis ("SQDC"), Quebec's wholesaler of recreational cannabis. In May 2019, the Company signed a supply agreement with Alberta Gaming, Liquor & Cannabis ("AGLC"), Alberta's wholesaler of recreational cannabis. In June 2019, the Company signed a supply agreement with the Ontario Cannabis Store ("OCS"), Ontario's sole wholesaler and online retailer for recreational cannabis. In June 2019, the Company announced it has shipped product to the SQDC, followed by the OSC and AGLC in August 2019.

In October 2019, the Company signed a licensing agreement with U.S.-based APCNA Holdings LLC. ("Apothecanna"), to bring its best-selling, premium cannabis topicals brand to Canadian consumers, including Apothecanna's intellectual property and manufacturing techniques for domestic consumption in Canada. On March 5, 2020, the Company shipped its first order to the OCS for retail sale.

In January 2020, the Company entered into a supply and services agreement with a subsidiary of Humble + Fume Inc., whereby the parties agreed to collaborate regarding the extraction of cannabis distillate, including the manufacturing and ultimately the sale of cannabis distillate products. Under the agreement the Company provides cannabis biomass and is responsible for selling of the products. The Company and Humble + Fume Inc. have joint control over the arrangement as all major decisions of the relevant activities require consent of both parties. The Company has assessed the nature of this joint arrangement and determined it to be a joint operation.

In March 2019, the Company signed a license agreement with U.S.-based Arbor Pacific, Inc. ("Avitas") to bring its Avitas brand vape product to Canadian consumers, including Avitas' technology and intellectual property for domestic consumption in Canada. On March 26, 2020, the Company shipped its first order to the OCS for retail sale.

In May 2020, the Company signed a supply agreement with Medical Cannabis by Shoppers Drug Mart Inc. ("Shoppers") to supply cannabis and cannabis products through Shoppers online sales platform. As a result, 48North-branded products and licensed brands will now be available to Shoppers medical patients across Canada.

The Company's business is focused on Canada. It is a policy of the Company that the Company will not invest, directly or indirectly, in any business that derives revenue from the sale of cannabis or cannabis products in the U.S. or in any other jurisdiction where the sale of cannabis is federally unlawful (see "Risk Factors"). The Company believes that its acquisition of Rare and Sackville, with its operations in the U.S., was consistent with the regulatory exchange guidelines with regards to non-plant touching businesses.

48North continues to invest significant time, effort, capital and resources in activities related to the Canadian recreational cannabis market. These investments cover the Company's entire business operations including cultivation, production, marketing, sales and general administration. With the passing of the Cannabis Act on June 19, 2018 and the roll out of the recreational market on October 17, 2018, the Company initially sold its cannabis production to other licenced producers during the first two quarters of fiscal 2019. Currently the Company has achieved sales channels with a number of provincial governments for the sale of its cannabis and cannabis products and is selling ancillary product offering, such as vapes, topicals, and health and wellness products that are able to be sold into the Canadian market.

Results of Operations

During the three months ended September 30, 2020 the Company generated revenues from continuing operations of $7,658 (2019 - $1,587) through sales to provincial regulators and with other licenced producers. With the changes in legislation in October 2019 to allow for the sale of other cannabis forms, the Company has started to create, package and sell additional cannabis products starting in calendar 2020. During Q1 2021, the Company started providing contract manufacturing for other licensed producers and retail customers. The Company recognizes revenue based as an agent.

The Company capitalizes production costs related to biological assets and expenses these costs to cost of sales before fair value adjustments as the inventory is sold. For the quarter ended September 30, 2020, inventory expensed to cost of sales, before fair value adjustments was $7,838 (2019 – $666). Inventory impairment costs were $nil (2019 - $49). Unrealized fair value adjustment on growth of biological assets were $152 (2019 - $9,640) for the quarter ending September 30, 2020. This adjustment represents the increase in value of plants during the period. Realized fair market adjustment on inventory sold was $393 (2019 – ($947)) for the three months ending September 30, 2020. This adjustment represents the recorded cost of the inventory sold during the period.

General and administrative expenses were $1,419 for the quarter ended September 30, 2020 compared to $3,138 for the similar period in 2019. Overall Company salaries and benefit expenses for quarter year ended September 30, 2020 increased to $2,933 from $1,583 incurred in the quarter ended September 30, 2019, which reflects additional staffing required to facilitate significant production increases along with additions to the corporate team. Some of the salary and benefits costs are allocated to inventory expensed to cost of sales, before fair value adjustments. Furthermore, with the addition of extraction and increased operational capabilities at the Good House, staffing and costs have increased in line with increased operations.

The Company utilized incentive stock options and restricted share units (“RSUs”) to attract and maintain key personnel, with share-based compensation expense of $283 for the quarter ended September 30, 2020 down from $807 for the quarter ended June 30, 2019. Share-based compensation for options are valued using the Black-Scholes valuation model and represents a non-cash expense. Share-based compensation for RSUs are valued using the closing price of the Common Shares on the RSU grant date.

Depreciation and amortization for the quarter ended September 30, 2020 was $245 compared to $340 for the quarter ended September 30, 2019. The Company believes that by making investments in the Morton facility that it is able to provide additional manufacturing and processing space to allow for increased extraction products and to package additional cannabis products.

With the divestiture of Rare Industries Inc. (“Rare”) in May 2020, the Company has disclosed the Rare operations as discontinued operations for the quarter ended September 30, 2019.

At September 30, 2020, the Company had an accumulated deficit of $77,804.

The following table sets forth, for the quarter indicated, information relating to the Company’s revenue, net loss and loss per common share for the eight most recently completed fiscal quarters.

	Revenues $	Net Loss $	Basic and Diluted Net Loss / Share $
September 30, 2018	1,272	(1,011)	(0.013)
December 31, 2018	2,387	(873)	(0.0096)
March 31, 2019	689	(1,471)	(0.012)
June 30, 2019	484	(4,772)	(0.0374)
September 30, 2019	1,587	2,201	0.013
December 31, 2019	1,808	(6,096)	(0.035)
March 31, 2020	2,806	(18,725)	(0.102)
June 30, 2020	4,263	(17,655)	(0.107)
September 30, 2020	7,658	(3,178)	(0.018)

Liquidity and Capital Resources

Subsequent to quarter end, on November 4, 2020, the Company raised gross proceeds of $3,415 by way of a brokered private placement of 22,676,000 units (“November Unit”) at a price of $0.15 dollar per share. Each November Unit was comprised one common share and one common share purchase warrant (“November Warrant”). Each November Warrant allows the holder to purchase one Common Share at a price of $0.30 dollar per share at any time prior to May 4, 2023. The Company has the right to accelerate the expiry date of the November Warrants prior to May 4, 2023 in the event that the closing trading price of the Common Shares on the TSX Venture Exchange is $0.45 dollar or greater for 20 consecutive trading days and a notice of acceleration is provided in accordance with the terms of the November Warrant, following which the expiry date of the November Warrants shall be the date that is 21 days after the date of such notice. 48North paid transaction costs of $240 in cash and issued 1,138,350 options ("November Compensation Options") to certain underwriters in connection with the offering. Each November Compensation Option is exercisable for one unit ("November Compensation Unit") at an exercise price of $0.36 dollar until May 4, 2023. Each November Compensation Unit is comprised of one common share and one warrant ("November Compensation Unit Warrant"). Each November Compensation Unit Warrant allows the holder to purchase one Common Share at a price of $0.15 dollar until May 4, 2023.

Subsequent to quarter end, on November 10, 2020, the Company entered into a $3,250 term loan ("Term Loan") with a senior secured lender. The Term Loan has a maturity date of twenty four months and bears interest at the greater of (i) a per annum rate of prime + 4.55% and (ii) 7% per annum compounded and payable monthly. It is secured by the Company's industrial property on approximately 5 acres of land at 47 Morton Avenue East, Brantford, Ontario owned by 2618351 Ontario Inc. and has been guaranteed by 48North Cannabis Corp, Good & Green Cannabis Corp. and Good & Green Corp.

The Company continually monitors its capital resources to assess the liquidity necessary to fund operations and future strategy. As at September 30, 2020, the Company had a cash and cash equivalents balance of $2,213 (2019 - $40,392). The Company incurred a net loss (income) of $3,178 (2019 - $(2,201)) and negative cash flows from operations of $5,713 (2019 – $8,057) during the quarter ended September 30, 2020 and, as of that date, the Company had a deficit in the amount of $77,804 (June 30, 2020 - $74,626).

During the quarter ended September 30, 2020, the Company had a net usage in cash and cash equivalents of $7,059 (2019 –$12,373). Cash used in operating activities was $5,713 (2019 - $8,057). Cash used in investing activities was $1,315 (2019 $5,557).

The Company anticipates it will require additional funding to finance future growth and expansion of production capacity, to expand marketing awareness for the Company's brands and products and to look for acquisition opportunities. The Company has historically financed its working capital requirements primarily through equity and debt financings. The Company's ability to continue as a going concern is dependent upon being able to sell cannabis to other licenced producers, sell into the medical and recreational markets, provide products and brands and thus, its ability to commence profitable operations, generate revenues there from and raise additional financing as needed to meet its obligations. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to successfully obtain additional financing as needed. These factors cast significant doubt on the ability to continue as a going concern.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management team personnel of the Company are the members of the Company's executive management team and the Board of Directors. The aggregate value of transactions relating to key management personnel and the Board of Directors were as follows:

	Three months ended September 30, 2020	Three months ended September 30, 2019
Consulting, salaries and wages	$383	$512
Share-based payments	190	511
Total	$573	$1,023

Included in accounts payable and accrued liabilities is $nil (2019 - $188) relating to separation agreements with former management individuals. Consulting, salaries and wages of $139 (2019 - $129) is included in sales and marketing and $244 (2019- $383) is included in general and administrative. Included in accounts payable and accrued liabilities is $67 (2019 - $109) due to key management.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect upon its results of operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Use of Estimates and New Accounting Standards
The Company's significant accounting policies under IFRS are contained in note 4 of the audited financial statements for the years ended June 30, 2020 and 2019. Certain of these policies require management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the unaudited condensed interim financial statements relate to going concern assumptions, the estimated useful lives and depreciation of property, plant and equipment, valuation of convertible instruments and share-based payments and fair value measurements for inventory and biological assets.

In the three-month period ended September 30, 2020, the Company has updated the following significant assumptions based on rolling average actual production performance and market conditions:

- Average yield per plant: indoor 110 grams (2020 – 85 grams); outdoor 121 grams (2020 – 78 grams);
- Post harvest cost per gram: indoor $0.58 dollar (2020 – $1.13 dollar); outdoor $0.03 dollar (2020 - $0.02 dollar); and,
- Selling price per gram: indoor $5.59 dollar (2020 - $5.89 dollar); outdoor $0.33 dollar (2020 - $0.90 dollar).

The increase in yield for Q1 2021 is a result of the Company's focus on production of its higher yielding strains and improved yield across all strains during the period. The decrease in post harvest cost is resulted from more efficient post-harvest production. The changes in selling prices are resulted from the actual changes in market prices.

The sensitivity on changes in these assumptions has been disclosed in the Note 5 of interim condensed consolidated financial statements for the period.

Amendments to IFRS 3, Business Combinations ("IFRS 3") – Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test. Effective January 1, 2020, the Company adopted the amendments to IFRS 3, with no material impact on its condensed interim consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1"); and IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8") – Definition of Material
In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Effective January 1, 2020, the Company adopted the amendments to IAS 1 and IAS 8, with no material impact on its condensed interim consolidated financial statements

Amendments to IAS 1 – Presentation of financial statements: classifications of liabilities as current or non-current
In January 2020, the IASB issued amendments to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted.

The amendments are to be applied retrospectively. The Company does not intend to early adopt these amendments and is currently assessing the impact of these amendments on its consolidated financial statements.

Summary of Outstanding Share Data

The authorized capital of the company consists of an unlimited number of Common Shares. As of the date of this MD&A, the Company had the following securities issued and outstanding:

Securities	Number
Common Shares	198,797,500
Warrants	10,569,780
Broker compensation units (underlying shares)	6,460,656
Options and restricted share units	12,913,877
Total outstanding	228,741,813

Segmented information

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by management for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity. Key measures used by management to assess performance and make resource allocation decisions include revenues, gross profit and net income (loss). The Company's operating results are currently in one reportable segment and in one geographic market.

Financial instruments and risk management

The Company's financial instruments consist of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Cash and cash equivalents are classified as fair value through profit or loss or other comprehensive loss and recorded at fair value. Other receivables and accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost or amortized cost less any impairment losses related to other receivable. The fair value of cash and cash equivalents, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. During Q1 2020, on August 28, 2019, the Company acquired 100% of Rare Industries, Inc. ("Rare") and subsequently divested of Rare on May 22, 2020. While Rare's functional was the U.S. dollar, the Company does not believe that there was any significant currency risk.

The fair value of arms-length financial instruments approximates their carrying value due to the relatively short-term to maturity.

Subsequent events

On November 2, 2020, Fire & Flower Holdings Corp., a subsidiary of Fire & Flower Inc. announced it had entered into a definitive share purchase agreement to acquire all of the issued and outstanding shares of Friendly Stranger Holdings Corp. The convertible debentures are converted into 107,348 Friendly Stranger common shares. It is expected that the Company's 294,848 shares in the Friendly Stranger will be converted into Fire & Flower Inc. shares and that there will be time restrictions on the Company's ability to sell the Fire & Flower Inc. shares.

On November 4, 2020, the Company raised gross proceeds of $3,415 by way of a brokered private placement of 22,676,000 units ("November Unit") at a price of $0.15 dollar per share. Each November Unit was comprised one common share and one common share purchase warrant ("November Warrant"). Each November Warrant allows the holder to purchase one Common Share at a price of $0.30 dollar per share at any time prior to May 4, 2023. The Company has the right to accelerate the expiry date of the November Warrants prior to May 4, 2023 in the event that the closing trading price of the Common Shares on the TSX Venture Exchange is $0.45 dollar or greater for 20 consecutive trading days and a notice of acceleration is provided in accordance with the terms of the November Warrant, following which the expiry date of the November Warrants shall be the date that is 21 days after the date of such notice. 48North paid transaction costs of $240 in cash and issued 1,138,350 options ("November Compensation Options") to certain underwriters in connection with the offering. Each November Compensation Option is exercisable for one unit ("November

Compensation Unit”) at an exercise price of $0.36 dollar until May 4, 2023. Each November Compensation Unit is comprised of one common share and one warrant (“November Compensation Unit Warrant”). Each November Compensation Unit Warrant allows the holder to purchase one Common Share at a price of $0.15 dollar until May 4, 2023.

On November 10, 2020, the Company entered into a $3,250 term loan (“Term Loan”) with a senior secured lender. The Term Loan has a maturity date of twenty four months and bears interest at the greater of (i) a per annum rate of prime + 4.55% and (ii) 7% per annum compounded and payable monthly. It is secured by the Company’s industrial property on approximately 5 acres of land at 47 Morton Avenue East, Brantford, Ontario owned by 2618351 Ontario Inc. and has been guaranteed by 48North Cannabis Corp, Good & Green Cannabis Corp. and Good & Green Corp.

Risk Factors

The Company will be subject to certain risk factors. These risks include, but are not limited to, the following: (i) general business risk and liability; (ii) reliance on licenses; (iii) volatile market price for Resulting Issuer shares; (iv) reliance on facilities; (v) expansion of facilities; (vi) holding company status; (vii) limited operating history; (vii) history of net losses; (ix) third party transportation; (x) management of growth; (xi) reliance on management; (xii) conflicts of interest; (xii) limited market for securities; and (xiv) liquidity risk. Please see “*Risk Factors*” in the Company’s annual MD&A and final prospectus as filed on Sedar and dated November 2, 2020 and March 26, 2019, for a more detailed description.

Risks Relating to the Cannabis Industry

The Company is subject to certain risk factors in the cannabis industry. These risks include, but are not limited to, the following: (i) regulatory risks; (ii) environmental and employee health and safety regulations; (iii) changes in laws, regulations and guidelines; (iv) restrictions on sales and marketing; (v) competition; (vi) risks inherent in an agricultural business; (vii) vulnerability to rising energy costs; (viii) product liability; (ix) product recalls; and (x) operating risks and insurance coverage. Please see “*Risk Factors*” in the Company’s annual MD&A as filed on Sedar and dated November 2, 2020, for a more detailed description.

COVID-19

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on many of the Company’s assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on the business is not known at this time. These impacts could include, amongst others, an impact on the Company’s ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of the long-lived assets, or potential future decreases in revenue or profitability of the Company’s ongoing operations.

The Company’s business is dependant on a number of factors which could be adversely disrupted by, among others, major health issues or pandemics. In particular, major health issues and pandemics, such as the global impact of COVID-19. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 outbreak on the Company’s business. These factors are beyond the Company’s control, may adversely affect us and our suppliers or cause disruptions to their and the Company’s businesses and may impact their ability to supply us. The Company will continually review the its COVID-19 measures in conjunction with the measures deemed appropriate by Ontario Public Health.

Business and Supply Chain Disruption: While it may be too early to fully understand the severity of COVID-19 and its long-term implications, there have been a number of challenges that the Company is facing. At the Company’s production facilities, staff are required to wear PPE. Ensuring that the Company has adequate supplies of PPE at reasonable prices has presented challenges as supply has been curtailed. During fiscal 2020, the Company started its extraction operations, which relies on third party suppliers. To date, there have not been any disruptions, however, there could be a time when those third-party suppliers have reduced access or may be unable to work at the Good House facility.

Nature and Impact of Government Measures: The federal government has announced a number of measures to support workers and businesses, however, to date we have not been eligible for additional support. The Company continues to investigate and monitor the activities of the federal and provincial governments and will apply for support wherever possible.

Borrowing and Lending Issues: Currently, the Company does not have imminent debt obligations (other than normal trade payables and accruals).

Sales: Since the start of the COVID-19 pandemic, sales have continued to grow and demand for product has increased. The Company continues to monitor provincial government measures with regards to COVID-19, including essential services, potential closures of the store-front retail sales and how it might effect the Company's ability to continue to sell.

Commodity Prices: As a cannabis company, the prices of cannabis flower and derivative products have seen an oversupply, leading to reduced expectations on commodity prices. The Company continues to monitor commodity prices and how it might effect the estimated fair market value of its biological assets and inventory. During Q1 2021, there were no changes to estimated fair market values relating to commodity prices.