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

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2021

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

TABLE OF CONTENTS

48NORTH CANNABIS CORP.
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the three and nine months ended March 31, 2021

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 and nine months ended March 31, 2021 and is dated May 26, 2021. This MD&A should be read in conjunction with the interim condensed consolidated financial statements and the notes thereto for the three and nine months ended March 31, 2021 as well as the Company's audited consolidated financial statements and the accompanying notes for the years ended June 30, 2020 and June 30, 2019. The interim condensed consolidated 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 May 28, 2021.

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 thousands of Canadian dollars, unless otherwise noted. The Company's condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information contained herein is made as of the date of this MD&A and is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "*Forward Looking Statements*" section in this MD&A.

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".

Hexo Corp. Acquisition

On May 17, 2021, (the "Announcement Date), the Company announced they have entered into a definitive arrangement agreement (the "Arrangement Agreement") with HEXO Corp ("Hexo) under which Hexo will acquire, by way of court-approved plan of arrangement under the *Canada Business Corporations Act*, all of the Company's issued and outstanding common shares in an all-share transaction. (the "Transaction"). Under the terms of the Arrangement Agreement, the Company's shareholders will receive 0.02366 of a Hexo common share in exchange for each Company common share held (the "Exchange Ratio"). It is anticipated that 48North's outstanding common share purchase warrants and options will, assuming and following closing of the Transaction, will be adjusted in accordance with their terms to ultimately become exercisable to receive common shares of Hexo based on the Exchange Ratio. All of the Company's unvested and unexercised RSUs, will be accelerated on close and converted into Hexo common shares. The Arrangement Agreement will be accounted for as an acquisition of the Company by Hexo. The Arrangement is expected to close by August 31, 2021. Concurrent with the Arrangement Agreement, Hexo will provide 48North with a $5,000 subordinated secured bridge loan to fund 48North's short-term working capital requirements. The bridge loan will be for a 6-month term and provided within 30 days of the Announcement Date.

Good:Farm Operations

On March 29, 2021, the Company announced that it has ceased operations at its "Good:Farm" outdoor cultivation facility located in Brant County, Ontario. The decision came during a significant transitional period for the industry and a nationwide excess of supply. As a result of the decision, the Company's workforce was reduced by approximately 20 per cent. The Company is confident that supply from DelShen, the Company's indoor facility in Kirkland Lake, Ontario, combined with strategic partnerships with other licensed producers, will ensure the quantity and quality of cannabis products required to meet expected demand. The Company appointed an agent to sell the property on April 19, 2021 and the property has been listed for $3,000. The Company recognized an impairment loss of $3,948 on the Good:Farm group of assets during the three months ended March 31, 2021.

Business Overview and Outlook

48North is a brand-led, consumer-obsessed licensed cannabis producer with an expansive portfolio of high-quality, accessibly priced products across the country.

The Company's top performing SKUs are consistently shelved in half of Canadian dispensaries and 48North has built strong market share in dried flower, pre-rolls, vaporizers, topicals, and concentrates. 48North operates three industry-leading brands: *48North*, *Trail Mix*, and *Latitude*. Under these brands, the Company plan to expand their product offering to include edibles, accessible vapes, a new topical line, and value-branded pre-rolls.

The Company's brands are:

	48North	**Trail Mix**	**Latitude**
Tier	**Best**	**Value**	**Lifestyle**
Offering	Wide collection of accessible products that are designed with integrity	Uncomplicated products that mix-up flavourful and potent bud for whatever you have on the go	A variety of products and formats that utilize the benefits of CBD-forward properties
Brand Attributes	Craft cannabis, indoor cultivation, full-spectrum, strain specific, proprietary genetics	Accessibly priced cannabis, flavourful products, high-THC	High-quality products ranging from sexual wellness, beauty, and beyond, low/no-THC, high-CBD
Formats	Flower, pre-rolls, vaporizers, PAX, concentrates, topicals	Flower, pre-rolls, vaporizers, PAX, edibles	Topicals, intimacy products, bath products, edibles
Audience	Passionate cannabis users, gender neutral, 25-50, consume weekly/daily	Gen-Z Freedom Seekers, gender neutral, youthful, consume weekly	Self-growth pilgrim, skew female, 30-40+, consume weekly

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. G&G is also licenced to produce cannabis pursuant to the Cannabis Act at G&G's 100-acre outdoor cannabis production facility, but the Company have now ceased operations at the Good Farm since the end of March 2021.

The majority of 48North's activities and revenue is derived from the recreational cannabis market in Canada. 48North sells cannabis products across the country. 48North has supply agreements and contracts in place with the following provinces: Quebec, Ontario, Manitoba, Saskatchewan, Alberta, and British Colombia. Through the Company's supply agreement with Medical Cannabis by Shoppers Drug Mart, 48North is able to supply cannabis to all Canadian provinces and territories.

In addition, 48North works with recreational retailers across the country to ensure the Company's products are listed and distributed to as many Canadians as possible. To that end, 48North aggressively pursues, and is diligently developing, sales relationships with retailers and wholesalers across the country. This work is made possible through our variety of products, each developed to meet the demands of the consumer. As wholesalers have already begun to shift their focus to a "core" selection of products, 48North has established itself as a reliable partner.

48North produces a number of cannabis products, including; dried flower products, pre-roll products, vaporizer products, concentrate products, bath products, and intimacy products. The Company plan to launch additional product formats later in 2021, including edible products. 48North has positioned itself as an early leader in innovative products, informed not just by where the industry is currently, but where it is going in the future. The Company is constantly pushing forward and will be expanding its product offering to include edibles, accessible vapes, a new topical line, and value-branded pre-rolls in the near future.

The Company has actively pursued partnership and joint operation opportunities. In operation since 2017, Good:House's track-record of getting finished product to market is Good:House's most notable differentiator. 48North's current clients where such contract manufacturing agreements include: Friendly Stranger, Origine Nature, PAX, Superette, and TREC.

A summary of other relationships at the date of the MD&A are:

PAX: 48North partners with PAX on the PAX ERA, a premium closed loop vaporizer system. Our partnership has created the #1 and #3 Pax product in Canada by consumers. Under the terms of the agreement, Fume Labs will develop cannabis oil pods for the PAX Era.

Fume Labs: A strategic partnership with humble+fume, located within the Good:House, is pushing the boundaries of cannabis concentrates, defining a higher standard for extraction and leading the industry in formulation expertise. Located in the Good:House, Fume Labs manufactures 48North's branded cannabis products, specializes in the concentrate extraction and refinement, formulation and filling, and packaging and distribution of vaporizer products. In addition, Fume Labs is responsible for the contract manufacturing of cannabis vaporizer products for other Licensed Producers and cannabis brands. Both 48North and humble+fume uniquely benefit from this strategic partnership, benefits include, but are not limited to: industry-leading extraction expertise, a consistent input of high-quality and low-cost cannabis biomass, access to nationwide distribution and sales channels. 48North and humble+fume are each responsible for 50 per cent of the aggregate shared expenses and each company is entitled to 50 per cent of the net revenue from any vaporizer product finished at the facility. 48North is the party responsible for manufacturing, packaging, marketing, and promoting, and selling products from Fume Labs under the authority of its cannabis licenses (the **"Joint Operation"**).

Apothecanna: 48North has an exclusive licensing agreement with Apothecanna to sell its premium cannabis topicals brand to Canadian consumers.

Operational Highlights

Market Share: 48North has three of the top ten topicals in Canada, the number one concentrate in Ontario and Alberta, and dried flower and pre-rolls consistently in the top ten in Canada.

Product Expansion: 48North has launched 30 SKUs since March 2020, including Canada's first topical, first intimacy product, and one of the highest selling dried flowers in Ontario.

Sustainability: 48North's commitment to sustainability continues to increase our consumer loyalty, with the company's biodegradable packaging exciting consumers and retailers across Canada. This advantage was confirmed in the Ontario Cannabis Store's Q1 report, which outlined "environmental/sustainable packaging" as an important attribute for the majority of new customers.

Results of Operations

Expressed in thousands of Canadian dollars, except per share amounts	**Three months ended March 31, 2021**	**Three months ended March 31, 2020**	**Nine months ended March 31, 2021**	**Nine months ended March 31, 2020**
Revenues	$ 5,193	$ 2,674	$ 19,613	$ 5,967
Net revenues	3,678	2,137	15,281	5,098
Gross profit (loss) before fair value adjustments	(3,888)	411	(8,678)	1,628
Fair value adjustments	(110)	(5,351)	(413)	540

Gross profit (loss)	(3,998)	(4,940)	(9,091)	2,168
Net loss and comprehensive loss	(13,446)	(17,595)	(24,463)	(21,490)
Adjusted EBITDA(1)	(7,713)	(6,006)	(14,080)	(14,952)
Net loss per common share (basic and diluted)	(0.067)	(0.10)	(0.130)	(0.124)
Weighted average number of outstanding shares (‘000s)	199,355	177,554	188,466	173,442

(1) Adjusted EBITDA is a Non-IFRS financial measures. Refer to the Non-IFRS Measures section in this MD&A for the definition.

Revenues

The analysis of the revenues was as follows:

Expressed in thousands of Canadian dollars.	**Three months ended March 31, 2021**	**Three months ended March 31, 2020**	**Nine months ended March 31, 2021**	**Nine months ended March 31, 2020**
Dried flower	$ 2,928	$ 1,461	$ 10,474	$ 2,333
Hash/Rosin	523	-	2,046	-
Pre-rolls	393	784	2,285	1,729
Topicals	764	38	2,045	38
Vapes(1)	350	64	1,927	64
Bulk	(92)	327	44	1,803
Total cannabis sales	**4,866**	**2,674**	**18,821**	**5,967**
Contract manufacturing services fee	325	-	758	-
Other cannabis products	2	-	4	**-**
Total	$ **5,193**	$ **2,674**	$ **19,583**	**$ 5,967**

(1) Included are the Company’s 50% share of the revenues earned in the Joint Operation between the Company and humble+fume.

Total cannabis sales for the three-month period ended March 31, 2021, was 82% higher than the three-month period ended March 31, 2020. The increase was due to increases of 100%, 1,910.5%, 446.9% in dried flower sales, topicals and vapes respectively, revenues from new products of $523 for hash/rosin that was first introduced into the market later in 2020 and despite a decrease in revenues 49.9%, 128.1% for pre-rolls and bulk.

Total cannabis sales for the nine-months period ended March 31, 2021, was 215.4% higher than the nine-months period ended March 31, 2020. The increase was due to dried flower sales volume been 4.49 times higher in 2020, 32% increase in pre-roll sales and revenues from hash/rosin, topicals and vapes of $2,046, $2,007 and $1,863 for hash/rosin, topicals and vapes respectively which were new products launched by 48North into the market during 2020.

48North has a Joint Operation with humble+fume called Fume Labs where each company is entitled to 50 per cent of the net revenue from any vaporizer product. 48North was responsible for manufacturing, packaging, marketing, and promoting, and selling products from Fume Labs under the authority of its licenses. The sales (including 48North’s 50% share) for the Joint Operation were $688 and $3,849 respectively for the three-month and nine-month ended March 31, 2021.

In July 2020, the Company started providing contract manufacturing services for other licensed producers and retail customers. The Company manufactures, distributes and sells cannabis products as an agent and earn a fixed fee for the contract manufacturing services. The contract manufacturing services revenue earned was $325 and $758 for the three-month and nine-month period ended March 31, 2021. The total product volume managed by the Company as agent was $2,068 and $5,143 for the three-month and nine-month period ended March 31, 2021.

Cost of sales

The Company capitalizes production costs related to biological assets and then expense these costs to cost of sales before fair value adjustments as the inventory was sold. For the three-month period ended March 31, 2021, inventory expensed to cost of sales, before fair value adjustments was $5,234 compared to $1,626 for the three-month period ended March 31, 2020. For the nine-month period ended March 31, 2021, inventory expensed to cost of sales, before fair value adjustments was $18,122 compared to $3,370 for the nine-month period ended March 31, 2019. The increase in the cost of the sales followed the increase in revenues.

Inventory impairment costs for the three-month and nine-month period ended March 31, 2021 was $2,332 and $5,837 respectively. The $2,332 for the three-month period ended March 31, 2021, is made up of $1,083 for fixed overhead costs capitalized exceeding the recoverable amount and a $1,249 impairment provision for inventory where the estimated net realizable value is lower than the carrying cost. The $5,837 for the nine-month period ended March 31, 2021, is made up of $3,028 for fixed overhead costs capitalized exceeding the recoverable amount, $1,637 impairment provision for inventory where the estimated net realizable value is lower than the carrying cost and $1,172 relating to a transfer from the fair value adjustment of the biological asset.

Unrealized fair value adjustment on growth of biological assets represents the change in value of plants during the reporting period was $(21) for the three-month period ended March 31, 2021 compared to $754 of a gain for the three-month period March 31, 2020. For the six-month period ended March 31, 2021 the unrealized fair value adjustment on growth of biological assets was a loss of $(648) compared to a gain of $9,002 for the nine-month period ended March 31, 2020.

The realized fair market adjustment on inventory sold related to the cost of the inventory sold and was $(89) for the three-month period ended March 31, 2021 compared to $(6,105) for the three-month period March 31, 2020. For the nine-month period ended March 31, 2021, the realized fair market adjustment on inventory sold was a gain of $235 compared to $(8,462) for the nine-month period ended March 31, 2019.

Administrative expenses

Initially general and administrative expenses include all the corporate administrative costs and production costs relating to cannabis products while direct material costs were recognized in inventory expensed to cost of sales, before fair value adjustments. From 2020, some of the administrative costs and the production costs were allocated from general and administrative expenses to inventory expensed to cost of sales before fair value adjustments meaning that the net general and administrative expenses for the three-month and nine-month period ended March 31, 2021, were $4,868 and $7,938 respectively compared to $5,156 and $11,818 for the three-month and nine-month period ended March 31, 2020. The most significant component of general and administrative expenses are salaries and benefit expenses which totalled $2,938 and $8,558 for the three-month and nine-month period ended March 31, 2021 compared to $3,186 and $6,752 for the three-month and nine-month period ended March 31, 2020. The increase reflects the additional headcount required to facilitate the significant increase in production since 2020 including extraction and increased operational capabilities at the Good House and the increased number of people in the corporate team.

48North's marketing initiatives has meant that the Company is a brand-led, consumer-obsessed licensed cannabis producer distributing an expansive portfolio of high-quality, accessibly priced products across the country. Sales and marketing expenses for the three-month and nine-month period ended March 31, 2021 were $463 and $1,440 respectively compared to $748 and $3,774 respectively for the three-month and nine-month period ended March 31, 2020.

The Company utilized incentive stock options and restricted share units ("RSUs") to attract and maintain key personnel. Share-based payment expense was $71 and $647 for the three-month and nine-month period ended March 31, 2021 compared to $289 and $1,568 for the three-month and nine-month period ended March 31, 2020 with the decrease in 2020 due to the lower number of outstanding options and RSUs and the options granted in the current financial year having a lower fair value due to the Company's lower share price in 2021 compared to 2019-2020.

Depreciation and amortization expense was $206 and $809 for the three-month and nine-month period ended March 31, 2021 compared to $547 and $1,335 for the three-month and nine-month period ended March 31, 2020. Similar to general and administrative expenses in 2020 part of depreciation and amortization was allocated to inventory expensed to cost of sales before fair value adjustments.

During the three-month period ended March 31, 2021, the Company recognized an impairment of $3,933 on the group of assets in the "Good:Farm" outdoor cultivation facility that ceased operations in March 2021. The Company assessed the value of the assets based on the fair value determined using comparable transactions and offers received. The balance making up the $4,162, was a loss of $229 realized on the sale of some plant and equipment.

With the divestiture of Rare Industries Inc. ("Rare") and Sackville & Co. Merchandising Ltd. ("Sackville") in May 2020, the Company have presented the Rare and Sackville businesses as discontinued operations. During the three months and nine months ended March 31, 2020, the Company reduced the contingent consideration liability by $2,224 and $194 respectively recognized when Rare and Sackville were acquired. As of June 30, 2020 and March 31, 2021, as both businesses were sold, the Company no longer had a contingent consideration liability.

Summary of Quarterly Results

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 financial quarters;

Expressed in thousands of Canadian dollars.	Q3 2020-21	Q2 2020-21	Q1 2020-21 (Restated)	Q4 2019-20	Q3 2019-20	Q2 2019-20	Q1 2019-20	Q4 2018-19
Revenues	$ 5,193	$ 7,607	$ 6,813	$ 4,263	$ 2,674	$ 1,808	$ 1,587	$ 484
Net loss	(13,446)	(7,149)	(3,869)	(17,655)	(17,595)	(6,096)	2,201	(4,772)
Basic and diluted EPS	(0.067)	(0.037)	(0.022)	(0.107)	(0.100)	(0.035)	0.013	(0.0374)

Liquidity and Capital Resources

Similar to any business at the Company's development stage, the Company incurs negative cash flows from operations and therefore management continually monitors its capital resources to assess the liquidity necessary to fund operations and future strategy.

As at March 31, 2021, the Company had a cash and cash equivalents balance of $1,441 (June 2020 - $9,272). The Company incurred negative cash flows from operations of $(4,791) and $(13,656) during the three-month and nine-month period ended March 31, 2021 and compared to $(10,678) and $(23,589) for the three-month and nine-month period ended March 31, 2020.

During the nine-month period ended March 31, 2021, the Company raised an aggregate cash of $7,317 to fund operations. The Company closed a brokered equity private placement of 22,767,000 units (common shares and warrants) for gross proceeds of $3,415 and after transaction costs net proceeds of $2,591. The Company entered into a $3,250 term loan with a senior secured lender with a maturity date of twenty four months and net proceeds of $2,770 net of transaction costs and interest reserve. The Company also drew an advance during the quarter under the receivables purchase agreement and $1,822 was outstanding as at March 31, 2021. On April 16, 2021, the Company announced gross proceeds of $5,396 were raised on the closing of an overnight marketed public offering.

The Company's net working capital position was;

Expressed in thousands of Canadian dollars.	March 31, 2021	June 30, 2020
Cash and cash equivalents	$ 1,441	$ 9,272
Trade and other receivables	4,910	3,362
Inventory and biological asset	13,829	10,952
Asset held for sale	1,990	-
Accounts payable and accrued liabilities	(14,808)	(6,193)
Investment - current	293	-
Debt – term loan(1)	(2,856)	-
Debt – payable under receivables purchase agreement	(1,822)	-
Current portion of lease liabilities	(144)	(131)
Net working capital position	**2,833**	**17,262**

(1) While the debt is repayable on demand on the request of the lender, the Company believe the term loan will go to at least the full term which is the end of 2022.

The Company anticipates that it will meet all of it's current obligations. On May 17, 2021, the Company entered into an Arrangement Agreement with Hexo. Concurrent with the Arrangement Agreement, the Company will be provided with a $5,000 subordinated secured bridge loan to fund 48North's short-term working capital requirements. The Transaction when closed will ensure that the Company has the ability to continue as a going concern and remove any material uncertainty or significant doubt on the Company's 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:		Nine months ended:	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Consulting, salaries and wages	$ 383	$ 1,611	$ 1,536	$ 2,402
Share-based payments	66	638	479	984
Total	**$ 449**	**$ 2,249**	**$ 2,015**	**$ 3,386**

Consulting, salaries and wages of $435 (2020 - $437) is included in sales and marketing and $887 (2020- $1,966) is included in general and administrative. Included in accounts payable and accrued liabilities is $3 (2020 - $109) due to key management. Included in consulting, salaries and wages is $214 relating to payments made under a separation agreement with a former management individual.

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 nine-month period ended March 31, 2021, the Company has updated the following significant assumptions based on rolling average actual production performance and market conditions:

- Average yield per plant: indoor 97 grams (2020 – 70 grams); outdoor nil grams (2020 – nil grams);
- Post harvest cost per gram: indoor $0.57 dollar (2020 – $0.40 dollar); outdoor nil (2020 - $0.00 dollar); and,
- Selling price per gram: indoor $4.91 dollar (2020 - $3.00 dollar); outdoor nil (2020 - $0.50 dollar).]

The increase in yield for Q3 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 July 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 July 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 (the "Common Shares"). As of the date of this MD&A, the following table quantifies the number of issued and outstanding Shares and exercisable securities:

Common Shares	225,190,233
Listed warrants at an exercise price of $1.72	10,569,780
Private placement warrants at an exercise price of $0.30	22,767,000
Public Offering warrants at an exercise price of $0.26	25,694,400
Broker compensation options and warrants at an average exercise price of $0.5439	7,153,152
Options at an average exercise price of $0.3846	9,394,810
Restricted share units at an average exercise price of $0.2767	1,015,951
Total outstanding	**301,785,326**

Segmented information
Key measures used by management to assess performance and make resource allocation decisions include revenues, gross profit and net income (loss). Similar to previous reporting periods, 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, trade and other receivables, long-term investments, debt, 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. All cash is held in readily liquid instruments and held with a Canadian financial institution with a A+ S&P rating.

Trade and other receivables of $4,910 was made up of $3,623 due from provincial bodies where the Company sells cannabis products, GST/HST recoverable of $1,147 and $140 to arms-length businesses. Trade and other receivables are measured at amortized cost less any impairment losses. To date the Company has not experienced any bad debts and therefore the Company's expected credit loss is minimal.

Investments are made up of 268,948 shares held in Fire and Flower. As the shares of Fire and Flower are actively traded on the Toronto Stock Exchange, this investment is classified as Level 1 on the fair value hierarchy under IFRS 13, classified as fair value through profit or loss or other comprehensive loss and recorded at fair value. As of March 31, 2021, the fair value of the shares was $293.

Accounts payable and accrued liabilities and debt are measured at amortized cost.

The fair value of cash and cash equivalents, any trade and other receivables, 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.

Corporate Information
48North is a vertically integrated cannabis company. The Company primarily operates its cannabis business through two, indirect, wholly-owned subsidiaries, DelShen Therapeutics Corp. ("DelShen") and Good & Green Corp. ("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 but the Company have now ceased operations at the Good Farm since the end of March 2021.

Non-IFRS Measures

The interim condensed consolidated financial statements of 48North are prepared in accordance with IFRS. The Company's basis of presentation and significant accounting policies are summarized in detail in note 4 of the consolidated financial statements for the year ended June 30, 2020. Non-IFRS measures can be used by management of a business to evaluate it's performance. As non-IFRS measures do not have standardized meanings prescribed by IFRS, securities regulations require that non-IFRS measures be clearly defined, qualified, and reconciled with their nearest IFRS measure. These measures do not have standardized meanings or interpretations and may not be comparable to similar terms and measures provided by other issuers. These measures are provided as additional information to complement IFRS by providing a further understanding of operations from management's perspective and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA

48North uses Adjusted EBITDA to appraise performance removing the impacts and volatility of non-cash adjustments. Adjusted EBITDA is defined as the net and comprehensive income (loss) for the period, as reported, adjusted for depreciation and amortization, unrealized gain (loss) on inventory and biological asset, impairment loss, share-based compensation, financing accretion costs, taxes, and other non-cash and non-recurring items. The following table reconciles the Company's net loss and comprehensive loss, being the most directly comparable measure calculated in accordance with IFRS, to Adjusted EBITDA;

	Three months ended March 31, 2021	**Three months ended March 31, 2020**	**Nine months ended March 31, 2021**	**Nine months ended March 31, 2020**
Net loss and comprehensive loss	$ (13,446)	$ (17,692)	$ (24,463)	$ (21,587)
Unrealized fair value adjustment on growth of biological assets	21	(754)	648	(9,002)
Realized fair value adjustment on inventory sold	89	6,105	(235)	8,462
Depreciation included in inventory expensed to cost of sales	306	99	1,183	349
Depreciation and amortization	104	559	707	1,359
Share-based payments	71	289	647	1,568
Impairment of property, plant and equipment	3,933	-	4,533	-
Loss on disposal of property, plant and equipment	229	-	229	-
Inventory impairment loss	1,249	-	2,809	-
Goodwill impairment	-	4,139		4,139
Fair value changes on investments	(655)	(18)	(557)	(18)
Financing accretion costs	53	(22)	86	-
Change in fair value of contingent consideration	-	2,224	-	194
Realized gain on investments	333	-	333	-
Deferred taxation	-	(990)	-	(446)
Foreign exchange	-	55	-	30
Adjusted EBITDA	**(7,713)**	**(6,006)**	**(14,080)**	**(14,952)**

Risk Factors

The Company's overall performance and results of operations are subject to various risks and uncertainties that may materially and adversely affect our business, products, financial condition and operations and may cause actual performance, results and achievements to differ materially from those expressed or implied by forward-looking statements and forward-looking information, including, without limitation, the factors are discussed in our Annual Information Form dated March 1, 2021 available under our profile on www.sedar.com, which risk factors should be reviewed in detail by all readers.