

MJ Innovation Capital Corp.
Management's Discussion and Analysis
For the three and six months ended December 31, 2019 and 2018

FORM 51-102F1

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's financial statements and notes thereto for the period ended December 31, 2019. Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

This MD&A was prepared by management of MJ Innovation Capital Corp. (the "**Corporation**"), and is dated March 2, 2020. All amounts are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate" or "believe", are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's 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. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, unless otherwise required by applicable law.

Description of the Business

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2018 and is classified as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). The head and registered office of the Corporation is located at 181 Bay Street, Suite 1800, Toronto, ON M5J 2T9. The Corporation's common shares (the "**Common Shares**") commenced trading on the Exchange under the trading symbol "MSMJ.P" on August 9, 2019.

The Corporation's business will be to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction" as defined in the policies of the Exchange. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange. To date, the Corporation has not conducted commercial operations, nor has it examined any businesses with a view to completing a Qualifying Transaction. The Corporation is not specifically considering pursuing a company, asset or business in any specific business or industry sector, or in any particular geographical area, and the Corporation anticipates reviewing companies, assets and businesses in a broad range of industry sectors and geographical areas.

Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition.

On August 9, 2019, the Corporation completed its initial public offering (the "**IPO**") of 2,000,000 Common Shares at a purchase price of \$0.20 per share for gross proceeds of \$400,000. Canaccord Genuity Corp. (the "**Agent**") received a commission equal to 10% of the gross proceeds of the IPO as well as warrants to purchase up to 200,000 Common Shares at an exercise price of \$0.20 per share, exercisable for a period of 24 months from the closing of the IPO. The Corporation granted stock options to officers and directors to collectively acquire 305,000 Common Shares at an exercise price of \$0.20 per share for a period of 10 years from the date of grant.

Selected Financial Information

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2018 and June 30 is the date of its fiscal year end.

The following selected financial data is derived from the financial statements of the Corporation prepared in accordance with International Financial Reporting Standards:

Selected Statements of Financial Position Data

	<u>As at December 31, 2019</u>	<u>As at December 31, 2018</u>
Net working capital	\$323,486	\$95,000
Total current assets	335,502	95,000
Total current liabilities	12,016	nil
Total shareholders' equity	323,486	95,000

Selected Statements of Operations and Comprehensive Loss Data

	<u>Three-months ended December 31, 2019</u>	<u>Six-months ended December 31, 2019</u>
Income	\$nil	\$nil
Expenses	9,751	75,344
Net loss	9,751	75,344
Net loss per share (basic and diluted)	(0.0027)	(0.0253)

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Quarterly Information

	December 31, 2019	September 30, 2019
Net loss for the quarter	\$(9,751)	\$(65,593)
Weighted average number of shares	2,555,000	2,309,239
Net loss per share (basic and diluted)	(0.0038)	(0.0284)

Results of Operations

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

During the period ended December 31, 2019, the Corporation recorded a net loss of \$9,751 consisting of no sources of income and \$9,751 in expenses.

Additional Disclosure

The following table sets forth a breakdown of material components of expenses of the Corporation for the period from inception, ended December 31, 2019:

	Period ended December 31, 2019
Professional fees	\$ 78,646
General and administrative expenses	29,568
Stock compensation expense	36,600
	<u>\$144,814</u>

Liquidity, Capital Resources, and Outlook

As at December 31, 2019, the Corporation had working capital of \$323,486. This included \$335,502 in cash and cash equivalents, \$nil in other receivables and \$12,016 in accounts payable and accrued liabilities.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at December 31, 2019.

Transactions with Related Parties

During the three months ended December 31, 2019, the Corporation incurred \$5,601 in legal fees in respect of general corporate matters for services provided by a law firm which has two partners that are directors of the Corporation.

During the six-month period ended December 31, 2019, the Corporation issued 305,000 options to the directors of the Corporation. These options had a value of \$36,600.

No remuneration was paid to key management personnel during the period ended December 31, 2019.

Critical Accounting Estimates and Policies

The Corporation's significant accounting policies and the adoption of new accounting policies are disclosed in the notes to the financial statements for the period ended December 31, 2019 included in the Corporation's prospectus dated July 26, 2019.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash, other receivables and prepaid expenses, accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Corporation:

	<u>Authorized</u>	<u>Outstanding</u>
Voting or equity securities issued and outstanding Common Shares	Unlimited Common Shares	3,050,000 Common Shares
Securities convertible or exercisable into voting or equity securities – warrants	200,000	200,000
Securities convertible or exercisable into voting or equity securities – options	305,000	305,000

Risks and Uncertainties

The following describes certain risks, events and uncertainties that could affect the Corporation and that each reader should carefully consider. Please refer to the Corporation's final prospectus dated July 26, 2019 for additional risks, events and uncertainties that could affect the Corporation. External financing may be required to fund the Corporation's activities primarily through the issuance of Common Shares. There can be no assurance that the Corporation will be able to obtain adequate financing. The securities of the Corporation should be considered a highly speculative investment. The Corporation has not generated significant revenues and does not expect to generate significant revenues in the near future. In the event that the Corporation generates significant revenues in the future, the Corporation intends to retain its earnings in order to finance further growth. Furthermore, the Corporation has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

Disclosure Controls and Procedures

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Corporation in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Corporation to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Other Information

Additional information about the Corporation is available on SEDAR at www.sedar.com