

DELIC HOLDINGS INC. (FORMERLY MOLYSTAR RESOURCES INC.)

Management's Discussion and Analysis

For the year ended December 31, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements and notes thereto for the year ending December 31, 2020 of Delic Holdings Inc. (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in US dollars unless otherwise indicated.

DATE

This MD&A is prepared as of April 26, 2021.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- (a) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- (b) other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein, although the Company believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating to regulations applicable to the production and sale of marijuana; and other factors beyond the Company's control.

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Consequently, all forward-looking statements made in this MD&A and other documents of the Company, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

References to EBITDA in this MD&A refer to net earnings from continuing operations before interest, taxes and tax recoveries, amortization, deferred income tax recovery, unrealized foreign exchange losses, non-cash share-based expenses (Black-Scholes option pricing model) and write-off of assets. EBITDA is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that EBITDA is an alternative measure in evaluating the Company's business performance. Readers are cautioned that EBITDA should not be construed as an alternative to net income as determined under IFRS; nor as an indicator of financial performance as determined by IFRS; nor a calculation of cash flow from operating activities as determined under IFRS; nor as a measure of liquidity and cash flow under IFRS. The Company's method of calculating EBITDA may differ from methods used by other Companies and, accordingly, the Company's EBITDA may not be comparable to similar measures used by any other Company.

OVERVIEW AND OUTLOOK

Delic Holdings Inc. (formerly Molystar Resources Inc.) (the "Company") was incorporated in British Columbia on November 17, 2005. It's operating subsidiary, Delic Corp., was incorporated on March 7, 2019 in Delaware. The Company's head office is located at 885 West Georgia, Suite 1400, Vancouver, BC V6C 3E8. The Company specializes in education, content, and events about psychoactive compounds.

The Company owns and operates a website called *The Delic*, a sophisticated media platform for experienced, cultured psychedelic enthusiast. As the industry leader in media and education about safe psychoactives, the Company also hosts events under its *Meet Delic* brand. Meet Delic is an event series promoting next generation ideas in psychedelic science, art and culture. Finally, the Company owns the website, *Reality Sandwich*, a content site for street-savvy, curious consumers wanting to learn more about psychedelics.

For the past 12 months, the Company has focused on improving website content and generating interest in events.

Significant Events up to the date of this MD&A

Reverse Takeover Transaction

The Company entered into a definitive agreement with Delic Corp. ("Delic") and Eception Ventures Ltd. ("Eception") pursuant to which the Company, Delic and Eception completed a business combination pursuant to which the Company would acquire Delic and Eception (the "Amalgamation"). Concurrent with the Amalgamation, the Company completed a subscription receipt financing by issuing 17,377,500 subscription receipts at CAD\$0.20 per subscription receipt for gross proceeds of CAD\$3,475,500 (the "Private Placement"). The Amalgamation and Private Placement is together known as the transaction (the "Transaction"), whereby the shareholders of the Delic Corp. became shareholders of the combined entity (the "Resulting Company") with the Resulting Company common shares being listed on the Canadian Securities Exchange (the "CSE"). Prior to the Transaction, Molystar and Eception's principal business activity was the identification and evaluation of companies, assets or businesses with a view to completing a business transaction.

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The Resulting Company has continued to carry on the business of Delic, under the new name "Delic Holdings Inc." The Transaction was an arm's length transaction and constituted a reverse takeover ("RTO") of the Company by Delic pursuant to policies of the CSE. In connection with the RTO, the Company voluntarily delisted from the TSX-V and received approval to list its common shares on the CSE on November 17, 2020.

Ketamine Infusion Centers LLC

The Company entered into a binding letter agreement (the "Letter Agreement") to acquire Ketamine Infusion Centers LLC ("KIC"). KIC is a limited liability corporation formed under the laws of Arizona, which owns and operates two ketamine infusion treatment clinics, one in Phoenix, Arizona and the other in Bakersfield, California (the "Transaction").

Under the terms of the Letter Agreement, the Company will acquire all of the membership interests of KIC through a reverse triangular merger between KIC and a wholly-owned subsidiary of the Company to be organized prior to execution by the parties of a definitive agreement (the "KIC Transaction"). Subject to customary adjustment terms, the Company has agreed, on closing of the Transaction, to issue subordinate voting shares in the capital of the Company ("Consideration Shares") to the members of KIC (the "Members"), having an aggregate value of USD\$2,250,000 with the number of Consideration Shares to be issued determined based on a price per share equal to the ten trading day volume weighed average trading price ("VWAP") of the Consideration Shares on the CSE immediately prior to closing of the Transaction. In addition, the Members will be eligible to receive additional Consideration Shares upon KIC's Bakersfield, California clinic posting three consecutive months of profitability and minimum revenue of USD\$125,000, during the 12 months following the closing of the Transaction, such additional Consideration Shares to have an aggregate value of USD\$800,000, based on a price per share equal to the 10 trading day VWAP of the Consideration Shares on the CSE immediately prior to the date such milestone is achieved.

The Members have agreed that any Consideration Shares issued will be subject to a contractual hold period, with 10% of the share consideration to be released on the date that is six months and one day following closing, and 15% released every six months thereafter over a period of 36 months. In addition, Members have agreed to enter into voting support agreements with the Company having a term of two years, pursuant to which the Members will vote as directed by the board of directors of the Company, subject to customary carve-outs.

Complex Biotech Discovery Ventures

The Company executed a definitive share purchase agreement (the "Agreement") to acquire all of the issued and outstanding shares in the capital of Complex Biotech Discovery Ventures ("CBDV"), a licensed psilocybin and cannabis research laboratory focused on extraction, analytical testing, and chemical process development (the "CBDV Transaction").

Under the terms of the Agreement, the Company will acquire all of the issued and outstanding shares in the capital of CBDV. The purchase price will be satisfied through the issuance of subordinate voting shares in the capital of the Company (the "Consideration Shares") equal in value to CAD \$7,000,000 (the "Purchase Price"), to be issued at a price per share equal to the higher of: (a) the ten (10) trading day volume weighted average trading price ("VWAP") of the Consideration Shares on the CSE in the ten (10) trading days immediately prior to the date of the Agreement, and (b) the maximum discount under the policies of the Exchange applicable to the closing price of the Consideration Shares on the Exchange on the trading day immediately prior to the closing date. The Consideration Shares issued to the sellers of CBDV will be subject to certain contractual hold periods. In addition, each of the sellers of CBDV will enter into voting support agreements with a two-year term, pursuant to which they will agree to vote their Consideration Shares as directed by the board of directors of DELIC, subject to certain customary exclusions.

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In addition, pursuant to the Agreement, for so long as Dr. Roggen holds not less than 10% of the shares in the Company, and at least for the first two years following closing of the Transaction, the Company agrees to appoint one nominee of Dr. Roggen to the board of directors. In the event Dr. Roggen ceases to have nomination rights pursuant to the foregoing, Dr. Roggen shall use commercially reasonable efforts to cause his nominee to resign immediately.

Dr. Roggen has agreed to execute an employment agreement with the Company upon closing of the CBDV Transaction. In addition, Dr. Roggen and the Company will enter into an earn-out agreement on closing (the "Earn Out Agreement"). Pursuant to the Earn Out Agreement, Dr. Roggen will be eligible to earn additional consideration for completing the CBDV Transaction of up to CAD\$3,000,000, to be paid in Consideration Shares, subject to achievement of certain milestones.

Homestead Brands

The Company executed a definitive asset purchase agreement to acquire the brand and intellectual property of Homestead ("Homestead"), a legacy counterculture distributor of psychedelic media and creator of one of the first self-contained mushroom grow kits.

In consideration for acquisition of the Homestead assets, the Company issued subordinate voting shares having an aggregate value of \$50,000 and 50,000 incentive stock options were granted to David Tatelman, the founder of Homestead, with an exercise price of \$0.58, exercisable for a period of 3 years in accordance with the terms of the Company's Incentive Stock Option plan.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2020	Period from incorporation on March 7, 2019 to December 31, 2019
	\$	\$
Expenses including non-cash items	(1,288,974)	(213,560)
Comprehensive loss	(1,967,682)	(210,143)
Weighted average number of common shares outstanding	11,404,660	99,308
Loss per share	(0.18)	(2.12)
Cash	2,082,206	691,298
Working capital	2,116,352	(210,046)
Total assets	2,189,710	691,301
Shareholders' equity (deficit)	2,116,355	(210,043)
Long-term financial liabilities	-	-
Dividends paid per share	-	-

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RESULTS OF OPERATIONS

During the year ended December 31, 2020 ("2020"), the Company reported a comprehensive loss of \$1,967,682. During the year ended December 31, 2019 ("2019"), the Company reported a comprehensive loss of \$210,143.

The primary reason for the increase in net loss during the year is due to a listing expense of \$1,108,514 being recognized upon completion of the RTO as well as an increase in costs associated with the development of the Company's overall operations.

Total operational expenses were \$1,288,974 in 2020, compared to \$213,560 in 2019, which consisted of the following:

- Advertising and promotional fees of \$296,632 (2019 - \$61,275) incurred in connection with the Meet Delic brand for events and promotional work.
- General and administrative of \$132,864 (2019 - \$30,277) for general overhead costs.
- Professional fees of \$642,621 (2019 - \$39,614) incurred in conjunction with the Company's RTO and concurrent financing.

SUMMARY OF QUARTERLY RESULTS

	Three months ended December 31, 2020	Three months ended September 30, 2020	Three months ended June 30, 2020	Three months ended March 31, 2019
Expenses including non-cash items	\$ (934,920)	\$ (136,476)	\$ (80,730)	\$ (136,848)
Income (loss) for the quarter	\$ (1,997,626)	\$ 173,118	\$ (78,742)	\$ (64,432)
Income (loss) per share	\$ (0.18)	\$ 0.58	\$ (0.79)	\$ (0.64)
Common shares outstanding	55,193,750	300,000	100,000	100,000

	Three months ended December 31, 2019	Three months ended September 30, 2019	Three months ended June 30, 2019	Initial period ended March 31, 2019
Expenses including non-cash items	\$ (100,634)	\$ (90,242)	\$ (22,684)	\$ -
Income (loss) for the quarter	\$ (97,217)	\$ (90,242)	\$ (22,684)	\$ -
Income (loss) per share	\$ (0.97)	\$ (0.90)	\$ (0.23)	\$ -
Common shares outstanding	100,000	100,000	98,200	100

The Company's expenses and net loss during the quarter ended December 31, 2020 increased significantly from prior quarters due to a listing expense of \$1,108,514 being recognized upon completion of the RTO as well as an increase in costs associated with the development of the Company's overall operations.

LIQUIDITY & CAPITAL RESOURCES

As at December 31, 2020, the Company's capital is composed of shareholders' equity. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions.

The Company defines capital as cash and equity, consisting of the issued common stock. The capital structure of the Company is managed to provide sufficient funding operating activities. Funds are

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primarily secured through sales or a combination of equity capital raised by way of private placements and short-term debt.

The Company had cash of \$2,082,206 as at December 31, 2020 and \$691,298 as at December 31, 2019. The Company had working capital of \$2,116,352 as at December 31, 2020 and negative \$210,046 as at December 31, 2019.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through revenues or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company is not subject to any externally imposed capital requirements.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2020.

FOURTH QUARTER ANALYSIS

The Company's expenses and net loss during the quarter ended December 31, 2020 increased significantly from prior quarters due to a listing expense of \$1,108,514 being recognized upon completion of the RTO as well as an increase in costs associated with the development of the Company's overall operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

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TRANSACTIONS WITH RELATED PARTIES

Key management personnel include the members of the Board of Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amount paid and accrued to directors, officers, and former officers are as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Management compensation		
Jackee Stang, former CEO and Director	20,000	-
Mathew Lee, CFO	23,089	-
Sub-total	43,089	-
Share-based payments		
Jackee Stang, former CEO and Director	14,529	-
Mathew Lee, CFO	2,906	-
Sashko Despotovski, Director	2,906	-
Martin Tobias, Director	2,906	-
Paul Rosen, Director	2,906	-
Kraig Fox, Director	2,906	-
Matt Stang	7,265	-
Sub-total	36,324	-
Total	79,413	-

PROPOSED TRANSACTIONS

There is no proposed transaction at this time other than those already disclosed.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. Refer to Note 10 of the Company's consolidated financial statements for further information on the Company's financial instruments.

CRITICAL ACCOUNTING ESTIMATES

Refer to Note 2 of the Company's consolidated financial statements for further information on the Company's accounting estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There was no change in accounting policies for the year ended December 31, 2020.

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DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's shares are privately held. The Company is authorized to issue the following an unlimited number of common shares with no par value. As of the date of this MD&A, the Company had issued and outstanding 38,424,337 subordinate voting shares, 170,783 multiple voting shares, 4,703,887 stock options, and 273,000 warrants.

RISK FACTORS

The Company's business, operating results and financial condition could be adversely affected by any of the risks outlined below. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

An investment in the Company's Shares is speculative and will be subject to material risks; and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

Additional Funding Requirements

Further expansion of the Company's business, in Canada and internationally, will require additional capital; and the ongoing costs of operations may not generate positive cash flow for the near or long term. Although the Company has adequate funds to operate for the next 12 months, there is no assurance that it will be successful in obtaining the required financing for these or other purposes, including for general working capital. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares from treasury, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

Market Risk for Securities

There can be no assurance that an active trading market for the Company's Shares will be sustained. The market price for the Company's Shares may be subject to wide fluctuations. Factors such as government regulation, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Limited Operating History

The Company is in the early stage of development and has limited history of operations. The Company will be subject to many risks common to start-up enterprises and its viability must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of development in new and rapidly evolving markets. This includes under-capitalization, cash shortages, limitations with respect to personnel, lack of revenues and financial and other resources. There is no assurance that the Company will develop its business profitably, and the likelihood of success of the Company must be considered in light of the Company's early stage of operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment.

Uninsured or Uninsurable Risks

The Company intends to insure its operations in accordance with industry practice. However, given the novelty of the proposed business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may

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become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.