

HARBOUR STAR CAPITAL INC.
(also referred to as “Harbour Star” or the “Corporation”)

**MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR
ENDED OCTOBER 31, 2017**

The following discussion and analysis should be read in conjunction with the consolidated financial statements for the year ended October 31, 2017 prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Corporation is available on SEDAR at www.sedar.com.

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

DATE

This management’s discussion and analysis (“MD&A”) is dated February 28, 2018 and is in respect of the twelve months ended October 31, 2017. The discussion in this management's discussion and analysis focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates.

DESCRIPTION OF HARBOUR STAR’S BUSINESS AND OVERALL PERFORMANCE

Harbour Star Capital Inc. (the “Corporation”) was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on October 24, 2014. The Corporation is a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of The TSX Venture Exchange (the “TSXV”). On February 28, 2017, the Corporation announced the completion of its initial public offering (the “IPO”) of 5,068,500 common shares at a price of \$0.10 per common share and filed for listing as a Capital Pool Company on the TSX Venture Exchange. The common shares of the Corporation commenced trading on March 6, 2017 under the trading symbol HSC.P.

The Corporation issued seed stock of 2,400,000 common shares at a price of \$0.05 per share from November 1, 2014 to November 2, 2016 to founders of the corporation.

On June 2, 2017, the Corporation announced that it entered into a letter of intent (“LOI”), dated May 17, 2017, that provides for a business combination with EastWest Science Ltd. (“EastWest”) a life sciences products company manufacturing, marketing, and distributing hemp-based products headquartered in Richmond, British Columbia, with a manufacturing, laboratory and warehouse facility located in Penticton, British Columbia. The Transaction is an arm's-length transaction and will constitute HSC's "Qualifying Transaction." The resulting issuer will be the surviving parent entity of EastWest upon completion of the Transaction, which is referred to herein as "Newco." Completion of the Transaction is subject to a number of conditions and there can be no assurance that it will be completed as proposed or at all.

On August 11, 2017, the Corporation formed a wholly-owned subsidiary, 1129971 BC Ltd, under the *Business Corporations Act* of British Columbia, Canada.

On August 21, 2017, the Corporation announced that it entered into an amalgamation agreement (“Amalgamation Agreement”), dated August 21, 2017. Pursuant to the Amalgamation Agreement, the parties will affect a “three-cornered” amalgamation whereby 1129971 BC Ltd, a wholly-owned subsidiary of Harbour Star, will amalgamate with holders of EastWest; each receiving one (1) common share of

Harbour Star for each one (1) common share in EastWest held. The Transaction is expected to constitute a Qualifying Transaction of Harbour Star pursuant to TSXV Policy 2.4 Capital Pool Companies, subject to TSX Venture Exchange approval; and upon completion thereof Harbour Star will be a Tier 2 Industrial Issuer.

RISKS AND UNCERTAINTIES

The Corporation does not have a history of earnings, nor has it paid any dividends. The Corporation has only limited funds and there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the exchange may suspend or de-list the Corporation's shares from trading.

SELECTED FINANCIAL INFORMATION

The Corporation was incorporated on October 24, 2014 and was not yet a "Reporting Issuer" pursuant to applicable securities legislation until January 11, 2017, the date of the final receipt for the Prospectus as issued by the Alberta, British Columbia and Saskatchewan Securities Commissions, thereby becoming a "Reporting Issuer" in each of the provinces of Alberta, British Columbia and Saskatchewan.

The following table is a summary of selected annual financial information (in Canadian dollars) derived from the Corporation's audited financial statements prepared in accordance with International Financial Reporting Standards:

	October 31, 2017	October 31, 2016
Total assets	\$ 335,205	39,758
Total liabilities	\$ 38,231	1,871
Net loss and comprehensive loss for the period	\$ (213,935)	(35,721)
Basic and diluted net loss per share for the period	\$ (0.03)	(0.02)
Weighted average number outstanding	5,797,126	2,000,000

The quarterly financial information follows:

For the year ended October 31, 2017 the Corporation reported no discontinued operations and declared no cash dividends.

RESULTS OF OPERATIONS

For the three months ended October 31, 2017 compared with the three months ended October 31, 2016

The Company's loss for the three months ended October 31, 2017 totaled \$27,936 compared to a loss of \$500 in 2016. The earnings per share were (\$0.00) and (\$0.00) in 2017 and 2016 respectively.

Administrative expenses in the fourth quarter of 2017 totaled \$27,936 compared to \$500 in the comparable period of 2016. The difference is attributable to office (\$7,909) and legal (\$19,857) for a total of \$27,766 during Q4 2017.

For the year ended October 31, 2017 compared with the year ended October 31, 2016

During the year ended October 31, 2017 the Corporation incurred a loss of \$213,935 which mainly relates to regulatory, filing and transfer agent fees as well as professional fees related to preparation for the IPO and ongoing office and administration costs.

Expenses for the year ended October 31, 2017 were \$213,935 compared to \$35,721 for the year ended October 31, 2016:

- Filing fees increased to \$28,878 in 2017 from \$2,500 in 2016, an increase of \$26,378 or 1055%, solely due to preparation for the IPO.
- Office and administration fees increased to \$20,123 in 2017 from \$2,928 in 2016, an increase of \$17,195 or 587%, primarily due to increased travel costs related for financing.
- Professional fees increased to \$122,979 in 2017 from \$30,293 in 2016, an increase of \$100,237 or 441%, primarily due to the preparation for the IPO.
- Share-based compensation increased to \$42,914 in 2017 to \$nil in 2016, an increase of 100%, solely due to the issuance of option agreements during Q2 2017.

Other income for the year ended October 31, 2017 was \$959 compared to \$nil for the year ended October 31, 2016, an increase of 100%, due solely to funds loaned in June 2017.

SUMMARY OF QUARTERLY RESULTS

The figures for the quarters ended October 31, 2017 and 2016 are derived from the Corporation's audited annual financial statements. All other quarterly figures are derived from the Corporation's unaudited condensed interim financial statements.

Period ending	Quarter	Comprehensive loss	Basic and fully diluted loss per share	Total Assets
October 31, 2017	Q4	(27,936)	(0.00)	335,205
July 31, 2017	Q3	(19,402)	(0.00)	361,155
April 30, 2017	Q2	(153,999)	(0.03)	376,849
January 31, 2017	Q1	(12,598)	(0.01)	27,683
October 31, 2016	Q4	(500)	(0.00)	39,758
July 31, 2016	Q3	(7,551)	(0.00)	40,258
April 30, 2016	Q2	(13,753)	(0.01)	52,809
January 31, 2016	Q1	(13,917)	(0.01)	67,118

The Corporation acknowledges that there can be material fluctuations in quarterly results. In the above table, large variances in quarterly results are primarily due to the additional transfer agent, filing, and professional fees in connection with the IPO transaction which took place in the quarter ending July 31, 2017.

OUTSTANDING SHARE DATA

Common Shares

As at October 31, 2017 and the date of this MD&A the Corporation had 7,468,500 common shares issued and outstanding.

Stock Options

At October 31, 2017, there were 1,253,700 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Numbers of options outstanding	Exercise price	Expiry Date
746,850	\$ 0.10	February 28, 2022
506,850	\$ 0.10	March 6, 2019
<u>1,253,700</u>		

LIQUIDITY AND CAPITAL RESOURCES

The Corporation completed an initial public offering (“IPO”) as a Capital Pool Company pursuant to Policy 2.4 of the TSX Venture Exchange. The Corporation received net proceeds of \$452,290, gross proceeds of \$506,850 less share issuance costs of \$54,560, representing the issuance of 5,068,500 common shares of the Corporation at an issuance price of \$0.10. Until the completion of a Qualifying Transaction, not more than 30% of the gross proceeds from the sale of all securities issued by the Corporation, totaling \$152,041, will be used for purposes other than noted above.

The Corporation completed two subscription agreements. The Corporation received \$20,000 in founder subscriptions representing the issuance of 400,000 common shares of the Corporation at an issuance price of \$0.05 from two current insiders and one new founder shareholder.

As at October 31, 2017, the Corporation had net working capital of \$298,845 comprised of cash which management considers to be sufficient for the Corporation to meet its ongoing obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTY

The consolidated financial statements include the financial statements of Harbour Star Capital and its wholly-owned subsidiary 1129971 BC Ltd.

For the year ended October 31, 2017 the Corporation incurred legal costs of \$104,366 from a company related to an officer and director of the Corporation.

The Company incurred the following expenses by directors and officers of the Corporation during the year ended October 31, 2017 and 2016:

	For the year ended October 31,	
	2017	2016
Share-based compensation	\$ 42,914	\$ -
	\$ 42,914	\$ -

FINANCIAL INSTRUMENTS

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

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. The cash is currently being held in a solicitor's trust account and a high quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Corporation is not exposed to any significant interest rate risk.

Foreign currency risk

The Corporation believes it is currently not exposed to foreign currency risk since all of its assets, liabilities and operations are denominated in Canadian dollars.

Price risk

The Corporation believes it currently has no price risk.

The carrying amount of cash, accounts payable and accrued liabilities approximates their fair value due to their short-term nature.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no new accounting standards or amendments adopted during the year ended October 31, 2017.

Accounting standards and amendments that are mandatory for accounting periods beginning on or after February 1, 2018 are disclosed in Note 3 to the audited annual financial statements for the period ended October 31, 2017 and are not expected to have a significant effect on the Company's future results and financial position.

CRITICAL ACCOUNTING ESTIMATES

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The accounting estimates for share based payments is based on the Black-Scholes option valuation model which was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Since the Corporation's stock options have characteristics significantly different from those of traded options and since changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

CAPITAL RISK MANAGEMENT

The Corporation's capital currently consists of common shares. The Corporation defines capital as total equity which was \$307,472 at October 31, 2017. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

Subsequent to the IPO, proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares issued in the IPO may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction.

SUBSEQUENT EVENTS

On November 14, 2017, 1011705 B.C Ltd. (dba Eastwest BioScience) and the Company announced a distribution agreement between EastWest and Amazon, North America's largest online distributor of natural health products. The Company is now set up on Amazon's sales platform and expects to ship its Natural Advancement hemp-based nutraceutical products to Amazon in November.

Additionally, the Company signed an agreement with M2 Brand Management ("M2") to promote EastWest's Natural Advancement brand line and products to thousands of natural health products stores in Canada. M2 is headquartered in Montreal and is one of leading brand management companies for retail consumer products.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information in the “Risks and Uncertainties” and “Outlook” sections that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation’s control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets, volatility of commodity prices, currency fluctuations, delays resulting from the inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the effect of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Corporation’s actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.