

**SPECTRE CAPITAL CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NINE MONTHS ENDED MAY 31, 2021**

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Nine months ended May 31, 2021

*The following is a management's discussion and analysis ("MD&A") of Spectre Capital Corp. (the "Company" or "Spectre"), prepared as of July 26, 2021. This MD&A should be read together with the unaudited condensed interim financial statements for the nine months ended May 31, 2021 and the audited financial statements for the year ended August 31, 2020 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian dollars unless otherwise indicated.*

*Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.*

*Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, the assumption that the Company will become fully compliant with regulatory filing and continued listing requirements, in addition uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.*

*It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as of the date of the MD&A and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.*

*Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.*

*Additional information related to Spectre is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).*

### **The Company's Business**

Altus Acquisition Corp (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on May 24, 2018 and changed its name to Spectre Capital Corp on October 17, 2018. An initial investment of \$187,500 was made by the officers and directors of the Company.

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On August 22, 2019, the Company filed its final prospectus and received final approval on August 26, 2019. Since the Company did not complete its Initial Public Offering ("IPO") in the allotted time, on February 12, 2020, the Company filed with and was accepted by the TSX Venture Exchange ("TSX-V") an amended and restated final prospectus with the securities.

The Company completed its IPO on February 21, 2020, and is classified as a Capital Pool Company as defined in the TSX-V Policy 2.4. The Company was listed on February 21, 2020 and commenced trading on February 25, 2020 under the trading symbol "SOO.P".

The Company has not commenced commercial operations and has no assets other than a minimum amount of cash. The Company will now commence its search for new business opportunities to complete its qualifying transaction. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

There was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the governments in which the Company operates regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place. While the extent of the impact is unknown, we anticipate this outbreak may adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's ability to complete its qualifying transaction.

### **SELECTED ANNUAL INFORMATION**

	<i>Year ended August 31, 2020</i>	<i>Year ended August 31, 2019</i>	<i>Year ended August 31, 2018</i>
<i>Revenue</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Net Loss</i>	<i>\$123,608</i>	<i>\$64,166</i>	<i>\$3,681</i>
<i>Total Assets</i>	<i>\$351,741</i>	<i>\$141,591</i>	<i>\$186,819</i>
<i>Total Long-term Liabilities</i>	<i>\$-</i>	<i>\$-</i>	<i>\$-</i>
<i>Cash dividends per share</i>	<i>\$-</i>	<i>\$-</i>	<i>\$-</i>

The Company was incorporated on May 24, 2018 and August 31, 2018 was the first fiscal year end of the Company. On August 31, 2018, the Company issued 3,750,000 common shares for total proceeds of \$187,500. There were nominal transactions for the year ended August 31, 2018. During the year ended August 31, 2019, the Company incurred a loss of \$64,166 as compared to \$3,681 for the previous year. The increase is due to the cost associated with the preparation and filing of the IPO as the Company was in the process of completing an IPO. During the year ended August 31, 2020, the Company completed its IPO on February 21, 2020 and is classified as a Capital Pool Company as defined in the TSX-V 2.4.

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**RESULTS OF OPERATIONS**

During the three months ended May 31, 2021:

As at May 31, 2021, the Company had no material operations. The Company incurred a net loss of \$28,200 for the three months ended May 31, 2021 as compared to \$11,734 for the comparable period ended May 31, 2020. The main increase is due to the increase in filing and transfer agent fee from \$1,986 to \$16,354 for the current quarter. The Company paid filing fees in connection with its qualifying transaction. All other costs were consistent with that of maintaining its reporting issuer status while the Company completes its qualifying transaction.

During the nine months ended May 31, 2021:

As at May 31, 2021, the Company had no material operations. The Company incurred a net loss of \$67,693 for the nine months ended May 31, 2021 as compared to \$104,030 for the comparable period ended May 31, 2020. Included in the net loss in the period ended May 31, 2020 was the recording of \$50,120 in share-based payments. All other costs were consistent with that of maintaining its reporting issuer status and cost associated with preparation and completion of the qualifying transaction with Hemptown. See proposed transaction section.

During the nine months ended May 31, 2021, the Company provided a bridge loan of \$225,000 to Hemptown, pursuant to the terms of the September 8, 2020 letter of intent with Hemptown. See proposed transactions for more details.

**FOURTH QUARTER**

N/A

**FINANCIAL****SUMMARY OF QUARTERLY RESULTS**

The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter Ended	Revenue	Total expenses	Loss for the period	Basic and Diluted Loss per share
May 31, 2021	\$ Nil	\$ 28,200	\$ 28,200	(0.01)
February 28, 2021	Nil	23,928	23,928	(0.01)
November 30, 2020	Nil	15,565	15,565	(0.00)
August 31, 2020	Nil	19,578	19,578	(0.01)
May 31, 2020	Nil	11,734	11,734	(0.00)
February 29, 2020	Nil	84,925	84,925	(0.28)
November 30, 2019	Nil	7,371	7,371	(0.00)
August 31, 2019	Nil	24,203	24,203	(0.00)

During the quarter ended November 30, 2019, the Company recorded a net loss of \$7,371 which is lower than the previous quarter while the Company continue to complete its IPO. During the quarter ended February 29, 2020, the Company recorded a net loss of \$84,925 as compared to \$7,371 for the previous quarter. The increase can be attributed to the costs associated with the completion of the amended and restated IPO and the share-based payment on the granting of the stock options to directors and officers of the Company. During the quarter ended May 31, 2020,

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the Company recorded a net loss of \$11,734 as compared to \$84,925 for the previous quarter. Current cost reflects the cost of maintaining the Company as a reporting issuer whereas the prior quarter cost includes the cost for completion of the IPO. During the quarter ended August 31, 2020, the Company recorded a net loss of \$19,578 which is comparable to the \$11,734 for the previous quarter except for the year end audit fee accrual. During the quarter ended November 30, 2020, the Company recorded a net loss of \$15,565 which is comparable to the \$19,578 for the previous quarter. During the quarter ended February 28, 2021, the Company recorded a net loss of \$23,928 which is comparable to the net loss of \$15,565 for the previous quarter. During the quarter ended May 31, 2021, the Company recorded a net loss of \$28,200 which is comparable to the net loss of \$23,928 for the previous quarter.

### *CHANGE IN FINANCIAL CONDITION*

Between May 24, 2018 and May 31, 2021, the Company's principal changes in financial condition were the result of incurring expenses associated with the preparation and filing of the Company's prospectus.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's current activities have been funded to date through the issuance of common shares.

As at May 31, 2021 the Company had cash of \$46,416, GST receivable of \$8,604 and prepaid expenses of \$17,527 less payables of \$32,675 with a net working capital of \$39,872. The Company will have no revenue and significant expenses are expected in the identification and acquisition of a qualifying asset. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to TSX Venture Exchange policies and approvals.

Management is closely evaluating the impact of COVID-19 on the Company's business. At this time, management does not see a material impact to its business, however, the situation is evolving and could become material if the pandemic worsens.

This Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

The Company has no material assets other than cash and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the completed IPO will have sufficient working capital to meet its current financial obligations.

### **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off balance sheet arrangements.

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### ***RELATED PARTY TRANSACTIONS***

#### ***Key management personnel compensation***

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management. During the nine months ended May 31, 2021, there were no compensations paid.

### ***PROPOSED TRANSACTIONS***

On September 8, 2020, the Company entered into a letter of intent ("LOI") with Hemptown Organics Corp. ("Hemptown") pursuant to which the Company will acquire all of the issued and outstanding shares of Hemptown (the "Transaction") which is intended to constitute the Company's qualifying transaction. Upon execution of this LOI, the Company and Hemptown will enter into a Definitive Agreement which will supersede this LOI.

In accordance with the terms of the Definitive Agreement, it is anticipated that each common share of Hemptown outstanding at the time of the completion of the Transaction be exchanged for one (the "common share exchange ratio") fully paid and non-assessable common share of the Company and that each Class A share of Hemptown outstanding at the time of the completion of the Transaction, be exchanged for one (the "Class A share exchange ratio") full paid and non-assessable class A share of the Company and each stock option or warrants of Hemptown for common share and Class A outstanding will thereafter be exercisable into securities of the Company, as adjusted for the Common share exchange ratio and Class A share exchange ratio respectively.

The Company provided within two months of the LOI a bridge loan of \$225,000 to Hemptown, which will be secured by a general security agreement on the assets of Hemptown and a promissory note. The loan will be forgiven upon closing of the Transaction or otherwise be repayable on demand. This amount is included in Loan receivable as at May 31, 2021.

Immediately prior to the completion of the transaction, the Company will undertake a consolidation on the basis of 2.5 old common shares for every 1 new common share.

The completion of the Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) the completion of a financing into the Company or Hemptown; (ii) court approval of the Arrangement, (iii) the approval by the board of directors of the Company to complete the Transaction, (iv) the completion of the share consolidation and creation of new Class A shares; (v) the absence of any material adverse change, material litigation, claims, investigations or other matters, including any subsidiaries or related companies of Hemptown; and (vi) receipt of all requisite regulatory, stock exchange, court or governmental authorizations and consents, including the Exchange. There can be no assurance that the Transaction will be completed on the terms proposed above or at all.

### ***RISKS AND UNCERTAINTIES***

The Company is a CPC under the policies of the Exchange. Investment in the common shares of the Company must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. The following are risk factors associated with the Company:

(a) The Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash, prepaid expenses and refundable tax credits. It

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has no history of earnings, and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;

(b) The Board of Directors and Officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;

(c) There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell their common shares;

(d) Until completion of an IPO, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;

(e) The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;

(f) Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the Qualifying Transaction;

(g) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction (within the meaning of Exchange Policies), majority of the minority approval;

(h) Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which majority of the minority approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares;

(i) Upon public announcement of a proposed Qualifying Transaction, trading in the common shares of the Company will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares of the Company will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction;

(j) Trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required;

(k) The Exchange will generally suspend trading in the Company's common shares or delist the Company if the Exchange has not issued a Final Exchange Bulletin (as that term is defined in Exchange Policies) within 24 months from the date of listing.

(l) Neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;

(m) If management of the Company resides outside of Canada or the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such Persons, judgments obtained in Canadian courts;

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(n) The Qualifying Transaction may be financed in whole or in part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;

(o) The Company is relying solely on the past business success of its Directors and Officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

As a result of these factors, this Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

### ***CRITICAL ACCOUNTING ESTIMATES***

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 further periods if the review affects both current and future periods.

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The Directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements.

### ***CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION***

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at August 31, 2020. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2020.

### ***FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS***

The Company's financial instruments consist of cash, accounts payable and accrued liabilities.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

#### *Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

#### *Interest rate risk*

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The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

*Liquidity risk*

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

**OUTSTANDING SHARE DATA**

As of the date of the MD&A, the Company had 7,160,001 issued and outstanding common shares.

As at the date of the MD&A there are 200,000 agent's warrants outstanding to acquire up to 200,000 common shares at \$0.10 per share exercisable until February 20, 2022.

As at the date of the MD&A there are 716,000 stock options outstanding to acquire up to 716,000 common shares at \$0.10 per share exercisable until February 20, 2025.

**APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.