

**DIXIE BRANDS INC.**  
**(FORMERLY ACADEMY EXPLORATIONS LIMITED)**

Management Discussion and Analysis  
For the Six month period ended October 31, 2018

This Management Discussion and Analysis (“MD&A”) of Dixie Brands Inc. (the “Company”) provides analysis of the Company’s financial results for the six month period ended October 31, 2018. The following information should be read in conjunction with the accompanying unaudited financial statements and the notes thereto. This MD&A was prepared using information that is current as of December 27, 2018, unless otherwise stated

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion other than statements of historical facts, that address future acquisitions and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or development may differ materially from those forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, regulatory approvals, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

The Company is a marketing, intellectual property and product development company designed to build and manage the expansion of the Dixie product portfolio worldwide. What started as a Dixie Elixir beverage in 2010, as part of the legal medical marijuana market in Colorado, has grown to be the first true national consumer package goods company in the cannabis industry. The Company has three portfolio companies under its umbrella: Dixie Elixirs & Edibles, Aceso Wellness (Hempderived CBD based human dietary supplement), and Therabis (Hemp-derived CBD based pet food supplement). The company currently operates in four U.S. states with an aggressive expansion plan for 2019. The Company has also executed a license agreement with Auxly Cannabis (“Auxly”) in May of 2018. This agreement permits Auxly to exclusively produce and distribute Dixie branded products throughout Canada. The Company’s expansion strategy will be to control manufacturing and distribution in all markets where it participates while simultaneously building a global brand known for its quality and efficiency

**Selected Annual Information**

	2018	2017	2016	2015	2014

Total revenue:	\$6,903	\$6,626	\$6,511	\$2,750	\$2,816
Total net loss:	(38,911)	(30,949)	(70,737)	(65,006)	(6,129)
Net loss per share:	(2.48¢)	(1.97¢)	(4.53¢)	(4.15¢)	(0.04¢)
Total assets:	\$226,058	\$265,924	\$297,573	\$367,597	\$434,408
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil
Cash dividends declared per share:	Nil	Nil	Nil	Nil	Nil

### Summary of quarterly results:

	Oct.31, 2018	July 31, 2018	April 30, 2018	Jan. 31, 2018	Oct. 31, 2017	July 31, 2017	April 30, 2017	Jan. 31, 2017
Total revenue	:\$NIL	\$966	\$1,580	\$1,587	\$1,590	\$2,146	\$1,027	\$1,629
Total net income (loss)	\$(111,719)	\$(395,834)	\$(16,034)	\$(9,240)	\$(10,863)	\$(2,774)	\$(8,973)	\$(293)
Net income (loss) per share	(0.42) ¢	(4.59)¢	(1.02)¢	(0.59)¢	(0.69)¢	(0.18)¢	(0.58)¢	(0.01)¢

As at October 31, 2018, the Company had working capital of \$211,384. Management believes this working capital will be sufficient to fund its activities. Management plans to still maintain a high degree of liquidity in the Company to cover the Company's monthly operating expenses.

### Additional disclosure for Venture Issuers without Significant Revenue

As the Company has no significant revenue from its operations, the following is a breakdown of the material costs in the periods noted:

	October 31, 2018	July 31, 2018	April 30,,2018
Salary of CFO	\$ -	\$4,000	\$6,000
Consulting fees	-	377,279	-
Legal and audit	47,037	15,000	4,000

	January 31, 2018	October 31, 2017	July 31, 2017
Salary of CFO	\$ 6,000	\$6,000	\$6,000
Shareholders' information	-	8,842	-
Legal and audit	-	2,073	-
	April 30, 2017	January 31, 2017	
Salary of CFO	\$ 6,000	\$6,000	
Shareholders' information	-	1,596	
Legal and audit	4,000	1,758	

### **Financial Instruments and Other Risks**

The Company's financial instruments consist of cash in bank, accounts receivable and accounts payable and accrued liabilities. The carrying value is the same as the cost because of their short term nature and maturities. The Company sold its bank preferred shares in June, 2018 for \$128,490 which cost \$137,500, for a loss of \$11,010.

### **Transactions with related parties:**

Paul Appleby the former Director, President and CFO received an annual salary of \$24,000.

### **Share Capital**

The company has issued 26,567,234 common shares as of October 31, 2018 which includes 1,567,234 common shares issued as of the year ending April 30, 2018 and an additional 25,000,000 common shares issued on July 5, 2018 further discussed in "Private Placement".

### **Changes in Directors and Officers**

On June 26, 2018, Paul Appleby, Jon Hussman and Eric Feldbloom resigned as directors of the Company, and Paul Appleby tendered his resignation as President, Chief Executive Officer and Chief Financial Officer of the Company. Binyomin Posen, Sruli Weinreb and Barry Polisuk were appointed as directors of the Company to fill the vacancies created by the foregoing resignations. Binyomin Posen was appointed to the offices of Chief Executive Officer and Chief Financial Officer and Shimmy Posen was appointed as Secretary of the Company.

### **Private Placement**

On July 5, 2018 the Company issued an aggregate of 25,000,000 common shares ("Common Shares") at a price of \$0.02 per Common Share for gross proceeds of

\$500,000. All of the Common Shares issued pursuant to the Offering are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation. The net proceeds of the Offering will be used for general working capital purposes. Shimcity Inc., a corporation controlled by Shimmy Posen, the Secretary of the Company, subscribed for Common Shares in the Offering. This issuance constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). However, Mr. Posen's acquisition is exempt from the formal valuation and majority of the minority shareholder approval requirements set out in MI 61-101 since, at the time the transaction was agreed to: (i) the securities of the Company were not listed or quoted on one of the exchanges or markets specifically identified in MI 61-101; (ii) neither the fair market value of the securities to be distributed in the Offering nor the consideration to be received for those securities, insofar as the transactions involves interested parties, exceeded \$2,500,000; and (iii) the Company has one or more independent directors and, at least two thirds of said independent directors approved the transaction, all as required pursuant to sections 5.5 and 5.7 of MI 61-101.

The Company also, on July 5, 2018 authorized the grant of 400,000 incentive stock options to certain of its directors and officers. Each such option entitles the holder to acquire one Common Share for a period of 3 years at an exercise price of \$0.02 per Common Share

### **Reverse Takeover Transaction**

On November 26, 2018 Dixie Brands, Inc. ("USA Inc.") and the Company completed a reverse takeover ("RTO") transaction. Pursuant to the RTO transaction, the Company's wholly owned subsidiary ("Amalco") merged with USA Inc., forming a Delaware, U.S.A. incorporated operating company named Dixie Brands (USA) Inc. ("OpCo"). Through this amalgamation, OpCo became a wholly owned subsidiary of the Company. As part of the RTO, by Articles of Amendment dated November 26, 2018, the Company changed its name to Dixie Brands Inc. and its directors and officers at that date resigned effective as of the RTO.

The new Board of Directors consist of:

Charles Smith-President and Chief Executive Officer, Denver, Colorado  
Brian Graham, Atlanta, Georgia  
Melvin Yellin, New York, New York  
Devin Binford, New York, New York  
Vincent "Tripp" Keber III, Denver, Colorado  
Michael Lickver, Toronto, Ontario  
Hugo Alves, Toronto, Ontario

Former shareholders of USA Inc. were issued a total of 118,137,967 subordinate voting shares of the Company. The Company's shareholders retained 6,640,301 subordinate

voting shares of the Company, after giving effect to a 4- for-1 share consolidation approved by its shareholders earlier this year. The Company currently has 124,778,269 subordinate voting shares issued and outstanding, as well as 500,000 non-participating voting shares held by Dixie Brands SPV, LLC, a company controlled by certain members of the Company's senior management entitling it to 100 votes per non-participating voting share at any shareholder meeting of the Company. The Company's subordinate voting shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol DIXI.U on November 29, 2018. A listing statement with information about the Company and prepared in accordance with the policies of the CSE has been filed on SEDAR and is available at [www.sedar.com](http://www.sedar.com).

**Other Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Charles Smith, Director, President and Chief Executive Officer