The BC Bud Corporation

Management's Discussion and Analysis

For the nine months ended November 30, 2024

Forward-Looking Information

The following is management's discussion and analysis ("MD&A"), prepared as of January 28, 2025. This MD&A should be read in conjunction with the The BC Bud Corporation's (the "Company", "BCBC") unaudited condensed interim financial statements and the accompanying notes for the nine months ended November 30, 2024, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement.

The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Description of Business

The BC Bud Corporation (the "Company") was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. On September 29, 2021, the Entheos Capital Corp. completed a reverse takeover transaction with The BC Bud Corporation and changed its name to The BC Bud Corporation. The BC Bud Corporation is listed on the Canadian Securities Exchange ("CSE") under the symbol "BCBC". The Company's registered office is located at 830 – 999 W Broadway, Vancouver, British Columbia, V5Z 1K5.

Company is developing recreational cannabis products and brands in the cannabis industry through licensing, white label contract manufacturing agreements with licensed producers within their facilities under the Cannabis Act selling to provincial distributors and marketing to retailers. BCBC is not a licensed producer. Its active offerings in branded products will include The BC Bud Co flower, infused and vape products, edibles under the brand 'Canna Beans' and "Canna Almonds", concentrates sold as 'Solventless Solutions', and select lifestyle apparel.

BCBC is a house of brands that aligns with and rely on licensed cannabis processors and producers to contract manufacture a variety of cannabis products in different product categories. The processors and producers are licensed under the Cannabis Act and Bill C-45, (together with the regulations made thereunder from time to time, the "Cannabis Act"). Through their partnership agreements with licensed manufacturers and distributors, the Company will bring to market specialized flowers, concentrates, edibles, and apparels.

Change of Auditor

An enforcement report dated December 7, 2023 was issued by the Canadian Public Accountability Board ("CPAB") against the Company's former auditor, BF Borgers CPA PC. Pursuant to the enforcement report, the former auditor is prohibited from accepting Canadian reporting issuers as clients. The former auditor was asked to resign by the Company which occurred on March 12, 2024. The Company confirms that, at this time, there have been no reservations or modified opinions in the former auditor's reports for any period during which the former auditor was the auditor of the Company. The board approved the resignation of the former auditor and the appointment of the successor auditor in place of the former auditor. At the request of the British Columbia Securities Commission ("BCSC"), the Company was asked to amend and restate its audited consolidated financial statements for the fiscal year ended February 28, 2023. On May 27, 2024 the Company appointed Davidson & Company LLP as its auditor. The successor auditor has reaudited the fiscal year ended February 28, 2023, as part of this engagement.

The resignations and appointments of auditors of the Company were considered and approved by the audit committee and the board of directors of the Company.

On July 2, 2024, the Company announced the delay in filing its financial statements and management's discussion and analysis for the year ended February 29, 2024 due to the change in auditors. The Company was granted a management cease trade order ("MCTO") by the BCSC.

On October 16, 2024, the Company announced that it had completed the filing of the financial statements and management's discussion and analysis for the year ended February 29, 2024. The MCTO was subsequently removed from BCBC.

Management Changes

- On May 7, 2024, the Company appointed Sean Flynn as the Chief Commercial Officer. Mr. Flynn subsequently resigned from the Company on August 31, 2024.

- On October 25, 2024, Simon Tso resigned as Chief Financial Officer and Corporate Secretary of the Company.

- On November 1, 2024, the Company appointed Lachlan McLeod as Chief Financial Officer and Corporate Secretary of the Company. Mr. McLeod is a Chartered Professional Accountant (CPA) with a BSc in Economics with a minor in Business from the University of Victoria. Additionally, he obtained his Diploma of Accounting from the Sauder School of Business at the University of British Columbia. Mr. McLeod has over a decade of accounting experience in both public and private companies, including four years as an auditor at a KPMG.

- On December 30, 2024, the Company appointed Alyssa Barry to the Board of Directors. Alyssa Barry is the President of Alliance Advisors Investor Relations, joining through the 2024 acquisition of irlabs, a leading IR firm she co-founded in 2021. With 20 years of capital markets and investor relations experience, Alyssa's expertise spans shareholder activism, corporate governance, and taking companies public in Canada and the US. She has raised over $1 billion in capital and previously served as Corporate Secretary of Artis REIT (TSX: AX.UN). In 2024, Alyssa was named one of Canada's Most Powerful Women: Top 100 by the Women's Executive Network (WXN) and recognized in Business in Vancouver's Top 40 Under 40. On December 30, 2024, the Company also accepted the resignation of Brian Taylor from the Board of Directors

- On January 22, 2025, the Company appointed Ken Osborne to the board of directors. Ken is a seasoned finance professional with deep expertise in mergers and acquisitions, capital markets, and strategic advisory. As a General Partner at Osborne Partners Ltd., he has led numerous successful transactions, including acquisitions, equity financings, and venture debt mandates across a range of industries. Previously, Ken was a key member of the M&A team at TELUS Corporation, where he managed 11 acquisitions spanning the telecom and agriculture technology sectors. A CFA Charterholder, Ken is based in Vancouver, BC. The Company has also accepted the resignation of Justin Chorbajian from the Board effective January 22nd, 2025.

Recent Announcements

- On April 12, 2024, the Company announced that it had closed a non-brokered private placement for gross proceeds of $400,000. The Company issued 20,000,000 units at a price of $0.02 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.05 per share for a period of 24 months.

- On May 14, 2024, the Company announced the addition of Cary Alexander to its advisory board. Cary played a key role in financing, developing, and expanding successful cannabis brands such as Jeeter, Bloom, Packwoods, and Tyson 2.0.

- On November 7, 2024, the Company announced the issuance of 900,000 common shares to certain directors and consultants. The common shares had a fair value of $13,500 on the date of issuance.

- On November 20, 2024, the Company announced that it had closed a non-brokered private placement for gross proceeds of $375,000. The Company issued 25,000,000 units at a price of $0.015 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.10 per share for a period of 24 months.

- On December 3, 2024, the Company announced to diversify its treasury with purchases in Ripple (XRP), a popular and increasingly legitimized cryptocurrency, as part of its strategic efforts to create shareholder value. The Company has begun by allocating CAD $250,000 from its cash reserves held in its Canadian accounts to purchase XRP. This move reflects the Company's belief in the potential of XRP to provide an attractive return on investment for shareholders.

- On January 9, 2025, the Company announced that it has entered into a market stabilization and liquidity services agreement with Red Cloud Securities Inc. ("RCSI") to provide market making services in accordance with the policies of the Canadian Securities Exchange ("CSE"). RCSI will trade the Company's shares on the CSE for the purposes of maintaining reasonable bid and offer spreads and improving the liquidity of the Company's shares (the "Services"). RCSI will begin providing the Services on January 15th, 2025, and will continue to provide the Services on a monthly basis for a cash fee of $5,000 per month.

- On January 24, 2025, the Company announced that it had closed two tranches of a non-brokered private placement for gross proceeds of $1,142,574. The Company issued 15,234,330 units at a price of $0.075 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.15 per share for a period of 24 months.

Selected Quarterly Information

Discussion of Operations for the three months ended November 30, 2024 ("Q3 2024") compared to the three months ended November 30, 2023 ("Q3 2023"):

The Company had a net loss for Q3 2024 of $129,373 (2023 - $355,599). The change of $226,226 in the net loss for Q3 2024 compared to Q3 2023 was impacted by the differences below:

- Gross loss of $14,717 (Q3 2023 – $187,732) decreased due to higher cost of goods sold from increased product costs in 2024. This is related to higher competition in the market place in 2024, leading to more returns and lower revenues, and increased costs of materials. In 2024, there were no changes in revenue segments, but there were significant changes in sales volume (and revenue) due to several partners becoming delinquent. In addition, the Company ended the relationship with several groups due to their debt obligations to the Canada Revenue Agency, and the Company was forced to discontinue specific branded product sales, due to receivables not being able to be collected as these groups' funds were garnished by government.
- Accretion of $4,589 (Q3 2023 - $4,347) increased slightly due to interest costs from additional loans that were outstanding during 2024.
- Advertising and promotion of $Nil (Q3 2023 – recovery of $6,906) due to a few large marketing and public relations campaigns in 2023 aimed at promotion, paid to 3 main advertising companies. There were also more online media services, with a campaign paid for online awareness and advertising. The Company recovered some of the 2023 fees in Q3 2023.

- Consulting fees of $71,500 (Q3 2023 - $85,347) decreased due to a reduction in contract management fees and cost saving efforts to reduce expenses during the MCTO.
- Stock based compensation of $Nil (Q3 2023 - $3,910) decreased due to the granting and vesting of stock options in 2023 but not in Q3 2024.
- Professional fees of $16,182 (Q3 2023 - $65,035) decreased due to the decrease in market maintenance services and business and financing activity, and the timing of the 2024 audit work compared to 2023.
- Regulatory and transfer agent fees of $19,472 (Q3 2023 – $9,393) increased due to higher listing and filing fees incurred in 2024 for the Company's OTC fees and regulatory requirements. Also, the Company incurred late filing fees for SEDAR during Q3 2024.

Discussion of Operations for the nine months ended November 30, 2024 ("YTD 2024") compared to the nine months ended November 30, 2023 ("YTD 2023"):

The Company had a net loss for YTD 2024 of $507,923 (2023 - $697,959). The change of $190,036 in the net loss for Q3 2024 compared to Q3 2023 was impacted by the differences below:

- Gross loss of $62,540 (YTD 2023 – $62,880) decreased due to higher cost of goods sold from increased product costs in 2024. This is related to higher competition in the marketplace in 2024, leading to more returns and lower revenues, and increased costs of materials. In 2024, there were no changes in revenue segments, but there were significant changes in sales volume (and revenue) due to several partners becoming delinquent. In addition, the Company ended the relationship with several groups due to their debt obligations to the Canada Revenue Agency, and the Company was forced to discontinue specific branded product sales, due to receivables not being able to be collected as these groups' funds were garnished by government.
- Accretion of $13,702 (YTD 2023 - $9,475) increased slightly due to interest costs from additional loans that were outstanding during 2024.
- Advertising and promotion of $1,390 (YTD 2023 – $105,399) due to a few large marketing and public relations campaigns in 2023 aimed at promotion, paid to 3 main advertising companies. There were also more online media services, with a campaign paid for online awareness and advertising. These services were stopped in 2024.
- Bad debt recovery of $38,824 and gain on debt settlement of $28,052 due to a customer sending products with a fair value of $66,876 to the Company to settle accounts receivable that was previously written off. No comparable transaction occurred during YTD 2023.
- Consulting fees of $186,726 (YTD 2023 - $208,767) decreased due to a reduction in contract management fees and cost saving efforts to reduce expenses during the MCTO.
- Stock based compensation of $Nil (YTD 2023 - $43,302) decreased due to the granting and vesting of stock options in 2023 but not in YTD 2024.
- Professional fees of $122,157 (YTD 2023 - $214,906) decreased due to the decrease in market maintenance services and business and financing activity, and the timing of the 2024 audit work compared to 2023. Also, the Company was required to perform the audit for the year ended February 28, 2023 twice, effectively doubling the fee in the prior year.
- Regulatory and transfer agent fees of $43,454 (YTD 2023 – $20,801) increased due to higher listing and filing fees incurred in 2024 for the Company's OTC fees and regulatory requirements. Also, the Company incurred late filing fees for SEDAR during YTD 2024.
- Inventory write-down of $116,388 during YTD 2024 due to inventory becoming obsolete.

Summary of Quarterly Results

The following is a summary of consolidated quarterly results of the Company for the eight most recently completed financial quarters ended November 30, 2024:

Quarter ended	Revenue	Net income (loss) and comprehensive income (loss)	Weighted average number of shares	Basic and diluted (loss) income per share
	$	$	#	$
November 30, 2024	37,232	(129,373)	102,403,204	(0.00)
August 31, 2024	36,499	(397,745)	77,010,982	(0.01)
May 31, 2024	6,306	19,195	64,986,432	(0.00)
February 29, 2024	(473,249)	(526,097)	56,510,982	(0.01)
November 30, 2023	74,939	(355,599)	56,117,232	(0.01)
August 31, 2023	262,213	(192,662)	55,244,704	(0.00)
May 31, 2023	197,579	(149,698)	53,470,565	(0.00)
February 28, 2023	(512,572)	(519,455)	53,470,565	(0.01)

During the quarter ended November 30, 2024 and August 31, 2024, sales have remained consistent at an estimated $37,000 per quarter. This leveling off has come as the Company recently consolidated its inventory with a smaller number of suppliers. This transition took time and caused a decrease in sales during the quarters ending May 31, 2024 and February 29, 2024. These transfers of inventory were completed during the quarter ended August 31, 2024. The completion of these transfers is expected to reduce operating expenses as operations are now simpler, with a lower level of total sales expected. The Company sales have experienced large fluctuations caused by year end audit adjustments related to revenue recognition. The Company's net loss over the past eight periods is around $200,000 per quarter, with fluctuations due to adjustments for impairment of inventory and accounts receivable.

Off Balance Sheet Arrangements

The Company had no off-balance sheet arrangements that are not disclosed above as at November 30, 2024, and as at the date of this MD&A.

Proposed Transactions

As at November 30, 2024, the Company had no undisclosed proposed transactions.

Liquidity and Capital Resources

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations including corporate and administrative functions and to support operations. The Company obtains funding primarily through issuing common stock and through its loans payable. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes in the Company's approach to capital management during the nine months ended November 30, 2024. The Company is not subject to externally imposed capital requirements.

At November 30, 2024, the Company had working capital of $436,937 compared to a deficit of $27,954 for February 29, 2024. All the current accounts payable and accrued liabilities are due and payable within 12 months.

The following is the cash flow activities for the six months ended June 30, 2024 and 2023:

Nine months ended November 30,	**2024**	2023
	$	$
Cash used in operating activities	**(559,461)**	(567,956)
Cash provided by (used in) investing activities	**-**	-
Cash provided by financing activities	**1,024,025**	308,500
Net increase (decrease) in cash	**464,564**	(259,456)
Cash, beginning of period	**4,202**	311,314
Cash, end of period	**468,766**	51,858

Cash used in operating activities of $559,461 during the nine months ended November 30, 2024 was mainly the result of operating losses. In the comparable period, the operating activities provided cash of $567,956.

The Company had no cash flows from investing activities during the nine months ended November 30, 2024 and 2023.

Cash provided by financing activities of $1,024,025 during the nine months ended November 30, 2024 (2023 - $308,500) was the result of the following transactions:

- Private placements totaling $774,025 in proceeds, net of share issuance costs, in exchange for 45,000,000 common shares.
- Warrant exercises totaling $150,000 in proceeds in exchange for 3,000,000 common shares.
- Proceeds from loans payable of $100,000 as the Company has borrowed funds for working capital purposes.

The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to generate cash flow through the sales of products and the issuance of common shares pursuant to private placements. The Company has relied primarily on equity financing for all funds raised to date for its operations but has also been dependent on loans made by related parties. The Company needs more funds to finance its operations. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on additional external sources of financing which may not be available on acceptable terms.

The Company works to meet its administrative overhead and finance operations going forward. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate expenditures and/or investments and may be unable to continue in operation. There is no assurance that any future funding can be accomplished as it would be wholly dependent on the state of the capital markets for junior cannabis companies. The Company does not anticipate the payment of dividends in the future.

Transactions with Related Parties

Related parties include the directors, corporate officers, key management personnel, significant shareholders and enterprises that are controlled by these individuals. This includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole and its subsidiaries.

During the nine months ended November 30, 2024 and 2023, the Company expensed the following amounts towards related parties:

Consulting fees		**Nine months ended**		
		November 30, 2024		**November 30, 2023**
TJT Ventures Ltd. (Management)	$	45,000	$	60,000
Brayden Sutton (CEO and Director)		50,000		60,000
Lachlan McLeod (CFO and Corporate Secretary)		6,760		-
Brian Taylor (Former Director)		3,600		-
Justin Chorbajian (Former Director)		3,600		-
Sean Flynn (Chief Commercial Officer)		50,000		-
	$	158,960	$	120,000

RSUs vested (Note 8)		**Nine months ended**		
		November 30, 2024		**November 30, 2023**
Dayna Lange (former Director)	$	-	$	20,672
Brian Taylor (Director)		-		20,672
Justin Chorbajian (Director)		-		20,672
	$	-	$	62,016

Share-based compensation	**Nine months ended**		
	November 30, 2024		**November 30, 2023**
Dayna Lange (former Director)	-	$	9,574
Brian Taylor (Director)	-		9,574
Justin Chorbajian (Director)	-		9,574
	-	$	28,722

Rent expense		**Nine months ended**		
		November 30, 2024		**November 30, 2023**
Cybin Therapeutics Inc.	$	8,400	$	-

Transactions with Tricanna Industries Inc, an entity whose CFO is Dayna Lange, a former director of the Company		**Nine months ended** **November 30, 2024**		**November 30, 2023**
Revenue	$	-	$	183,870
Purchases		-		124,244
Advances Paid		-		124,864

As at November 30, 2024 the Company had $28,171 (February 29, 2024 - $251,073) due to related parties included in accounts payable and accrued liabilities. These amounts are non-interest bearing and due on demand.

During the nine months ended November 30, 2024, the Company paid $27,500 to Zeus Capital Ltd., the employer of the former CFO and Corporate Secretary. (2023 - $67,500).

Financial Instruments

<u>Fair Value</u>

The Company classifies its cash, term deposits, accounts payable and accrued liabilities and loan payable at amortized cost instruments. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Loan payable is carried at amortized cost, measured at level 2 inputs of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

<u>Credit risk</u>

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its accounts receivable, advances and liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a chartered bank. The Company considers credit risk with respect of these amounts to be low. The carrying amount of financial assets represents the maximum credit exposure.

Amounts Receivable

Amounts receivable consists of trade receivables of $56,885 at November 30, 2024 (February 29, 2024 - $Nil). To reduce the credit risk of amounts receivable, the Company regularly reviews the collectability of the amounts receivable to ensure there is no indication that these amounts will not be fully recoverable. As well, any accounts receivable outstanding for more than 90 days is generally considered bad debt, unless there are strong indications that the debt can be collected based on management expectations and historical collections. Subsequent bad debt collected will be included as a bad debt recovery. As a result, as at November 30, 2024, the Company impaired its accounts receivable balance when arriving at the expected credit losses of $Nil (2023 - $Nil) in accordance with IFRS 9, *Financial Instruments*.

This bad debt was in occurrence with the nationwide CRA revenue absorption of outstanding excise taxes owing which included several processing and distribution partners, causing a cash crunch.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at November 30, 2024, the Company had working capital of $436,937 (February 29, 2024 – deficit of $27,954). All of the Company's current liabilities are due within 90 days of November 30, 2024.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate foreign currency risk or other price risk.

Debt Settlement

During the nine months ended November 30, 2024, a customer settled $38,824 in accounts receivable by sending products with a fair value of $66,876 to the Company. As this receivable amount was previously written off, this settlement was recorded as a recovery of bad debt of $38,824 and gain on debt settlement amounting to $28,052.

During the nine months ended November 30, 2024, $33,946 in accounts payable, previously written off as of February 29, 2024, was assigned to a third party and considered payable, resulting in an increase of $33,946 in accounts payable and cost of sales as a result.

Changes In Accounting Standards

Accounting standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after December 1, 2024. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

Material Accounting Policy Information

The preparation of condensed consolidated interim financial statements in conformity with IFRS Accounting Standard requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. It is reasonably possible that circumstances may arise that would cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect the Company's financial position. A significant area requiring the use of management estimates and judgments is the impairment of accounts receivable and the estimate of the revenues to be recognized given the return rights of the products of by the provincial bodies.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the amounts of reported in the condensed consolidated interim financial statements include:

Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15 (refer to accounting policy). The payment terms over revenue contracts are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturer. This impacts the estimate of revenues to be recognized as returns.

Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15 (refer to accounting policy). The payment terms over revenue contracts are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturers. This impacts the estimate of revenues to be recognized as returns.

Outstanding Share Data as of November 30, 2024

The Company's authorized share capital consists of an unlimited number of voting common shares without par value. The Company had the following securities outstanding as at November 30, 2024 and the date of this MD&A:

	November 30, 2024	**Date of this MD&A**
	#	**#**
Common shares	105,910,982	**125,470,312**
Stock options	950,000	**8,950,000**
Warrants	51,446,667	**62,355,997**
Fully diluted securities	158,307,649	**196,776,309**

Subsequent Share Transactions:

- On January 17 and 24, 2024, the Company issued 15,234,330 units for proceeds of $ 1,142,575 at a price of $0.075 per unit. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to acquire an additional common share at a price of $0.15 per share for a period of 24 months.

- On January 22, ,2024, the Company granted 8,000,000 stock options to certain directors, officers and consultants of the Company, pursuant to the Company's omnibus share incentive plan. Each option is exercisable by the holder for one common share at an exercise price of $0.12 for a period of two years.

- The Company issued 4,325,000 common shares pursuant to the exercise of warrants. The exercise of warrants totaled was for gross proceeds of $216,250.

Previous Financings – Use of Funds

RTO Financing - May 31, 2021

Principal Purpose	**Budgeted Expenditures**	**Actual Expenditures**
Estimated general and administrative costs over the 12 months following the Listing Date	788,000	735,143
Inventory, Materials and Equipment Purchases	370,000	591,388
Completion of short-term business objectives of the Target (Breakdown Below)	875,000	1,011,749
Unallocated working capital	163,091	433,291
	2,196,091	**2,771,571**

Milestones	**Target Date**	**Cost**
Commence sales of "CannaBeans"	Q3 2021	90,000
Commence sales of "Solventless Solutions concentrate"	Q4 2021	125,000
Commence sales of flower	Q3 2021	80,000
Commence sales of vape cartridges	Q3 2021	150,000
Commence sales of cannabis infused beverage	Q4 2021	100,000
New product and brand development, including non-alcoholic beer and other research and development and materials costs	Ongoing	330,000
		875,000

The table above shows funds available at the time of completion of the Issuer's RTO transaction on September 29, 2021 and the principal planned purpose for available funds compared with approximately amounts actually spent as at February 28, 2023.

Actual expenses on the Issuer's short-term objectives were higher than expected due to the following factors:

(a) Canna Beans sales did not commence when expected due to additional timing required for dosing which increased R&D costs. Marketing costs and packaging costs also increased due to inflationary factors

(b) Concentrate sales were also delayed as a result of the Issuer's partner experiencing licensing delays and increased marketing during the delays
(c) Launch of flower required larger upfront purchases to ensure product inventory for expanded markets, particularly in Ontario
(d) Costs exceeded projections on vaping cartridges due to upfront packaging and hardware costs. Extraction costs also exceeded expectations due to minimum extraction, product non-compliance and shipping delays
(e) Beverage project was paused due to size of existing market and expected increased costs for formulation and sustainability testing
(f) Given overruns relative to flower and vape, the Issuer reduced its budgeted R&D and new product development allocations

Private Placement - February 2023

Funds Raised	340,000
Stated purpose in news release	Business development and general working capital
Actual Use	The funds have been spent on acquisition of inventory, financing receivables, and general operating costs
Variances and impact of variances	No material variances have been identified by the Company. Proceeds have been used as intended to date and to finance the Company's operations while meeting administrative requirements.

Private Placement - August 2023

Funds Raised	198,500
Stated purpose in news release	Business development and general working capital
Actual Use	The funds have been spent on acquisition of inventory, financing receivables, and general operating costs
Variances and impact of variances	No material variances have been identified by the Company. Proceeds have been used as intended to date and to finance the Company's operations while meeting administrative requirements.

Private Placement – April 2024

Funds Raised	400,000
Stated purpose in news release	Business development and general working capital
Actual Use	The funds have been spent on acquisition of inventory, financing receivables, and general operating costs
Variances and impact of variances	No material variances have been identified by the Company. Proceeds have been used as intended to date and to finance the Company's operations while meeting administrative requirements.

Private Placement – Nov 2024

Funds Raised	375,000
Stated purpose in news release	Business development and general working capital
Actual Use	The funds have been spent on acquisition of inventory, financing receivables, and general operating costs

Variances and impact of variances	No material variances have been identified by the Company. Proceeds have been used as intended to date and to finance the Company's operations while meeting administrative requirements.

Officers and Directors
Brayden Sutton, CEO and Director
Thomas Joshua Taylor, President and Director
Lachlan McLeod, CFO and Corporate Secretary
Alyssa Barry, Director
Ken Osborne, Director