Christina Lake Cannabis Corp.

Management Discussion & Analysis

For the twelve months ended November 30, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

This Management Discussion and Analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the twelve months ended November 30, 2024, compared to the twelve months ended November 30, 2023. This MD&A should be read in conjunction with our interim financial statements (the "Financial Statements") as at November 30, 2024 and the audited financial statements for the Company for the year ended November 30, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements but does not form part of the Company's financial statements.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" we mean Christina Lake Cannabis Corp., as it may apply. This

MD&A is dated January 28, 2025

OVERVIEW

Christina Lake Cannabis Corp. (the "Company") was incorporated on October 26, 2014, under the laws of the province of British Columbia, Canada. On December 21, 2018, the Company changed its name from Cervantes Capital Corp. to Christina Lake Cannabis Corp. The Company is a licensed producer of cannabis in British Columbia under the Cannabis Act with a standard cultivation, processing and sales license and a research and development license. On October 1, 2020, the Company began trading on the Canadian Securities Exchange under the ticker symbol "CLC." The Company has received approval from OTC Markets Group Inc. ("OTCM") for its shares to trade on the OTCQB® exchange ("OTCQB") beginning at market open on Thursday February 18, 2021

The Company is a reporting Company in British Columbia and Alberta effective as of December 3, 2014. The Company's registered and records office is Suite 1890 – 1075 West Georgia Street, Vancouver, BC, V6E 3C9, Canada.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally, including financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company is a licensed cannabis producer with licenses for cultivation, processing, research and development, and sales from Health Canada. The Company cultivates on a 32-acre property at the intersection of two valleys in British Columbia Canada. The Company also cultivates on a 100-acres licensed in the West Kootenay region of South-Central British Columbia. The Company is currently engaged in the processing of its stock of outdoor flower. They also process dried Cannabis biomass into various extracts including Distilled & Winterized Oils, Kief, and additional extracted products for sale to other Licensed Producers.

HIGHLIGHTS

Closed non-brokered private placement of unsecured convertible debentures

On September 12, 2023, the Company announced it had closed the first tranche of a non-brokered private placement of unsecured convertibles debentures in the principal amount of $3,190,000. On September 25, 2023, the Company announced it had closed the second tranche in the principal amount of $750,000. On November 3, 2023, the Company announced it had closed the third tranche in the principal amount of $294,000 The Company raised a collective total of $4,234,000 between the three tranches of the private placement. The debentures will mature thirty-six months from the date of issuance and bear interest at the rate of 15% per annum.

Board and Executive Changes

On December 12, 2022, the Company announced the appointment of Jay McMillian as the Chairman of the Board of Directors and the transition of Mervin Boychuk to Director. Also announced was the retirement of Rob Jones from his role as President, and the promotion of Milan Stefancik to Vice President of Sales & Marketing subject to a mandatory security clearance by Health Canada and required approvals by the Canadian Securities Exchange.

On June 3, 2024, the Company announced that Milan Stefancik the Vice President of Sales and Marketing has left his position immediately.

BUSINESS DEVELOMENT – FINANCING

During the year ended November 30, 2023, the Company raised a collective total of $4,234,000 between the three tranches of a non-brokered private placement of secured convertible debentures. The debentures will mature thirty-six months from the date of issuance and bear interest at the rate of 15% per annum. The outstanding principal and accrued/unpaid interest is convertible into common shares of the Company at a price of $0.06 per common share. The Company may prepay the debentures at any time prior to maturity.

The company repaid $4,370,664 of $0.20 Convertible Debentures at various maturity dates between September and November 2023.

On January 5, 2024, the Company entered into a secured promissory note for the purchase of the equipment in the amount of $249,050 USD. The note is not interest bearing and is for a term of 9 months with monthly payments of $27,672 USD.

On January 15, 2024, the Company repaid the Canada Emergency Business Account "CEBA" loan in full. The loan was repaid prior to the January 18, 2024 deadline which resulted in $10,000 of the original $40,000 interest free loan being forgiven.

On February 12, 2024, the Company announced it had financed the above noted acquisition with a secured convertible promissory note having a 5-year term. The Note is secured by the land and buildings acquired in the Transaction. The Note bears interest at a rate of 10% per annum for year 1, 15% per annum for year 2, and 20% per annum for the remaining 3 years. Repayment of the Note shall be interest only payments paid annually on February 9, 2025 and February 9, 2026, then quarterly interest payments thereafter and $1,000,000 principal repayments on or before each of February 9, 2027, 2028 and 2029 until the remaining principal amount of the Note is satisfied in full. Outstanding principal and unpaid interest from the Note may be convertible into common shares of the Company at a conversion price of $0.05 per Common Share during the Term. The Vendor shall have the right to convert the Note at any time, subject to a notice period. Additionally, the Company shall have the right to repay the Note at any time during the Term together with prepayment of any remaining interest payable under the Note. The definitive agreement for the Transaction also provides the Vendor with a right to nominate a member to the Company's board of directors for so long as the conversion of the Note (together with any Common Shares then held by the Vendor) would result in the Vendor holding 10% or more of the Common Shares. No finder's fee were payable with respect to the Transaction.

Financing (continued)

On February 20, 2024, the maturity date of the final tranche of $0.20 convertible debentures, the Company repaid in full $379,007 of the $0.20 convertible debentures.

On February 29, 2024, The Company closed a non-brokered private placement of secured convertible promissory notes in the principal amount of $1,925,000. The notes are secured by land and buildings and bear interest at 10% per annum for year 1, 15% for year 2, and 20% for the remaining 3 years. Repayment of the notes shall be interest only for the first 24 months, then quarterly interest payment thereafter, and $641,667 principal repayments on or before each anniversary date. Certain directors participated in the notes for a total of $1,355,000.

On March 11, 2024, The Company entered into a lease agreement to acquire new equipment. The lease agreement is for 36 months. The monthly payment is $13,363 per month plus GST. The lease agreement has an option to purchase the equipment following 18 months up to the end of the term. The lease agreement is with an entity that is 50% owned by a director of the Company.

On June 1, 2024, The Company entered into a 24-month rental agreement for equipment with a monthly payment of $1,700 per month. The Company has the option to purchase the equipment at the end of the rental period. The Company is owned by a director of the Company. The Company also had 2,270,000 unexercised stock options with an exercise price of $0.09 expire.

On August 30, 2024, The Company issued 910,000 Stock Options and 4,550,000 Restricted Share Units to employees, officers, and directors at an exercise price of $0.05 per common share. The options and restricted share units vest one year from the date of grant and expire 5 years from the date of issuance.

On September 27, 2024, The Company entered into a rental agreement for harvest processing equipment. The rental agreement for a term of 12 months. At the end of the initial rental term the Company has the option to purchase the equipment for $65,500 plus taxes. The monthly rental amount is $2,450 per month plus GST. The rental term can be extended at the option of both parties. The rental agreement is with a Company that is 50% owned by a director of Christina Lake Cannabis.

On November 29, 2024, The Company closed the first tranche of a non-brokered private placement of common shares in the capital of the Company with gross proceeds of $1,869,900 and the Company issued 56,663,636 common shares. Proceeds to be used for general working capital purposes and debt settlement of $869,900 of existing convertible debenture holders. Certain directors subscribed for an aggregate of 46,512,121 of shares with gross proceeds up to $1,534,900.

Property Acquisition

On February 12, 2024, the Company completed the acquisition of certain assets from a private British Columbia corporation including outdoor cultivation facilities in Midway, British Columbia, related harvesting and manufacturing equipment, and approximately 19,000kg of biomass for a total purchase price of $3,000,000. The Midway property represents a total of 342 acres, with slightly over 100 acres of licensed cultivation space. The Company also announced the first 80-acre crop of propriety strains will be planted in the spring of 2024.

HIGHLIGHTS SUBSEQUENT TO November 30, 2024

On December 20, 2024, The Company closed the second tranche and final offering of a non-brokered private placement of common shares in the capital of the Company with gross proceeds of $1,238,475 and the Company issued 37,529,546 common shares. Proceeds to be used for general working capital purposes and debt settlement of $955,975 of existing convertible debenture holders. Certain directors subscribed for an aggregate of 18,362,879 of shares with gross proceeds up to $605,975.

On December 31, 2024, The Company had 480,000 unexercised purchase warrants with an exercise price of $0.20 expire.

BUSINESS OBJECTIVES AND OUTLOOK

The Company achieved several key milestones during the period ended November 30, 2024 and during the year ended November 30, 2023, including expanding the cultivation footprint with the acquisition of the Midway property, increasing processing capacity and sales, launching new products, and building upon its customer base for its cannabis products. Due to increased demand, the Company had to purchase third party biomass to supplement the Company's own production in 2024. The Company intends to finish processing its remaining flower, biomass, and oils from the 2024 crop and is focused on cultivation optimization in 2025 following the acquisition of the 100 acres licensed cultivation space at the Midway property. To meet growing demand, the Company is focused on expanding its supply of high quality and low-cost cannabis products.

SELECTED FINANCIAL INFORMATION

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

Fiscal years ended	**November 30, 2024 $**	November 30, 2023 $	November 30, 2022 $
Total revenue	**13,610,017**	11,779,688	10,073,055
Total current assets	**13,857,857**	10,013,300	9,516,512
Total assets	**23,383,188**	15,962,517	18,794,418
Total non-current liabilities	**6,265,443**	4,496,838	1,823,504
Total liabilities	**12,572,788**	8,501,009	7,656,458
Net profit (loss) for the year	**864,995**	(4,131,827)	(2,027,721)
Basic and diluted profit (loss) per share	**0.01**	(0.03)	(0.02)

OPERATIONAL AND FINANCIAL HIGHLIGHTS

	November 30, 2024	**November 30, 2023**	**$ Change**	**% Change**
Revenue from the sale of goods	$ 13,610,017	$ 11,779,688	$1,830,329	16%
Costs of sales	(7,306,980)	(7,260,463)	$46,517	1%
Gross profit before fair value adjustment	**6,303,037**	**4,519,225**	**$1,783,812**	**39%**
Inventory write down	-	(443,047)	($443,047)	(100%)
Fair value change growth biological asset	4,971,579	2,066,819	$2,904,760	141%
Changes in fair value of inventory sold	(1,964,615)	(2,536,044)	($571,429)	(23%)
Gross profit	**9,310,001**	**3,606,953**	**$4,957,258**	**114%**
General and administrative expenses	(6,578,570)	(6,891,049)	($312,479)	(5%)
Other items	(1,866,436)	(847,731)	($1,018,705)	(120%)
Income (loss)	**864,995**	**(4,131,827)**	**$4,996,822**	
Income (loss) per share	0.01	(0.03)		
Gross margin %	46.3%	38.4%		
Financial Position				
Working capital	7,576,270	6,009,129		
Inventory	10,237,822	5,654,514		
Total assets	23,367,044	15,962,517		
Total liabilities	12,572,788	8,501,009		

RESULTS OF OPERATIONS

For the Twelve-month period ended November 30, 2024 compared to the same period ended November 30, 2023.

Revenue

The Company reported revenue from sale of goods of $13,610,017 (2023 - $11,779,688) which was an increase of $1,830,329 from the period ending November 30, 2023. The gross margin percentage for the period was 46.3% (2023 – 38.4%) before fair value adjustment. Sales in the period were primarily derived from distillate, flower and kief as demand continued to increase. The improvement in gross margin were tied to an increase in flower sales and slight price improvement in distillate.

Cost of sales

The Company reported cost of goods sold of $7,306,980 (2023 -$7,260,463) which was a decrease of $46,517 from the comparable period. The decrease in cost of goods sold was tied to a shift in product mix sold in the period with lower input costs.

Changes in fair value of inventory sold

The Company reported changes in fair value of inventory sold as $1,964,615 (2023 - $2,536,044) an decrease of $571,429. The decrease in changes in fair value of inventory sold was correlated to lower expected selling prices of distillate which resulted in a fiscal 2023 inventory impairment.

General and administrative expenses

	November 30, 2024	November 30, 2023	$ Change	% Change
Consulting fees	109,294	159,853	(50,559)	(32%)
Communication expense	114,857	85,809	29,048	34%
Corporate development	2,100	1,280	820	64%
Depreciation	447,917	431,887	16,030	4%
Foreign exchange	43,829	-	43,829	100%
Insurance	112,325	82,448	29,877	36%
Management fees	54,471	91,945	(37,474)	(41%)
Marketing	6,391	8,271	(1,880)	(23%)
Office and miscellaneous	791,928	525,767	266,161	51%
Nursery expenses	413	-	413	100%
Professional fees	426,732	417,396	9,336	2%
Property Taxes	34,266	14,206	20,060	141%
Salaries	3,353,289	2,377,570	975,719	41%
Share based compensation	4,145	78,371	(74,226)	(95%)
Research & Development	1,211	71,902	(70,691)	(98%)
Repairs and maintenance	208,195	140,796	67,399	48%
Bad debt expense	324,073	-	324,074	100%
Regulatory fees	543,134	227,548	315,586	139%
Total general and administrative expenses	(6,578,570)	(6,891,049)	(312,479)	(5%)

RESULTS OF OPERATIONS (CONTINUED)

Consulting fees

Consulting fees of $109,294 (2023 - $159,853) decreased $50,559 from prior year comparative year as more full time staff were hired in conjunction with the expansion and operation of the new site acquired.

Bad Debt Expense

Bad debt expense of $324,074 (2023 - $Nil) The company recognized bad debt expense related to a receivable that became uncollectible.

Office and Miscellaneous

Office and miscellaneous fees of $791,928 (2023 - $525,767) increased by $266,161 as the Company continued to expand operations increasing office and shop supply needs.

Professional fees

Professional fees of $426,732 (2023 - $417,396) increased $9,336 from comparative year. The Company continues to ensure that regulatory compliance is met with the assistance of third-party professionals.

Salaries

Salaries of $3,353,289 (2023 - $2,377,570) increase was attributed to expansion onto the newly acquired site in Midway.

Share based compensation

Share based compensation of $4,145 (2023 - $78,371) was a significant decrease from prior comparative year as all prior equity issued had previously vested.

Other items	**November 30, 2024**	**November 30, 2023**	**$ Change**	**% Change**
Accretion	(576,701)	(191,208)	385,493	202%
Interest expense	(1,363,881)	(885,281)	478,600	54%
Interest Income	45,014	13,812	31,202	226%
Gain on settlement	29,132	214,946	(185,814)	(86%)
Total other items	(1,866,436)	(847,731)	1,018,705	120%

SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

	Q4'F24	Q3'F24	Q2'F24	Q1'F24	Q4'F23	Q3'F23	Q2'F23	Q1'F23
	$	$	$	$	$	$	$	$
Revenue from sale of goods	3,960,763	3,326,777	3,334,404	2,988,073	2,840,279	3,545,774	3,476,470	1,917,165
Net income (loss)	-604,556	4,260,096	-1,570,169	-1,204,233	-4,626,879	2,479,182	-774,751	-1,209,379
Basic and diluted income (loss) per share	0.00	0.03	-0.01	-0.01	-0.04	0.02	-0.01	-0.01
Balance sheet								
Total assets	23,367,044	21,270,929	16,902,413	18,098,934	15,962,517	18,836,093	16,991,415	17,209,168

During the twelve months ending November 30, 2024, The Company reported revenue from the sale of goods of $3,960,763. There was a loss of $620,700 compared to a loss of $4,626,879 during the same quarter in the prior year. Contributing to the reduction in loss was an increase in the fair value growth of biological assets with the expanded cultivation footprint in fiscal 2024. Total assets are $23,367,044 compared to $15,962,517 during the same quarter the prior year, total assets increased due to acquisition of additional land and equipment and additional growth of biological assets due to expansion property.

During the nine months ending August 31, 2024, The Company reported revenue from the sale of goods of $3,326,777. There was a gain of $4,260,096 compared to a gain of $2,479,182 during the same quarter in the prior year. Contributing to the gain was an increase in the fair value growth of biological assets with the expanded cultivation footprint in fiscal 2024. Total assets are $21,270,929 compared to $18,836,093 during the same quarter the prior year, total assets increased due to acquisition of additional land and equipment and additional growth of biological assets due to expansion property.

During the six months ending May 31, 2024, The Company reported revenue from the sale of goods of $3,334,404. There was a net loss of $1,570,169 compared to a loss of $774,751 during the same quarter in the prior year. Contributing to the increase in loss was a bad debt expense of $324,074 recognized in the period, in addition to increased expenses such as interest expense related to the expansion via property acquisition. Total assets are $16,902,413 compared to $16,991,415 during the same quarter the prior year, total assets relatively flat due despite acquisition of additional land and equipment due to PP&E impairment taken at the end of 2023.

During the three months ending February 29, 2024, The Company reported revenue from the sale of goods of $2,988,073. There was a net loss of $1,204,233 compared to a loss of $1,209,379 during the same quarter in the prior year. Gross margin improvements were offset by an increase in General and Administrative expenses due to a bad debt expense of $324,074 recognized in the quarter. Total assets are $18,098,934 compared to $17,209,168 during the same quarter the prior year. The increase in assets was primarily driven by a property and equipment acquisition and was net of an impairment charge taken on other fixed assets in fiscal 2023.

During the three months ending November 30, 2023, The Company reported revenue from the sale of goods of $2,840,279. There was a net loss of $4,626,879 compared to a loss of $3,755,004 during the same quarter in the prior year. The increase in the quarterly loss was primarily attributed to an property, plant, and equipment impairment of $2,176,000 that was recognized. Total assets are $15,962,517 compared to $18,794,418 during the same quarter the prior year. The reduction in assets is tied to reduced fair value of inventory post write down at year end and depreciation of fixed assets, and a reduced changes in fair value of biological assets.

SUMMARY OF QUARTERLY RESULTS (continued)

During the three months ending August 31, 2023, The Company reported revenue from the sale of goods of $3,545,774. There was a net gain of $2,479,182 compared to a gain of $2,521,425 during the same quarter in the prior year. Total assets are $18,836,093 compared to $21,493,084 during the same quarter the prior year. The reduction in assets is tied to reduced fair value of inventory post write down at year end and depreciation of fixed assets, and a reduced changes in fair value of biological assets.

During the three months ending May 31, 2023, The Company reported revenue from the sale of goods of $3,476,470. There was a net loss of $774,751 compared to a loss of $24,577 during the same quarter in the prior year. The loss is primarily attributed to changes in fair value of inventory sold due to margin compression. There was a gain of $258,767 in the prior year comparative quarter for the settlement of Preferred Shares. Total assets are $16,991,415 compared to $17,986,504 during the same quarter the prior year. The reduction in assets is tied to reduced fair value of inventory post write down at year end and depreciation of fixed assets.

During the three months ending February 28, 2023, The Company reported revenue from the sale of goods of $1,917,165. There was a net loss of $1,209,379 compared to a loss of $769,565 during the same quarter in the prior year. The loss is primarily attributed to changes in fair value of inventory sold due to margin compression. Total assets are $17,209,168 compared to $18,422,014 during the same quarter the prior year. The reduction in assets is tied to reduced fair value of inventory post write down at year end and a decrease in accounts receivable.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at November 30, 2024, the Company had working capital of $7,576,270 (2023 – $6,009,129) which consisted of cash of $1,804,927 (2023 - $1,468,028), receivables of $1,559,162 (2023 - $1,846,669), prepaid expenses of $189,800 (2023 - $462,322), inventory of $10,237,822 (2023 - $5,654,514) and investment of $50,002 (2023 - $nil). Current liabilities, being accounts payable and accrued liabilities, current portion of loan and current portion of convertible debentures, $6,265,443 (2023 – $4,004,171).

Cash flows from operating activities were $221,020 compared to $1,381,575 used in the same period of 2023 see also results of operations.

Cash used in investing activities for the period ended November 30, 2024 was ($4,473,123) compared to ($571,365) outflows for the same period in 2023. The Company increased investment into equipment to support growing sales demand and production needs and acquired a new property in Midway, BC.

Cash from financing activities for the period ended November 30, 2024 was $4,589,002 up from ($1,152,821) used in the same period of 2023. The Company raised $4,925,000 net of issuance costs through a new $0.05 Secured Convertible Debenture which primarily contributed to the increase and $1,869,901 through issuance of shares in a non-brokered private placement.

Non-current liabilities for the period ended November 30, 2024, were $6,265,443 compared to $4,004,171 for the period ended November 30, 2023. Convertible debentures formed the bulk of this liability.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

As mentioned previously, during the period ended November 30, 2024 the Company completed a property acquisition for a purchase price of $3,000,000. The purchase was financed through a secured convertible note with the vendor. The Company also completed a non-brokered private placement through a secured convertible debenture in the amount of $1,925,000 to fund expansion on the newly acquired asset. The Company also completed the first tranche of a non-brokered private placement in the amount of $1,869,900 Future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The Executive Officers and Directors of the Company are as follows:

Mervin Boychuk	Director
Nicco Dehaan	COO and Director
Joel Dumaresq	Director
Jay McMillan	Director, non-executive chairman of BOD
Salvatore Milia	Director
Gil Playford	Director
Ray Baterina	Corporate Secretary
Robert Jones	President (Resigned as President December 12, 2022)
Ryan Smith	CFO
Mark Aiken	CEO
Milan Stefancik	Vice President Of Sales & Marketing (Left position on June 3, 2024)

During the period ending November 30, 2024, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors. The key management compensation and director fees consist of the following for the period ended November 30, 2024 and 2023:

	November 30, 2024	November 30, 2023
	$	$
Consulting fees paid to an officer of the Company	54,471	91,945
Directors' fees	90,000	90,000
Lease payments to a company controlled by a director	73,387	55,650
Salaries and bonus paid to key management	699,606	696,715
Share based payments	5,365	51,600
	917,474	985,819

TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

As at November 30, 2024, $448,059 (2023 - $316,723) was included in accounts payable and accrued liabilities for related parties of the Company. The balances are unsecured, due on demand and are non-interest bearing.

During the period ending November 30, 2024, the Company paid for an equipment rental in the amount of $57,294. The equipment was acquired from a company controlled by a director. The rental agreement is for 14 months with a buyout option at the end of the term.

During the period ending November 30, 2024, the Company entered into a lease agreement with payments of $13,363 per month for harvest equipment. The equipment was acquired from a company 50% controlled by a director. The lease agreement is for 36 months with a buyout option at the end of the term.

During the period ending November 30, 2024, directors and officers of the Company subscribed for $1,355,000 (2023 – $2,498,000) convertible debentures in a non-brokered private placement of secured convertible debentures (Note 9) and $1,534,900 (2023-$nil) in common shares of a non-brokered private placement (Note 13).

During the period ending November 30, 2024, the Company issued 600,000 Stock Options and 4,150,000 Restricted Share Units per the Company's Stock Option and Restricted Share Unit Plan to Officers and Directors (Note 13).

PROPOSED TRANSACTIONS

As at the date of this MD&A, there are no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and biological assets, expected credit losses, discount rate on lease liability, convertible debentures and preferred shares, assumptions used in the cash flow projection for preferred shares, useful lives and valuation of property, plant and equipment, valuation of inventory and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Management is required to make a number of estimates in calculating the fair value less costs to sell of biological assets. These estimates include a number of assumptions such as estimating the stage of growth of the cannabis, harvesting costs, sales price, and expected yields.

CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (Continued)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include: the classification of expenditures as building improvements to be capitalized or as operating costs which are expensed; the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty.

FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Price risk

Price risk is the risk that the future cash flows of cannabis related derivatives will fluctuate because of changes in market prices. Fluctuation in price will significantly impact the demand for the Company's products and the Company's ability to generate cash inflow for its sustainable operation. Sensitivity analysis in Financial statement note 4 illustrates the impact of price changes in the fair value of biological assets, which in the end effects the value of the Company's cannabis related derivatives.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and accounts receivable. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low.

The Company provides credit to certain customers in the normal course of operations. Credit risk is generally limited to receivables from arm's length customers. The Company's credit risk related to its receivables is moderate. As at November 30, 2024, the Company had $324,074 in receivable balances past due and the balances were not collected subsequent to November 30, 2024. The receivable was due from a Company that went into credit protection and The Company has recognized a bad debt expense in the reporting period. The Company has established monitoring processes to mitigate credit risk related to receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of November 30, 2024, the Company has cash of $1,804,927 (2023 - $1,468,028) to cover short term obligations.

Historically, the Company's sole source of funding has been loans from related parties, convertible debentures, preferred share financings and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

The Company has the following contractual obligations as at November 30, 2024, which are expected to be payable in the following respective periods:

		Total		≤ 1 year		Over 1 year – 3 years
Accounts payable	$	1,713,944	$	1,713,944	$	-
GST payable		48,938		48,938		-
Loan payable		565,803		234,172		331,631
Deferred Revenue		541,834		541,834		-
Lease liability		409,345		122,915		331,631
Convertible debentures		9,292,924		3,603,640		5,689,284
Total	$	12,572,788	$	6,265,443	$	6,352,546

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at November 30, 2024, the Company has government loan of $Nil (2023 - $37,331) and an equipment purchase loans of $92,365 (2023-$18,625), which bear no interest, convertible debentures of $9,292,924 (2023 - $5,173,398) and secured loans totaling $472,715 (2023 – $578,722), which bear fixed interest rates respectively. As such, the Company's interest rate risk is low.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

ADDITIONAL SHARE INFORMATION

As at the date of this MD&A, the Company had 225,315,354 common shares issued and outstanding. The Company has no warrants outstanding, 4,750,000 in restricted stock units, and 7,423,400 stock options outstanding.

CONTINGENCIES

The Company is not aware of any other contingencies or pending legal proceedings as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

RISK FACTORS

The following are certain risk factors relating to the business carried on by the Company that prospective holder of shares should carefully consider.

Warrants are Speculative in Nature and may not have any Value

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Moreover, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price. There can be no assurance that the market price of the Common Shares will ever equal or exceed the exercise price of the Warrants, and consequently, whether it will ever be profitable for holders of the Warrants to exercise their Warrants.

Volatility of Stock Price and Market Conditions

The market price of the Common Shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Company is successful in maintaining revenues, cash flows or earnings. The purchase of the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor's portfolio.

Risk Factors Associated with the Company's Business

The following are certain risk factors relating to the business carried on by the Company that prospective holder of shares should carefully consider.

Negative Cash Flow from Operations

During the period ended November 30, 2024, and period ended November 30, 2023, the Company recorded positive cash flow from operations totaling $221,020 (2023-1,381,575). The Company's cash as at November 30, 2024 was approximately $1,804,927 (November 30, 2023 - $1,468,028). Although the Company anticipates it will have positive cash flow from operating activities in future periods, it is possible the Company may have negative cash flow in any future period as the Company continues to progress its expansion plans and its capacity of operations.

RISK FACTORS (CONTINUED)

Reliance on Licenses

The Company will be dependent on the Licenses, which is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of these licenses or any failure to obtain or maintain those licenses could have a material adverse impact on the business, financial condition and operating results of the Corporation. There can be no guarantee that a license will be issued, extended or renewed or, if issued, extended or renewed, that it will be issued, extended or renewed on terms that are favorable to the Company.

In Canada, few applicants for a license from Health Canada ultimately receive a license to produce and sell cannabis. Major expenditures may be required in pursuit of a license and it is impossible to ensure that the expenditures will result in receipt of a license and a profitable operation. There can be no assurances that the Company will maintain a license to produce and sell cannabis and be brought into a state of commercial production. Should a license not be extended or renewed or should it be issued or renewed on terms that are less favorable to the Company than anticipated, the business, financial condition and results of the operations of the Company could be materially adversely affected.

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non- compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis, or more stringent implementation thereof, could have a material adverse impact on the company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Early Stage of Development

The Company, while incorporated in 2014, began carrying on business in 2018 and has started to generate profits from the sale of products late in 2021. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Environmental Regulations and Risks (continued)

Cultivation Risks

The Company's business involves the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed indoors under climate-controlled conditions, and outdoors, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Legislative or Regulatory Reform and Compliance

The commercial cannabis industry is a new industry and the Company anticipates that such regulations will be subject to change as the Federal Government monitors Licensed Producers in action. The Company's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Changes in Laws, Regulations and Guidelines

On December 20, 2017, the Prime Minister communicated that the Canadian Federal Government intends to legalize cannabis in the summer of 2018, despite previous reports of a July 1, 2018 deadline. On June 7, 2018, Bill C45 passed the third reading in the Senate with a number of amendments to the language of the Cannabis Act. On June 20, 2018, Prime Minister Trudeau announced that cannabis would be legal by October 17, 2018. On June 21, 2018, the Government of Canada announced that Bill C-45 received Royal Assent. Bill-C-45 will come into force on October 17, 2018. On July 11, 2018, the regulations made pursuant 27 to the Cannabis Act were published. The regulations under the Cannabis Act contemplate the various licenses including cultivation, processing, analytical testing, sale (including medical sales), analytical testing and scientific research. The regulations introduced the nursery and made outdoor cultivation permissible. Finally, the requirements for packaging and labelling of products for both medical and non-medical consumption were explicitly set forth. The impact of changes in the regulatory enforcement by Health Canada under the Cannabis Act and its regulations, particularly in respect of product packaging, labelling, marketing, advertising and promotions and product approvals and its impact on the Company's business are unknown at this time.

In addition, when the Cannabis Act comes into effect, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Québec and New Brunswick have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis.

RISK FACTORS (CONTINUED)

Changes in Laws, Regulations and Guidelines (continued)

Customer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements both in Canada and in other countries, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical or recreational purposes, including unexpected safety or efficacy concerns arising with respect to the products of the Company or its competitors. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations and financial condition of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity (whether or not accurate or with merit), could have an adverse effect on any demand for the Company's products which could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Constraints on Marketing Products

In view of the restrictions on marketing, advertising and promotional activities set forth in the Cannabis Act and related regulations, the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

Reliance on Receiving a Research and Development License and subsequent Cultivation and Processors License

The Company's ability to set up its Facility for the purposes of research and development and to grow, store and sell cannabis in Canada is dependent on Health Canada's approval of the Company's RDL and subsequent cultivation and processor licenses (the "Licenses"). The Licenses are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the Licenses or any failure to maintain the Licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believe they will meet the requirements for future extensions or renewals of the Licenses, there can be no guarantee that Health Canada will extend or renew these Licenses or, if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licenses or should they renew the Licenses on different

RISK FACTORS (CONTINUED)

Reliance on Receiving a Research and Development License and subsequent Cultivation and Processors License (continued)

terms, the business, financial condition and results of the operation of the Company would be materially adversely affected

New product Development

The Company's ability to sell cannabis in Canada is dependent on the Company's ability to develop product that exceeds the standards set by Health Canada. Although the Company believes management has the expertise to develop such products, there is no assurance that the Company will successfully develop new products.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of certain aspects of the industry. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While most laws and regulations seemingly deter this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown, which in itself is a risk. Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support.

Liability, Enforcement Complaints, etc.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial, or local governmental authorities against it. Litigation, complaints, and enforcement actions involving the business could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Additional Financing

The Company may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially viable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and employees. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

RISK FACTORS (CONTINUED)

Operation Permits and Authorizations

The Company may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate the businesses. In addition, the Company may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on a Licensee's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business.

Product Liability

Certain of the Company's proposed manufacture, process and/or distribute of cannabis products are designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers.

If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Dividends

The Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Resale of Shares

There can be no assurance that there will be an active and liquid market for the Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. In addition, there can be no assurance that the publicly-traded stock price of the Company will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Company will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Company's shares would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's shares will be affected by such volatility. An active public market for the Company's shares might

RISK FACTORS (CONTINUED)

Price Volatility of Publicly Traded Securities (continued)

not develop or be sustained after the completion of the listing. If an active public market for the Company's shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Intellectual Property

The success of the Company will depend, in part, on the ability to maintain and enhance trade secret protection over the various existing and potential proprietary techniques and processes of the Company. The Company may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Company. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

Insurance Coverage

The Company will require insurance coverage for a number of risks. Although Management believes that the events and amounts of liability covered by such insurance policies should be reasonable, taking into account the risks relevant to the Company's business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects, could be adversely affected.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

Difficulty Implementing Business Strategy

The growth and expansion of the Company is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy.

RISK FACTORS (CONTINUED)

Operational Risks

The Company may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's Property and Facility, personal injury or death, environmental damage, adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition on the Company. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Conflicts of Interest

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors' and officers' conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests.

However, in conflict-of-interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

Available Talent Pool

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of cannabis research and development, cultivation of cannabis and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

Ability to Maintain Bank Accounts

While the Company does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for the Company. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Company may be required to seek alternative payment solutions. If the industry was to move towards alternative payment solutions the Company would have to adopt policies and protocols to manage these changes. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

RISK FACTORS (CONTINUED)

Cautionary Statement

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding future financial conditions, results of operations, plans, objectives, performance or business developments, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. 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.

Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation,

- treatment under government regulatory and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- the Company's business strategies, intentions to develop its business and operations, objectives and plans to pursue the commercialization of its products;
- expectations for expansion plans for the Facility and its costs;
- the suitability of the Facility;
- expectations regarding production costs, capacity and yields of the Company's business and growth thereof;
- the Company's estimates of the size of the potential markets for its products and the rate and degree of market acceptance of such products and its competitive positions in relation thereto;
- projections of market prices and costs and the future market for the Company's products and conditions affecting same;
- estimates of the Company's future revenues and profits;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- statements relating to the business and future activities of, and developments related to the Company after the date of this Listing Statement and thereafter; and
- liquidity of the Common Shares following listing of the Shares.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- treatment under government regulatory and taxation regimes and potential changes thereto;
- limited operating history and negative operating cash flow;
- reliance by the Company on a single production facility and factors relating to the development of the Facility;
- expansion plans for the Facility being subject to Health Canada regulatory approvals;
- dependence on management and conflicts of interest;
- restrictions on marketing activities in the medical cannabis industry;
- competition for, among other things, customers, land and greenhouses, supply, capital, capital acquisitions of products and skilled personnel;
- consumer acquisition and retention;
- risks and liabilities inherent in medical cannabis and agricultural operations;
- unfavorable publicity or consumer perception;
- product liability and recall risks as well as general operating risks;
- environmental risks;

RISK FACTORS (CONTINUED)

Cautionary Statement (Continued)

- availability of financing opportunities;
- risks relating to global financial and economic conditions;
- future liquidity and financial capacity; and
- other factors discussed under "*Risk Factors*".

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 based on information available as at the date of this report and are subject to change after this date. Forward-looking statements 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. Consequently, all forward-looking statements made in this MD&A 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. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.