The BC Bud Corporation
(Formerly Entheos Capital Corp.)

Management's Discussion and Analysis

For the year ended February 28, 2022

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Forward-Looking Information

The following management's discussion and analysis ("MD&A"), prepared as of June 27, 2022, is a review of operations, current financial position and outlook for The BC Bud Corporation. This MD&A should be read in conjunction with the The BC Bud Corporation's (the "Company" or "BCBC") consolidated financial statements and the accompanying notes for the year ended February 28, 2022, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's consolidated financial statements and other information relating to the Company are filed on the SEDAR website at www.sedar.com. 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

BCBC is incorporated under the laws of Canada and is an early-stage company which is developing premium recreational cannabis products and brands in the cannabis industry through licensing, manufacturing and joint venture agreements with licensed producers under the Cannabis Act. BCBC is a not a licensed producer. Its active offerings in branded products will include BCBC flower products, edibles under the brand 'Canna Beans', concentrates sold as 'Solventless Solutions', and 'Buds' beverages line and select lifestyle apparel.

BCBC is a house of brands that strategically aligns with licensed cannabis producers to manufacture a variety of cannabis products. The manufacturers are licensed under the Cannabis Act, (together with the regulations made thereunder from time to time, the "Cannabis Act"). Through their strategic partnership agreements with licensed manufacturers, the Company will bring to market specialized cannabis-based concentrates, beverages, edibles and apparels.

Dried flower and pre roll sales began in Q1 2022 in British Columbia and Saskatchewan.

Reverse Takeover Transaction

On September 29, 2021, the Company completed a reverse transaction ("RTO") with The BC Bud Holdings Corp. ("BC Bud"). The shareholders of BC Bud received common shares of the Company on the basis of 2.1 common shares for each BC Bud share held immediately before the RTO. Upon completion of the RTO, the shareholders of BC Bud obtained control of the consolidated entity. Accordingly, BC Bud was identified as the acquirer for accounting purposes, and the consolidated entity is considered to be a continuation of BC Bud, with the net assets of Entheos Capital Corp. at the date of the RTO deemed to have been acquired by BC Bud (Note 9). The consolidated financial statements for the year ended February 28, 2022 include the results of operations of BC Bud from March 1, 2021 and of Entheos Capital Corp from September 29, 2021, the date of the RTO. The comparative figures are those of BC Bud.

All of the payment shares are subject to escrow pursuant to the policies of the CSE and will be released from escrow based on the passage of time, such that 10% of the securities were released on closing and the balance will be released in six equal tranches of 15% every six months thereafter.

In connection with the Transaction, Entheos Capital Corp. completed a non-brokered private placement of 4,000,000 subscription receipts at a price of $0.25 per subscription receipt for aggregate gross proceeds of $1,000,000.

Immediately prior to closing the Transaction, each subscription receipt issued pursuant to the private placement was converted into one unit of the Company comprising one common share of the Company and one share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to acquire one additional common shares of the Company at an exercise price of $0.50 per share until September 29, 2023, following the extension of the term of the Warrants approved by the Company. The Warrants are also subject to accelerated expiry provisions, whereby, if the closing price of the Company's common shares exceeds $0.75 per share for a period of ten consecutive trading days, at the Company's election, the 24-month period within which the Warrants are exercisable will be reduced and the holders of the Warrants will be entitled to exercise their Warrants for a period of 30 days commencing on the day the Company provides notice of same.

Summary of Quarterly Results

The following is a summary of consolidated quarterly results of the Company for the four most recently completed financial quarters ended February 28, 2022:

	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021
Total assets	$ 1,948,649	$ 2,121,966	$ 338,694	$ 78,768
Working capital	1,710,250	2,018,597	227,708	285,232
Shareholders' equity	1,771,703	1,995,629	216,738	276,765
Total revenue	-	114	37	-
Operating expenses	596,401	128,515	60,078	30,063
Net loss and comprehensive loss	(410,013)	(2,356,242)	(60,027)	(31,541)
Basic loss per share	(0.01)	(0.08)	(0.01)	(0.00)
Diluted loss per share	(0.01)	(0.08)	(0.01)	(0.00)

	February 28, 2021	November 30, 2020	August 31, 2020	May 31, 2020
Total assets	$ 420,531	$ 1,041	$ 1	$ 1
Working capital	324,136	(22,319)	(9,610)	(2,709)
Shareholders' equity	308,306	1,041	(9,610)	(2,709)
Total revenue	(35)	569	-	-
Operating expenses	34,917	13,260	6,659	430
Net loss and comprehensive loss	(36,072)	(12,710)	(6,901)	(430)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

For the Quarter Ended February 28, 2022:

The Company had a net loss for the 3 months ended February 28, 2022 of $410,013 (2020 - $36,072). The net increase of $373,941 in the net loss for the 3 months ended February 28, 2022 compared to the 3 months ended February 28, 2021 was impacted by the differences below related to the increase in operations:

- Total revenue of $nil (2021 – ($35))
- Net loss of $410,013 (2021 - $36,072) resulting from increased operations
- Advertising of $39,537 (2021 - $9,650)
- Amortization and depreciation $6,373 (2021 - $nil) which resulted from machinery and equipment being put into use and the Company amortizing website development costs which were capitalized in fiscal 2022.
- Consulting fees of $67,500 (2021 - $10,000) which resulted from sales and marketing.
- Insurance of $16,088 (2021 - $nil) to add directors and officers insurance due to the increased operations of the Company in fiscal 2022.
- Regulatory and transfer agent fees of $7,225 (2021 - $nil) due to fees for managing CNSX and Computershare.
- Stock based compensation of $236,334 (2021 - $nil) due to the grant of 1,140,000 stock options and 3,237,500 restricted stock units.

For the Year Ended February 28, 2022:

The Company had a net loss for the year ended February 28, 2022 of $2,857,823 (2021 - $56,112). The net increase of $2,801,711 in the net loss for the year ended February 28, 2022 compared to the year ended February 28, 2021 was impacted by the differences below:

- Total revenue of $151 (2021 - $569)
- Net loss of $56,112 (2021 - $36,072) resulting from increased operations

- Advertising of $126,653 (2021 - $17,017) due to an increase in marketing fees due to the introduction of social media marketing in support of the Company's brands in preparation for sales beginning in fiscal year 2023
- Amortization and depreciation $17,645 (2021 - $nil) which resulted from machinery and equipment being put into use and the Company amortizing website development costs which were capitalized in fiscal 2022.
- Consulting fees of $107,895 (2021 - $10,000) which resulted from hiring sales and marketing consultants to advertise our brands into the market in preparation for sales beginning in fiscal year 2023.
- Insurance of $32,175 (2021 - $nil) to add directors and officers insurance due to the increased operations of the Company in fiscal 2022.
- Professional fees of $71,258 (2021 - $24,916) increased due to added legal fees from OTC communications.
- Regulatory and transfer agent fees of $11,213 (2021 - $nil) due to increased fees for managing CNSX and Computershare.
- Research and development of $21,440 (2021 - $nil) due to testing products to take to market.
- Stock based compensation of $416,589 (2021 - $nil) due to the grant of 1,140,000 stock options and 3,237,500 restricted stock units issued in Q3.
- Total assets of $1,948,649 (2021 - $420,532) due to increase cash received from funding and advances paid for inventory for future sales
- Total non-current financial liabilities of $nil (2021 - $85,761) due to loan payable due before the end of the next fiscal year

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Proposed Transactions

Other than the Transaction described above, there are no other proposed transactions.

Liquidity and Capital Resources

As at February 28, 2022, the Company had working capital of $1,710,250, compared to $324,136 as at February 28, 2021. This increase is due to $1 million in cash received in the concurrent financing for the Transaction. Additionally, there is $408,467 in advances for products being prepared for sale, compared to no advances in 2021, as well as $33,325 in prepaid expenses, compared to $2,317 in 2021.

All the current accounts payable and accrued liabilities are due and payable within 12 months.

The Company's working capital amounts are as follows:

		February 28, 2022		February 28, 2021
Cash and cash equivalents	$	1,403,019	$	340,429
GST receivable		30,549		1,582
Prepaid expenses		33,325		2,317

Advances	408,467	-
Inventory	6,836	6,273
Term deposit	5,000	-
Accounts payable and accrued liabilities	(84,350)	(26,451)
Due to shareholder	-	(14)
Loan payable (current)	(92,596)	-
	$ 1,710,250	$ 324,136

Transactions with Related Parties

During the year ended February 28, 2022, the Company recovered, paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors, and/or companies with common directors:

Name of Company	Directors/Officers	February 28, 2022 $	February 28, 2021 $
Sutton Ventures (consulting fees)	Brayden Sutton	30,000	-
Tricanna Industries Inc (inventory advances)	Dayna Lange	216,703	-
Red Fern Consulting (consulting fees)	Samantha Shorter (former CFO)	7,500	-
TJT Ventures (consulting fees)	Joshua Taylor	22,500	-
Emily Graham (consulting fees)	Emily Graham	22,500	-

Shares, options, and RSUs were issued to related parties during the year ended February 28, 2022 as follows:

Name of Company	Directors/Officers	Options $	RSUs $
Dayna Lange	Dayna Lange	13,341	21,120
Justin Chorbajian	Justin Chorbajian	13,341	21,120
Emily Graham	Emily Graham	33,352	-

Capital Management

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the year ended February 28, 2022. The Company is not subject to externally imposed capital requirements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While vaccination rates in Canada continue to improve, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak, any subsequent virus variant, and its effects on the Company's business or ability to raise funds.

Financial Instruments

Fair Value

The Company classifies its cash and cash equivalents, advances and term deposits as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and due to shareholder are carried at amortized cost. 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.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, cash equivalents and restricted cash. Management believes that the credit risk concentration with respect to cash, cash equivalents and restricted cash is remote as it maintains accounts with highly rated financial institutions.

Cash and cash equivalents comprise of cash and highly liquid investments having maturity dates of three months or less, which are readily convertible into a known amount of cash at any time and are subject to an insignificant risk to changes in their fair value. Cash and cash equivalents consist of $1,403,019 (2021 - $340,429) of cash and cash equivalents.

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 February 28, 2022, the Company had working capital of $1,710,250 (2021 – $324,136). All of the Company's current liabilities are due within 90 days of February 28, 2022.

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 or foreign currency risk. The Company is not currently exposed to any significant interest rate foreign currency risk or other price risk.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Critical accounting judgements: Going concern

The assessment of whether the going concern assumption is appropriate requirements management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Critical accounting judgement: Asset acquisition versus business combination
Management had to apply judgment with respect to whether the acquisition of Entheos Capital Corp. (as described in Note 9) was an asset acquisition or business combination. The determination required management to assess the inputs, processes, and outputs of Entheos Capital Corp. at the time of acquisition. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Pursuant to this assessment, the Entheos Capital Corp. acquisition was considered to be an asset acquisition.

Critical accounting judgement: Determination of control
The determination of the acquirer in a reverse takeover transaction is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over the entity, whether the Company has exposure or rights to variable returns from its involvement with the entity, and whether the Company has the ability to use its power over the entity to affect the amount of its returns.

Critical accounting estimate: Purchase price allocation

Estimates are made in determining the fair value of the assets and liabilities acquired and the consideration paid as part of an acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values.

Critical accounting estimate: Stock-based compensation

The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and reserves.

Management's Responsibility for Consolidated Financial Statements

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these consolidated financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the consolidated financial statements.

Outstanding Share Data as of June 27, 2022

a) Authorized Share Capital:
   unlimited number of common shares without par value
   unlimited number of preferred shares without par value

b) Issued and Outstanding Shares: 44,843,482 common shares

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
1,140,000	$0.20	December 14, 2026

d) Outstanding RSU's

Vesting Date	Number of RSUs	Value per RSU
September 29, 2022	1,377,083	$0.25
March 31, 2023	366,666	$0.25
September 29, 2023	760,417	$0.25
March 31, 2024	366,667	$0.25
September 29, 2024	366,667	$0.25

Officers and Directors

Brayden Sutton, CEO and Director
Thomas Joshua Taylor, President and Director
Emily Graham, CFO
Dayna Lange, Director
Justin Chorbajian, Director