The BC Bud Corporation

Management's Discussion and Analysis

For the three months ended May 31, 2024

1500 – 409 Granville Street Vancouver, BC
V6C 1T2

Forward-Looking Information

The following is management's discussion and analysis ("MD&A"), prepared as of October 23, 2024. This MD&A should be read in conjunction with the The BC Bud Corporation's (the "Company", "BCBC") unaudited condensed interim financial statements and the accompanying notes for the three months ended May 31, 2024, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. Due to an enforcement report dated December 7, 2023 as issued by the Canadian Public Accountability Board (CPAB) against the company's former auditor, BF Borgers CPA PC. Pursuant to the enforcement report, the former auditor is prohibited from accepting Canadian reporting issuers as clients. The former auditor was asked to resign by the company which finally occurred on March 12, 2024. The company confirms that, at this time, there have been no reservations or modified opinions in the former auditor's reports for any period during which the former auditor was the auditor of the company. The board approved the resignation of the former auditor and the appointment of the successor auditor in place of the former auditor. At the request of the British Columbia Securities Commission (the BCSC), the company was asked to amend and restate its audited consolidated financial statements for the fiscal year ended February 28, 2023, and in light of the enforcement report, the company has requested the successor auditor to review the matters raised by the BCSC and their impact on the scope of the audit for the fiscal 2024 year-end. The successor auditor has reaudited the fiscal year ended February 28, 2023, as part of this engagement.

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

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

Description of Business

The BC Bud Corporation (the "Company") was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. On September 29, 2021, the Entheos Capital Corp. completed a reverse takeover transaction with The BC Bud Corporation and changed its name to The BC Bud Corporation. The BC Bud Corporation is listed on the Canadian Securities Exchange ("CSE") under the symbol "BCBC". The Company's registered office is located at 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

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

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

In Q3 2022, infused pre rolls launched in BC and Alberta, vape and concentrate sales launched Alberta and Saskatchewan, and edibles launched in Ontario and Saskatchewan.

On December 20, 2022, BCBC entered into a sales partnership with Higher Peaks Agency to provide a "boots on the ground" retail sales force across Canada.

On May 18, 2023, BCBC launched six new products, including two live hash rosin budders, two live hash rosin-infused B.C. Bud Corp. flower PR strains, a Mosambi live hash rosin vape cart, and Alaskan Thunder F (ATF) two-piece one gram (a preroll flower SKU (stock-keeping unit).

On June 27, 2023, BCBC entered a partnership with TobaRolling Inc., Manitoba's leading distributor of cannabis products, supplying every store in the province.

On August 2, 2023, BC Cannabis Stores has selected BCBC's Mosambi live hash rosin vape cart, Mosambi live hash rosin budder and Narang Tang live hash rosin budder for its select outlet stores.

On October 11, 2023, BCBC entered into a consulting agreement with Stox Ventures Inc., a company led by Karim Mohamedani, to provide advisory services to management.

On October 16, 2023, Dayna Lange resigned from the board of directors of BCBC, effective immediately.

Change of Auditor

The Company's former auditor, Smythe LLP, resigned effective August 5, 2022. Smythe has not expressed any modified opinion in its reports for the two most recently completed fiscal years of the Company, nor for the period from the most recently completed period for which Smythe issued an audit report in respect of the Company.

MNP LLP was appointed as the successor auditor effective September 23, 2022.

The Company requested the resignation of MNP LLP effective as at May 31, 2023 and BF Borgers CPA PC was appointed as the successor auditor of the Company effective as of May 31, 2023.

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

On May 27, 2024 the Company appointed Davidson & Company LLP as its auditor.

OTCQB Trading

The Company's common shares began trading on the OTCQB on October 3, 2022 and currently trades under the symbol "BCBCF".

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. 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 eight most recently completed financial quarters ended May 31, 2024:

	May 31, 2024	February 29, 2024	November 30, 2023	August 31, 2023
Total assets	$ 736,026	632,066	$ 1,555,655	$ 1,797,092
Working capital	419,672	(27,954)	769,713	1,117,971
Shareholders' equity	450,257	6,061	807,158	1,158,846
Total revenue	6,306	(473,249)	74,939	262,213
Total gross margin	(16,047)	112,094	(184,302)	52,228
Operating expenses	108,038	647,667	166,950	241,221
Net income (loss) and comprehensive loss	19,195	(526,097)	(355,599)	(192,662)
Basic loss per share	(0.00)	(0.01)	(0.01)	(0.00)
Diluted loss per share	(0.00)	(0.01)	(0.01)	(0.00)

	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022
Total assets	$ 1,850,360	$ 1,270,803	$ 1,361,781	$ 1,402,510
Working capital	1,096,298	894,893	984,115	1,191,645
Shareholders' equity	1,140,602	942,627	1,035,279	1,171,456
Total revenue	197,579	(512,572)	161,727	295,247
Total gross margin	79,483	64,680	(46,524)	37,679
Operating expenses	227,145	594,068	125,515	249,577
Net loss and comprehensive loss	(149,698)	(519,455)	(173,975)	(214,227)
Basic loss per share	(0.00)	(0.01)	(0.00)	(0.01)
Diluted loss per share	(0.00)	(0.01)	(0.00)	(0.01)

For the three month period ended May 31, 2024:

The Company had a net income for the three-month period ended May 31, 2024 of $19,195 (2023 - $149,698 net loss). The net increase of $168,893 in the net income for the three-month period ended May 31, 2024 compared to the three-month period ended May 31, 2023 was impacted by the differences below:

- Gross margin of $(16,047) (2023 – $79,483) decreased due to higher cost of goods sold from increased product costs in 2024. This is related to higher competition in the market place in 2024, leading to more returns and lower revenues, and increased costs of materials. In 2024, there were no changes in revenue segments, but there were significant changes in sales volume (and revenue) due to several partners becoming delinquent. In addition, the Company ended the relationship with several groups due to their debt obligations to the Canada Revenue Agency, and the Company was forced to discontinue specific branded product sales, due to receivables not being able to be collected as these groups' funds were garnished by government. Cost of sales also increased due to costs of additional processing when product had to be sent back and handled again by our partners, which then leads to higher storage and relabeling costs to fit specifications to be sold again.
- Accretion of $4,523 (2023 - $2,036) increased due to interest costs from additional loans that were outstanding during 2024.
- Advertising and promotion of $1,390, consisted entirely of media services (2023 - $67,550, consisted of marketing fees of $8,985, media services of $28,290, marketing fees of $11,449, advertising consulting fees of $18,684 and other fees of $142) decreased due to a few large marketing and public relations campaigns in fiscal 2024 aimed at promotion, paid to 3 main advertising companies. There were also more online media services, with a campaign paid for online awareness and advertising.
- Bad debt recovery of $38,824 (2023 - $Nil) in 2024 due to a settlement made with a customer in 2024.
- Write off inventory of $137,525 (2023 - $Nil) increased due to an increase in count and cost adjustments when assessing the net realizable value of inventory.
- Consulting fees of $51,226, consisted of $30,000 in contract management fees, and $21,226 in operational consulting fees (2023 - $45,000, consisted entirely of contract management services) increased due to increased use of consulting services to develop the business in 2024. A part of this increase was offset by decreased contract management fees.
- Professional fees of $62,558, consisted of $17,500 in professional fees, $25,000 in advisory fees and $20,058 in legal fees (2023 - $62,685, consisted of professional fees of $42,571 and legal fees of $20,114) decreased due to the decrease in market maintenance services and business and financing activity.
- Stock based compensation of $Nil (2023 - $26,986) decreased due to the vesting of options in 2023 but not in the same period of 2024.
- Office and administration expense of $15,291 (2023 - $16,817) decreased due to lower business activity in 2024, leading to less travel and administrative expenses.
- Regulatory and transfer agent fees of $12,121 (2023 – $4,677) increased due to higher listing and filing fees incurred in 2024 for the Company's OTC fees and regulatory requirements.
- Trademark registration expense recovery of $247 (2023- $Nil) due to a refund of trademark filing applications made in a prior period.
- Gain on debt settlement of $280,806 (2023 -$Nil) increased due to bad debt recoveries and accounts payable settlements made in 2024.

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

At May 31, 2024, the Company had working capital of $419,672 compared to a deficit of $27,954 for February 29, 2024.

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

The Company's working capital amounts are as follows:

		May 31, 2024	February 29, 2024
Cash and cash equivalents	$	111,911	4,202
Other receivable		102,109	94,581
Accounts receivable		6,306	-
Prepaid expenses		72,845	12,015
Inventory		412,270	487,253
Accounts payable and accrued liabilities		(51,891)	(396,650)
Loan payable		(233,878)	(229,355)
	$	419,672	(27,954)

Overall cash utilization for operating activities increased from 2023 to 2024. During the three months ended May 31, 2024, the Company expended $317,291 in operating activities as compared to $269,377 in 2023. The overall increase in cash utilization is due to the management of working capital items, such as accounts payable and prepaid expenses.

During the three months ended May 31, 2024, cash provided by financing activities was $425,000 (2023 - $Nil). The Company received $400,000 (2023 - $Nil) in proceeds from private placements and issued $25,000 in shares for services (2023 - $Nil).

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

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

Transactions with Related Parties

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

During the three months ended May 31, 2024 and 2023, the Company accrued the following amounts towards related parties:

Consulting fees		**Three months ended**		
		May 31, 2024		**May 31, 2023**
TJT Ventures Ltd. (Management)	$	15,000	$	22,500
Brayden Sutton (CEO)		15,000		22,500
	$	30,000	$	45,000

RSUs vested	**Three months ended**	
	May 31, 2024	**May 31, 2023**
Dayna Lange (former Director)	-	4,135
Brian Taylor (Director)	-	4,135
Justin Chorbajian (Director)	-	4,136
	-	12,406

Share-based compensation	**Three months ended**	
	May 31, 2024	**May 31, 2023**
Dayna Lange (former Director)	-	4,135
Brian Taylor (Director)	-	4,135
Justin Chorbajian (Director)	-	4,136
	-	12,406

Rent expense		**Three months ended**		
		May 31, 2024		**May 31, 2023**
Cybin Therapeutics Inc.	$	5,040	$	-

Transactions with **Tricanna Industries Inc,** an entity whose CFO is Dayna Lange, a former director of the Company		**Three months Ended** **May 31, 2024**		**May 31, 2023**
Revenue	$	-	$	132,616
Purchases		-		79,177
Advances Paid		-		68,002

As at May 31, 2024, the Company had $10,274 (February 29, 2024 - $251,073) due to related parties included in accounts payable and accrued liabilities. These amounts are non-interest bearing and due on demand.

Capital Management

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the three months ended May 31, 2024.

Financial Instruments

Fair Value

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

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

Credit risk

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

Amounts Receivable

Amounts receivable consists of trade receivables of $6,306 (February 29, 2024 - $Nil). To reduce the credit risk of amounts receivable, the Company regularly reviews the collectability of the amounts receivable to ensure there is no indication that these amounts will not be fully recoverable. As well, any accounts receivable outstanding for more than 90 days is generally considered bad debt, unless there are strong indications that the debt can be collected based on management expectations and historical collections. Subsequent bad debt collected will be included as a bad debt recovery.

As a result, as at May 31, 2024, the Company impaired its accounts receivable balance when arriving at the expected credit losses of $Nil (2023 - $Nil) in accordance with IFRS 9, *Financial Instruments*.

This bad debt was in occurrence with the nationwide CRA revenue absorption of outstanding excise taxes owing which included several processing and distribution partners, causing a cash crunch. During the three months ended May 31, 2024, the Company collected cash totalling $Nil since the year end from the accounts receivable (2023 - $20,065).

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 May 31, 2024, the Company had working capital of $419,672 (February 29, 2024 – deficit of $27,954). All of the Company's current liabilities are due within 90 days of May 31, 2024.

Market risk

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

Debt Settlement

During the three months ended May 31, 2024, a customer settled $38,824 in accounts receivable by sending products with a fair value of $66,876 to the Company. As this receivable amount was previously written off, this settlement was recorded as a recovery of bad debt of $38,824, and gain on debt settlement amounting to $28,052.

During the three months ended May 31, 2024, accounts payable of $286,700 was assigned from a vendor to a third party for the total amount of $33,946, leading to a gain on debt settlement amounting to $252,754.

Material Accounting Policy Information

The preparation of consolidated financial statements in conformity with IFRS Accounting Standard requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. It is reasonably possible that circumstances may arise that would cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect the Company's financial position. Significant areas requiring the use of management estimates and judgments is the impairment of accounts receivable.

Critical accounting judgements: Going concern

The assessment of whether the going concern assumption is appropriate requires 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 estimates: Income taxes

The Company uses the deferred method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 May 31, 2024

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

b) Issued and Outstanding Shares: 77,010,982 common shares

Share issuances

During the three months ended May 31, 2024, the Company had issued 20,500,000 common shares with a fair value of $425,000 (2023 -$Nil).

During the year ended February 29, 2024, 2,646,667 units, consisted of a common share and a warrant, were issued at $0.075 per unit for gross proceeds of $198,500. These warrants have an exercise price of $0.15 per warrant and a life of three years. A value of $73,359 was assigned to these warrants, calculated using a share price of $0.08 - $0.10, remaining life of three years, volatility of 98.26%, dividend rate of 0% and a risk-free rate of 3.87%-4.04%.

On March 1, 2024, the company issued 500,000 common shares issued as compensation to Stock Ventures Inc. for services. The shares were issued at a deemed price of $0.05 per share for a total consideration of $25,000.

On April 12, 2024, the company closed a non-brokered private placement generating gross proceeds of $400,000 through the sale of an aggregate of 20 million units at a price of $0.02 per unit. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.05 until April 12, 2026. A value of $263,598 was assigned to these warrants, calculated using a share price of $0.05, remaining life of two years, volatility of 167.27%, dividend rate of 0% and a risk-free rate of 4.29%.

c) Outstanding incentive stock options:

Stock options

The Company has a stock option plan, last approved on July 29, 2021, which reserves an aggregate number of securities for issuance up to 10% of the number of the outstanding common shares. Under the stock option plan, stock options can be granted for a maximum term of ten years. Further, the exercise price shall not be less than the price of the Company's common shares on the date preceding the date of grant.

On March 12, 2023, the Company approved 150,000 options to be issued and granted to Daniel Southan-Dwyer, expiring March 12, 2028, with an exercise price of $0.15.

Stock option transactions are summarized as follows:

Stock Options	Number of Options	Weighted Average Exercise Price
Balance outstanding and exercisable – February 29, 2024 and May 31, 2024	1,990,000	0.16

Stock options outstanding as at May 31, 2024:

Expiry Date	Number of Options	Weighted Average Exercise Price
December 14, 2026	1,140,000	0.20
February 3, 2028	700,000	0.10
March 12, 2028	150,000	0.15

The Company recognized share-based payments expense of $Nil for options granted and vested during the three months ended May 31, 2024 (2023 - $14,580).

Share-based payments expense is estimated using the following assumptions. The expected volatility assumption is based on comparable volatility of the Company's common share price on the CSE. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture, and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares.

	May 31, 2024	**May 31, 2023**
Risk-free interest rate	-	3.19%
Expected life of options	-	5 years
Expected annualized volatility	-	78.24%
Dividend rate	-	-
Forfeiture rate	-	-

d) Outstanding RSU's

During the three months ended May 31, 2024, the Company issued no common shares upon vesting (2023 – nil). The vesting conditions were time-based vesting conditions with various maturities (minimum of one year). As the performance conditions of the RSU granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSU granted is determined to be $0.25, equal to the market price on the date of grant.

During the three months ended May 31, 2024, no RSUs (2023: nil) vested and $Nil (2023: $nil) was transferred from Contributed Surplus.

Vesting date	**Number of RSUs**
September 29, 2022	1,377,083
September 29, 2023	393,750
Balance	1,770,833

The Company recognized share-based payment expense of $Nil for RSUs accrued during three months ended May 31, 2024 (2023 - $12,406).

e) Outstanding escrow shares

As at May 31, 2024, there were 4,403,750 (February 29, 2024 – 8,807,500) common shares held in escrow. 10% of the securities were released on closing of the transaction and the remaining balance is released in six equal tranches of 15% every six months thereafter.

f) Outstanding warrants

In connection with the reverse takeover transaction, the Company 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 reverse takeover 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 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.

On February 2, 2023, the Company closed a non-brokered private placement generating gross proceeds of $340,000 through the sale of an aggregate of 6.8 million units at a price of five cents per unit. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of 15 cents per share until February 2, 2025. All securities issuable in the placement are subject to a four-month hold period expiring on June 3, 2023, in accordance with applicable securities laws.

As of August 25, 2023, a total of $198,500 was raised through the sale of an aggregate of 2,646,667 units at a price of $0.075 per unit. Each unit comprised one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase a further common share at a price of $0.15 per share for a three-year period. A value of $73,358 was assigned to these warrants, calculated using a share price of $0.08 - $0.10, remaining life of three years, volatility of over 400%, dividend rate of 0% and a risk-free rate of 3.87%-4.04%.

On April 12, 2024, the company closed a non-brokered private placement generating gross proceeds of $400,000 through the sale of an aggregate of 20 million units at a price of five cents per unit. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of 5 cents per share until April 12, 2026. A value of $263,598 was assigned to these warrants, calculated using a share price of $0.05, remaining life of two years, volatility of 167.27%, dividend rate of 0% and a risk-free rate of 4.29%.

Warrant transactions are summarized as follows:

Warrants	**Number of Warrants**	**Weighted Average Exercise Price**
Balance – February 29, 2024	9,446,667	0.15
Granted	20,000,000	0.05
Balance outstanding and exercisable – May 31, 2024	29,446,667	0.08

Warrants outstanding as at May 31, 2024:

Expiry Date	Number of Warrants	Weighted Average Exercise Price
February 2, 2025	6,800,000	0.15
April 12, 2026	20,000,000	0.05
August 4, 2026	700,000	0.15
August 25, 2026	1,946,667	0.15

Previous Financings – Use of Funds

RTO Financing - May 31, 2021

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

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

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

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

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

(b) Concentrate sales were also delayed as a result of the Issuer's partner experiencing licensing delays and increased marketing during the delays

(c) Launch of flower required larger upfront purchases to ensure product inventory for expanded markets, particularly in Ontario

(d) Costs exceeded projections on vaping cartridges due to upfront packaging and hardware costs. Extraction costs also exceeded expectations due to minimum extraction, product non-compliance and shipping delays

(e) Beverage project was paused due to size of existing market and expected increased costs for formulation and sustainability testing
(f) Given overruns relative to flower and vape, the Issuer reduced its budgeted R&D and new product development allocations

Private Placement - February 2023	
Funds Raised	340,000
Stated purpose in news release	Business development and general working capital
Actual Use	The funds have been spent on acquisition of inventory, financing receivables, and general operating costs
Variances and impact of variances	No material variances have been identified by the Company. Proceeds have been used as intended to date and to finance the Company's operations while meeting administrative requirements.

Private Placement - August 2023	
Funds Raised	198,500
Stated purpose in news release	Business development and general working capital
Actual Use	The funds have been spent on acquisition of inventory, financing receivables, and general operating costs
Variances and impact of variances	No material variances have been identified by the Company. Proceeds have been used as intended to date and to finance the Company's operations while meeting administrative requirements.

Private Placement – April 2024	
Funds Raised	400,000
Stated purpose in news release	Business development and general working capital
Actual Use	The funds have been spent on acquisition of inventory, financing receivables, and general operating costs
Variances and impact of variances	No material variances have been identified by the Company. Proceeds have been used as intended to date and to finance the Company's operations while meeting administrative requirements.

Outstanding Share Data at date of the MD&A

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: 77,010,982 common shares

c) Outstanding incentive stock options:

Expiry Date	Number of Options	Weighted Average Exercise Price
December 14, 2026	1,140,000	0.20
February 3, 2028	700,000	0.15
March 1, 2028	250,000	0.10
March 12, 2028	150,000	0.15

d) Outstanding escrow shares

As at the date of this MD&A, there were 4,403,750 common shares held in escrow.

e) Outstanding warrants

Warrants outstanding as at the date of this MD&A:

Expiry Date	Number of Warrants	Weighted Average Exercise Price
February 2, 2025	6,800,000	0.15
April 12, 2026	20,000,000	0.05
August 4, 2026	700,000	0.15
August 25, 2026	1,946,667	0.15

Officers and Directors
Brayden Sutton, CEO and Director
Thomas Joshua Taylor, President and Director
Simon Tso, CFO
Justin Chorbajian, Director
Brian Taylor, Director

Subsequent Events

On September 10, 2024, the Company has been suspended, pursuant to Canadian Securities Exchange.

On October 16, 2024, the Company refiles fiscal 2023 results.