Form 51-102-F1

SWEET POISON SPIRITS INC.
(formerly YELLOW STEM TECH INC.)

MANAGEMENT DISCUSSION & ANALYSIS
For the period ended July 31, 2023

Directors and Officers as at October 4, 2023

Directors:

Robert Eadie
Gary Arca
Gina Pala
Tanya Lutzke

Officers:

President & CEO – Robert Eadie
CFO & Corporate Secretary – Gary Arca

Contact Name: Robert Eadie

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SWEET POISON SPIRITS INC.
(formerly YELLOW STEM TECH INC.)

MANAGEMENT'S DISCUSSION & ANALYSIS
For the period ended July 31, 2023

1.1 Date of This Report

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the unaudited condensed financial statements of Yellow Stem Tech Inc. (the "Company") for the period ended July 31, 2023. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on www.sedar.com

This MD&A is prepared as of October 4, 2023.

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

1.2 Overall Performance

Description of Business

In prior years, the Company was in the business of growing, processing, packaging and selling cannabidiol and related hemp based products in Italy through its wholly owned Italian subsidiary, Hemp For Health H4H S.R.L,("H4Hsrl"). **See *Section 1.5 - Results of Operations* for disclosure of a "Hemp for Health Completes COB and Name Change to Yellow Stem Tech Inc."**, whereby the Company changed its business from growing and processing hemp into CBD products to mining for cryptocurrencies.

On November 3, 2022, the Company signed a Product Distribution Agreement (the Distribution Agreement") with Sweet Poison Spirits S de RL de CV, a Mexican company headquartered in Guadalajara, Mexico, and Sweet Poison Spirits LLC, a California limited liability corporation headquartered in San Diego, California (collectively, "Sweet Poison"). The Distribution Agreement grants the Company the worldwide distribution rights to Sweet Poison's premium Tequila and Mezcal products under the "Sweet Poison" brand names for an initial period of ten years, renewable for a further ten years and beyond.

The Company changed its name from Yellow Stem Tech Inc. to Sweet Poison Spirits Inc. thereafter and, on June 1, 2023, the Company's common shares commenced trading on the CSE under the trading symbol "SPS".

While distributing Sweet Poison spirits under the Distribution Agreement will be the Company's primary focus in the next 12 months, the Company continues to monitor the pricing of cryptocurrencies, with a view to restarting its mining operations should it again become profitable. As noted in prior disclosure, the Company ceased mining cryptocurrency shortly after acquiring its mining rigs due to a material decline in cryptocurrency prices.

See ***Section 1.3*** **– Discussion of Acquisitions, Operations and Financial Condition -–** ***Product Distribution Agreement with Sweet Poison Spirits***, for transaction to acquire the distribution rights and option to acquire Sweet Poison.

Selected Annual Information

The highlights of financial data for the Company's three most recently completed year-ends, which are calculated in accordance with International Financial Reporting Standards ("IFRS"), are as follows:

	April 30, 2023	**April 30, 2022**	**April 30, 2021**
	$	$	$
(a) Total revenues	Nil	Nil	Nil
(b) Total expenses	(302,908)	(672,525)	(1,116,445)
(c) Net loss	(954,126)	(588,670)	(1,508,166)
(d) Loss per share–basic and diluted	(0.04)	(0.05)	(0.25)
(e) Total assets	245,592	953,966	31,373
(f) Total long-term liabilities	Nil	Nil	Nil
(g) Cash dividends declared per share	Nil	Nil	Nil

1.3 Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the July 31, 2023, unaudited condensed financial statements of the Company and notes attached thereto.

Change of Business to Yellow Stem Tech Inc.

Yellow Stem Tech Inc. (formerly Hemp for Health Inc.) closed the transactions comprising its change of business ("COB"), from growing and processing hemp to mining for cryptocurrencies.

Pursuant to an asset purchase agreement and an operating agreement, both dated March 18, 2022, the Company engaged Enigma Data Technologies LLC, a Delaware based company (the "Provider") to initially source and acquire 150 Siacoin mining rigs for the aggregate purchase price of $672,893 (US$525,000) (paid). The Company engaged the Provider to set-up, host and operate the cryptocurrency mining activities in exchange for 1,334,000 shares of the Company valued at fair value on date of issue of $0.06 per share, or $80,040. This amount was recorded as a prepaid, but has been expensed in the year ending April 30, 2023 as there is no definitive timeline to place the mining rigs into operation. To date, the Company has not commenced operation of the mining rigs as they would not be profitable at the current value of related cryptocurrencies. As at July 31, 2023, the rigs remain unpacked in warehouse storage in the United States.

The above transactions resulted in a change of business for the Company and required CSE and shareholder approval. The Company received approval from shareholders holding over 59% of the Company's outstanding shares, by way of consent resolution.

The Company's common shares commenced trading under Yellow Stem Tech Inc., on the CSE, with trading symbol "YY," effective at the opening on June 20, 2022. As noted above, the Company's name changed from Yellow Stem Tech Inc. to Sweet Poison Spirits Inc., and on June 1, 2023, the Company's common shares commenced trading on the CSE under the trading symbol "SPS".

Product Distribution Agreement with Sweet Poison Spirits

On March 28, 2023, the Company closed ("Closing") on the Distribution Agreement signed November 3, 2022 with Sweet Poison by issuing the shares pursuant to the Distribution Agreement. The Distribution Agreement grants the Company the worldwide distribution rights to Sweet Poison's premium Tequila and Mezcal products under the "Sweet Poison" brand names for an initial period of ten years, renewable for a further ten years and beyond.

In consideration of the rights and licences granted by Sweet Poison, the Company issued to the shareholders of Sweet Poison 2,500,000 common shares (the "Shares") valued at fair value on date of issue of $60,000, subject to resale restrictions as follows:

(i) 25% of the Shares will become free-trading four months following the date of Closing ("subsequently free trading");
(ii) 25% of the Shares will become free-trading 12 months following Closing;
(iii) 25% of the Shares will become free-trading 18 months following Closing; and
(iv) the remaining 25% of the Shares will become free-trading 24 months following Closing.

The Company paid Finder's Fees of 10% in the form of shares valued at fair value on date of issue of $7,500, and other costs of $45,000 for a total of $112,500 as of July 31, 2023.

Concurrent with the Distribution Agreement, the Company also signed an agreement (the "Option Agreement") with the shareholders of Sweet Poison, whereby the Company was granted the option to acquire all of the shares of Sweet Poison subject to the Company fulfilling its obligations under the Distribution Agreement. The terms of the Option Agreement include:

(i) The option price is US$1,000,000 and will be payable as to US$400,000 in cash and US$600,000 in common shares of the Company, as to one-third (US$133,333 in cash and US$200,000 in Shares) upon exercise of the option, based on a share price of US$0.20 per share; an additional one-third (US$133,333 in cash and US$200,000 in Shares) on or before 12 months following the exercise of the option, based on a share price calculated as the volume weighted average price per Share for the 10 trading days prior to issue ("VWAP"); and the remaining one-third on or before 18 months following the exercise of the option, based on the then current VWAP.

(ii) The option is exercisable by the Company at any time after 24 months from the date of the Option Agreement and prior to 36 months.

The Company will pay Finder's Fees of 10% on the Option Agreement transaction, such Finder's Fees payable in the form of shares.

Sweet Poison Formula Amending Agreement

On May 15, 2023, the Company negotiated an agreement with Sweet Poison, amending both the Distribution Agreement and the Option Agreement to include the acquisition of Sweet Poison's formula for one blend of Sweet Poison's tequila and four blends of mezcal. The deemed value of US$250,000, the cost of acquiring the formulas, will be deducted from the purchase price under the Option Agreement in the event the Company exercises the option.

In consideration for acquiring the formulas, the Company will issue to Sweet Poison a total of 2,500,000 shares at a deemed price of US$0.10, with hold periods as follows:

(i) 25% of the Shares will become free-trading four months following the date of issuance (the "Closing");
(ii) an additional 25% of the Shares will become free-trading 12 months following Closing;
(iii) an additional 25% of the Shares will become free-trading 18 months following Closing; and
(iv) the remaining 25% of the Shares will become free-trading 24 months following Closing.

A finder's fee of 250,000 shares will be issued related to this transaction for the finder's efforts in negotiating and facilitating the transaction, such shares to be restricted in the same manner as those shares to be issued to Sweet Poison.

The Company intends to investigate new and alternative businesses that are complementary to management's skills and expertise, all of which will be operated under the "Sweet Poison" brand.

About Sweet Poison Spirits:

Sweet Poison Spirits are creators and distributors of premium quality spirits. The company is committed to respecting traditional and ancestral processes, sustainability and the environment. For more on Sweet Poison, visit www.sweetpoisonspirits.com.

Environmental Protection

The operation of our business has no extraordinary environmental protection requirements. As a result, the Company does not anticipate that any environmental regulations or controls will materially affect the business.

1.4 Results of Operations

The income and comprehensive income for the period ended July 31, 2023, is $260,691 and for the comparative period ended July 31, 2022, there was a loss and comprehensive loss of $92,491:

For the period ended July 31,	***2023***	***2022***	***Variance***
Expenses			
Audit and accounting fees	7,325	20,262	(12,937)
Depreciation and amortization	3,279	-	3,279
Foreign exchange loss	2,473	854	1,619
Legal and corporate services	16,456	11,123	5,333
Management and consulting fees	16,500	16,500	-
Office, rent and administration	4,542	7,465	(2,923)
Shareholder communication and marketing	1,428	16,101	(14,673)
Transfer agent and filing fees	3,895	18,407	(14,512)
Travel and accommodations	-	1,779	(1,779)
Total Expenses	**55,898**	**92,491**	**(36,593)**
Other items			
Gain on debt settlement	316,589	-	316,589
Total income (loss) and comprehensive income (loss) for the period	**$ 260,691**	**$ (92,491)**	**$ 353,182**

During the period the Company incurred legal and corporate service expenses of $16,456, transfer agent fees of $3,895, shareholder communication and marketing expenses of $1,428 and audit and accounting fees of $7,325. These costs are much lower than in the comparative period ended July 31, 2022, mainly due to the change of business in the previous period, and due to a lack of funding and lower activity over fiscal 2024.

See ***Section 1.5 – Debt Settlement*** for related party share issuances for settlement of advances and fees.

1.5 Financings, Principal Purposes & Milestones

<u>Consolidation</u>

On May 1, 2023, the Company's outstanding common shares were consolidated on the basis of two existing shares for one new share. Prior to the consolidation, the Company's authorized share capital was an unlimited number of common shares without par value, of which 52,201,501 shares were issued and outstanding, with a further 12,495,000 shares reserved for issuance upon the exercise of outstanding warrants. Subsequent to the consolidation and the share issuances noted below under the "Financing" and "Debt Settlement", there are 30,623,451 common shares outstanding and 6,247,500 Warrants expiring from December 2023 to February 2024, exercisable at a price of $0.20 per share.

Enigma

The Company has engaged Enigma of the mining rigs to set-up, host and operate the cryptocurrency mining activities in exchange for 1,334,000 shares of the Company. The shares were valued at $0.06, or $80,040, the fair market value on June 29, 2022, the date of issue.

Sweet Poison

The Company issued to the shareholders of Sweet Poison 2,500,000 common shares (the "Shares") valued at fair value on date of issue of $60,000, in consideration of the rights and licences granted by Sweet Poison (see note 5). The Company paid Finder's Fees of 10% in the form of shares valued at fair value on date of issue of $7,500.

Debt Settlement

On May 1, 2023, the Company arranged to settle certain outstanding debt with the CEO and a director in the aggregate amount of $452,270 through the issuance of 4,522,700 shares at a deemed price $0.10 when the fair value price of the Company's shares were $0.03 per share (the "Debt Settlement"). As a result, a gain of $316,589 was recorded in the Company's profit or loss for the period ending July 31, 2023.

The proposed Debt Settlement involves amounts owing to non-arm's length parties, with $415,520 owing to the Company's CEO and $36,750 owing to the CFO, as follows:

i) The amount owing to the represents $373,520 in funds advanced and $42,000 in unpaid management fees. The advances of $373,520 have been outstanding since November 2021 and had been recognized in the Company's audited statements as an unsecured non-interest bearing loan; and

ii) The amount owing to the CFO represents unpaid management fees.

1.6 **Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q1 31-Jul-23	**Q4 30-Apr-23**	**Q3 31-Jan-23**	**Q2 31-Oct-22**
Income (loss) for period	$ 260,691	$ (278,480)	$ (475,462)	$ (107,693)
Per share – basic and diluted	$ 0.01	$ (0.01)	$ (0.02)	$ (0.00)

	Q1 31-Jul-22	Q4 30-Apr-22	Q3 31-Jan-22	Q2 31-Oct-21
Loss for period	$ (92,491)	$ (130,721)	$ (62,590)	$ (353,658)
Per share – basic and diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.06)

Discussion

The Company reports an income of $260,691 for the quarter ending July 31, 2023, compared to a loss of $92,491 in the comparative quarter ended July 31, 2022. For more detailed discussion on the quarterly production results and financial results for the quarter ended July 31, 2023, please refer to *Sections 1.4 under "Results of Operations"* and *Section 1.5 – Debt Settlement.*

1.7 Liquidity and Capital Resources

As at July 31, 2023, the Company had $413 (April 30, 2023 - $312) in cash, working capital deficit of $135,710 and no long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

The Company's working capital will not meet corporate, development, administrative and property obligations for the coming period. As a result, the Company will require additional financing and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern (see financing - *section 1.5 - Financings, Principal Purposes & Milestones).*

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

The following is a summary of charges incurred by the Company with related parties during the period ended July 31, 2023 and 2022:

Period ended July 31,	**2023**	2022
Audit and accounting	**$ 7,325**	$ -
Legal and corporate services	**$ 17,330**	$ -
Management fees	**16,500**	16,500
Office and administrative expense	**4,500**	8,250
Total	**$ 45,655**	$ 24,750

During the quarter ended July 31, 2023, the Company incurred fees and operational expenses totalling $45,655 (July 31, 2022: $24,750) from companies controlled by an officer and director of the Company and by another officer and director. As of July 31, 2023, the Company had amounts payable to officers and directors, and companies with directors in common of $46,535 (April 30, 2023: $88,709).

On May 1, 2023, the Company arranged to settle certain outstanding debt with the CEO and a director of the Company, in the aggregate amount of $452,270 through the issuance of up to 4,522,700 shares at a fair value price of $0.03 per share (the "Debt Settlement"). See ***Section 1.5 – Debt Settlement*** for related party share issuances for settlement of advances and fees.

1.10 Critical Accounting Estimates

a) Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking in to account the consideration of the various factors discussed in Note 2 of the April 30, 2023 consolidated financial statements.

b) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences applicable to the Company. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recuperated.

c) Carrying Value of Data Centre Equipment

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes. When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired or the impairment charge reduced with the impact recorded in profit or loss.

As at July 31, 2023, none of the Company's Siacoin mining rigs had been placed into operations and, as such, have not been amortized. Once operations have begun, the rigs will be amortized accordingly.

Non-financial assets are subject to impairment tests at the end of each reporting period and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. The Company has determined that an impairment on its data centre equipment was required during the period ending April 30, 2023 due to the decrease in the fair market value of identical equipment, not yet put into service, as a result of the significant reduction in the applicable cryptocurrencies over 2023. An impairment loss of $571,178 (US$450,000) was therefore charged to profit or loss for the year ended April 30, 2023, bringing the value of the mining rigs to $101,715 (US$75,000). The rigs were revalued to $98,828 (US$75,000) as at July 31, 2023.

d) Stock based compensation

The inputs used in calculating the fair value for stock-based compensation expense included in profit and loss and stock-based share issuance costs included in shareholders' equity. The stock-based compensation expense is estimated using Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly sensitive assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimate forfeiture rate.

e) Shares for debt

The valuation of shares issued in non-cash transactions, including the settlement of debt. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non- cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

1.11 Changes in Accounting Policies

N/A

1.12 Financial and Other Instruments

As at July 31, 2023, the Company's financial instruments consist of cash, amounts and other receivables, advances payable, and trade and other payables.

The fair value of the Company's amounts and other receivables, advances payable, and trade and other payables approximates their carrying value, which is the amount on the statement of financial position, due to their short-term maturities or ability of prompt liquidation.

a) Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At July 31, 2023, US dollar amounts were converted at a rate of $1.32 Canadian dollars to $1 US dollar and Euros were converted at a rate of $1.45 Canadian dollars to 1 Euro. A 10% increase or decrease in the US dollar exchange may increase or decrease loss for the period by approximately $1,331. A 10% increase or decrease in the EUR$ exchange may increase or decrease loss for the period by approximately $2,903.

b) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2023. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

c) 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 is exposed to credit risk with respect to its cash, the balance of which at July 31, 2023 is $413 (April 30, 2023 - $312). As at that date, cash and short-term investment were held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

d) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Additional cash requirements could be met with the issuance of additional share capital; however there is no assurance the Company will be able to raise funds in this manner in the future. As at July 31, 2023, the Company was holding cash of $413 (April 30, 2023 - $312).

1.13 Disclosure of Outstanding Share Capital as at October 4, 2023:

	Number		Book Value
Common Shares	30,623,451	$	5,135,826

A summary of the Company's outstanding share purchase warrants is presented below:

Number of Shares	Exercise Price	Expiry Date
3,622,500	$0.20	December 9, 2023
2,625,000	$0.20	February 2, 2024
6,247,500	**$0.20**	

1.14 Approval

The Board of Directors, upon the recommendation of the Audit Committee, has approved the disclosure contained in this MD&A.