



THC BIOMED INTL LTD.

Management's Discussion and Analysis

For the Nine Months Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This Management Discussion and Analysis ("MD&A") contains certain statements that constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995 or in releases made by legislation as amended from time to time) that involve risks and uncertainties. All statements, other than statements of historical fact, made by the Company that address activities, events, or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by, or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance, or business developments. These statements speak only as of the date they are made and are based on information currently available and on the Company's then current expectations and assumptions concerning future events, which 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, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management, and conflicts of interest
- market competition and agricultural advances of competitive products
- the timing and availability of the Company's products, its ability to expand production space, and acceptance of its products by the market
- the ability to successfully market, sell, and distribute the products, and to expand the Company's customer base

Readers are cautioned not to put undue reliance on forward-looking statements. Unless otherwise indicated by us, forward-looking statements in this MD&A describe our expectations as at June 29, 2022 and, accordingly, are subject to change after that date. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statements will materialize, and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in this MD&A for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes,

The forward-looking statements in this MD&A are subject to, among other things, the following risks:

- the Company's operations are dependent on key technical personnel, and the loss of such personnel could have a significant impact on the Company's ability to conduct its activities
- competition
- currency fluctuations and exchange rates
- the Company's ability to continue as a going concern

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

- the Company may not be able to obtain all necessary funding for its operations, on terms satisfactory to the Company or at all
- credit risk
- the Company's dependence on information technology systems
- risks that the Company's software and applications may contain security problems, security vulnerabilities, or defects in design or manufacture, including "bugs" and other problems that could interfere with the intended operation of its software
- risks related to the volatility of customer demand for the Company's products
- risks associated with cybersecurity and privacy violations, in particular given the Company's operations are highly dependent on online technologies and the Company obtains a significant amount of personal information in the course of operations
- duration and impact of COVID-19 on our business plans, objectives and expected operating results

We have made certain economic, market and operational assumptions in preparing the forward-looking statements contained in this MD&A. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

Important risk factors including, without limitation, competitive, regulatory, economic, financial, operational, technological and other risks could cause actual results or events to differ materially from those expressed in, or implied by, the previously-mentioned forward-looking statements.

We caution readers that the risks described in this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business, or reputation. Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or other transactions that may be announced or that may occur after June 29, 2022. We therefore cannot describe the expected impact in a meaningful way, or in the same way we present known risks affecting our business.

COVID-19

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors, and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended	Revenue	Net Income (Loss)	Income (Loss) Per Share
Q3/2022	April 30, 2022	\$ 699,004	\$ (131,108)	\$ -
Q2/2022	January 31, 2022	\$ 606,826	\$ (1,547,016)	\$ (0.01)
Q1/2022	October 31, 2021	\$ 1,136,796	\$ 25,006	\$ -
Q4/2021	July 31, 2021	\$ 1,020,804	\$ (1,426,064)	\$ (0.01)
Q3/2021	April 30, 2021	\$ 1,109,503	\$ (1,319,503)	\$ (0.01)
Q2/2021	January 31, 2021	\$ 1,021,989	\$ (2,921,510)	\$ (0.02)
Q1/2021	October 31, 2020	\$ 622,025	\$ (692,177)	\$ -
Q4/2020	July 31, 2020	\$ 990,940	\$ (642,989)	\$ (0.01)

For the nine months ended April 30, 2022, we produced 794 kilograms of dried cannabis and sold 641 kilograms at an average net selling price of \$3.00 per gram.

Q3 HIGHLIGHTS

- Sales of edibles in Q3 made up 25% of total sales
- Sales of our newly launched biscuits make up 41% of edible sales and 10% of overall sales
- Launched a new potent brand of cannabis called "Smoke That Thunders" on 4/20 of 2022. These seven new strains contain tetrahydrocannabinol between 18% and 24%
- Launched a new website smokethatthunders.buzz to promote our new potent strains
- Sold the building on St. Paul Street, Kelowna, British Columbia for gross proceeds of \$2,715,000. These funds were used to pay off mortgages against the property and provide cash flow for operations.

HIGHLIGHTS SUBSEQUENT TO APRIL 30, 2022

- Entered into a new Commercial Sales Agreement with World Wide Brands Limited for sales and distribution of our products in Saskatchewan

COMPANY OVERVIEW

This Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of THC BioMed Intl Ltd. (the "Company" or "THC") for the nine months ended April 30, 2022 should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended April 30, 2022 and the audited consolidated financial statements for the year ended July 31, 2021, which are prepared in accordance with International Financial Reporting Standards ("IFRS").

THC is a publicly traded company with its head office at #1 – 2550 Acland Road, Kelowna, British Columbia, Canada, V1X 7L4.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

The Company's shares trade on the Canadian Securities Exchange ("CSE") under the symbol THC, on the Over the Counter Best Market ("OTCQX") under the symbol THCBF, and on the Frankfurt Stock Exchange under the symbol TFHD.

These consolidated financial statements include the accounts of THC and its five wholly owned subsidiaries: THC BioMed Ltd. ("THC BioMed"), Clone Shipper Ltd., THC BioMed Victoria Falls Ltd., THC2GO Dispensaries Ltd. ("THC2GO"), and THC BioMed Lesotho Ltd. ("THC Lesotho").

The Company's principal business is the production and sale of cannabis through THC BioMed Ltd. which is a small batch Licensed Producer as regulated by the *Cannabis Act* which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. Clone Shipper Ltd. owns all rights to the Clone Shipper product used to transport live plants. THC BioMed Victoria Falls Ltd. (formerly THC BioMedical Ltd.) will conduct research and development of next generation cannabis products. THC2GO and THC Lesotho are inactive

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the 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 Director's Audit Committee meets with management quarterly to review the consolidated 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 SEDAR at www.sedar.com.

This MD&A is prepared as at June 29, 2022. All dollar figures stated herein are expressed in Canadian dollars unless otherwise noted.

Readers should use the information contained in this report in conjunction with all other disclosure documents including those filed on SEDAR at www.sedar.com.

STRATEGY FOR THE CANADIAN CANNABIS MARKET

THC BioMed is one of Canada's oldest and active licensed cannabis companies. It is a small batch producer that passionately grows its strains organically, with the purest nutrients and without pesticides or other exogenous chemicals. It aims to be a leader in the beverage and edible categories by supplying Canadians with clean, safe, and affordable cannabis products.

THC BioMed has extensive experience in processing, packaging, and shipping live cannabis clones, dried cannabis, and edibles. It is one of the few Licensed Producers to offer clients live cannabis clones, which are shipped using its specially-designed Clone Shipper containers. The Company has also learned how to implement modern packaging techniques that are childproof and allow for long-term storage.

Currently, THC BioMed carries 21 medical and recreational cannabis strains, five of which are proprietary. Through customer feedback, internal systems, and external services, the Company identified an additional seven strains that are branded under "Smoke That Thunders" that is sold to the medical and recreational market with tetrahydrocannabinol between 18% and 24%. These sales were launched on 4/20 of 2022.

To position itself as a leader in the beverage and edibles category, THC BioMed introduced more flavors and new products for *THC Kiss*, our line of beverages and edibles produced from a proprietary blend. Starting with the innovative *THC Kiss Guava Beverage Shot* and *THC Kiss Strawberry Gummies*, *THC Kiss* now boasts seven delicious flavors of *THC Kiss* products. In 2021, *THC Kiss* launched new flavors such as *THC Kiss Mango*

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Beverage Shot and *THC Kiss Orange Gummies*. Further, it expanded its edibles with *THC Kiss Biscuits*, offering classic flavours as cocoa, cinnamon, and shortbread. THC BioMed will continue developing new products for *THC Kiss* to provide the cannabis market with more ways of consuming cannabis.

THC BioMed will continue producing small batches of high quality and reliable quantities, concentrating on edibles. It distinguishes itself from the competition by offering economical plant science. The Company will achieve this by providing Canadians with safe cannabis products that offer the greatest possible effect in the most cost-efficient way.

THC Kiss Beverage Shot

The Company will concentrate on producing a cannabis beverage shot, *THC Kiss*. *THC Kiss* was developed by the Company using proprietary extraction methods.

The regulations place a limit of 10 milligrams ("mg") of tetrahydrocannabinol per separate unit for a cannabis beverage. Currently *THC Kiss* is packaged in glass bottles and displays the standardized cannabis symbols along with a health warning message. The beverage comes in guava and mango flavours with more flavours coming soon.

THC Kiss Gummies

THC Kiss Gummies are chewy flavoured gummy candies containing 2.5 mg of tetrahydrocannabinol each. Each bag of *THC Kiss Gummies* contains 7.5 mg of tetrahydrocannabinol with 3 gummies in each package or 10 mg of tetrahydrocannabinol with 4 gummies in each package. The cannabis extract used is from the same proprietary extraction system as that used in the *THC Kiss Beverage Shot*. The Company is producing the *THC Kiss Gummies* in strawberry and orange flavours with more flavours to be developed soon.

THC Kiss Biscuits

THC KISS Biscuits are the latest edible from THC BioMed. Each package contains one biscuit with 10mg of tetrahydrocannabinol. *THC Kiss Biscuits* come in cocoa, cinnamon, and shortbread flavors, with more flavors to be developed soon.

Pure Cannabis Sticks

The Company will continue to produce *Pure Cannabis Sticks*, pre-rolls that are filtered, paper cylinders filled with the Company's own pure cannabis to be manufactured using our automated production machine. As cannabis consumers navigate the numerous cannabis brands, THC believes that easy-to-use products will gain popularity such as ready to use pre-rolls over traditional flower purchases.

Pure Cannabis Sticks are packaged in lots of singles with each pre-roll intended for a single-use session containing 0.6 grams of cannabis.

THC BioMed has also engaged a consultant to carry out an enhancement project on the Company's automated cannabis cylinder machine to improve production and add automated packaging to the process.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

PRODUCTION

THC BioMed is a small batch Licensed Producer passionate about using organic and sustainable growing methods without pesticides or exogenous chemicals. Sustainability, social value, and product innovation are the driving factors that support our fundamental values as a company. Along with producing proprietary strains, the Company will focus on producing cannabis and edibles going forward.

The Company operates in a sophisticated complex of indoor growing space in small rooms with the desired light, temperature, and humidity. It allows us to maintain optimal environmental control to regulate all aspects of the growing cycle and produce an exceptionally consistent product. The process is mainly done by hand, from watering, cannabis harvesting, to flower trimming. We choose from only the best-feminized seeds, and our growers especially tend to the cannabis from seed to final product. We know that drying and curing cannabis is a critical step in the process, so we take our time to ensure we don't lose flavor or potency but rather preserve all the terpenes that nature has to offer. Our buds are hand-trimmed at the perfect time and placed on drying racks then cured for an extended time. After drying, the flower is cured for several weeks before final inspection, testing, and then packaging. There are absolutely no pesticides, and critters are kept away by physical means and tightly sealed rooms. Every lot is subject to Health Canada's standardized testing requirements.

THC BioMed focuses on selling its proprietary strains that are:

- **THC Sativa Landrace** is a *proprietary landrace* Sativa strain with its dried bud containing high tetrahydrocannabinol between 18% and 24%
- **THC Indica Landrace** is a *proprietary landrace* Indica strain with its dried bud containing high tetrahydrocannabinol between 18% and 24%
- **THC Hybrid Landrace** is a *proprietary hybrid* 60/40 Sativa-dominant strain with its dried bud containing high tetrahydrocannabinol between 18% and 24%
- **CBD Indica Landrace** is a *proprietary Indica dominant* strain and the dried bud contains high CBD at 11%
- **CBD Sativa Landrace** is a *proprietary Sativa dominant* strain and the dried bud contains high CBD at 10%

Starting 4/20 of 2022, the Company began focusing on selling seven new strains under the brand name "Smoke that Thunders" to produce dried cannabis with tetrahydrocannabinol between 18% and 24%:

- **White Berry** is a 75/25 Indica dominant hybrid that feels as good as it sounds. It carries a fragrant berry scent and a distinct aroma because of its most dominant terpene, Caryophyllene. The buds are light green with amber hairs and a moderate dusting of trichomes. It is best to consume towards the end of the day.
- **Allkush** is an 80/20 Indica dominant hybrid which results in a high in a short amount of time. Its most dominant terpene, Pinene, gives this strain a holiday vibe because it smells like a pine tree. It is a thick bud with a generous amount of trichomes. This strain has a fragrant scent which makes it irresistible.
- **Malawi Gold** is a Sativa strain that screams royalty in every aspect. It is draped with gold hair all over, which makes it a sight to behold. Its most abundant terpene is Myrcene which brings a unique fruity scent and flavour.
- **BC Indoor Lucid Bolt** is an Indica-dominant strain that has been choicely-bred by our team of expert growers for a greater effect for Indica lovers. It has rich dark green buds with amber hairs and carries a heavy dusting of trichomes, making it the ideal choice for afternoon or evening consumption. It's flavorful with fruity and acidic flavors, along with hints of blackberries on your tongue.
- **BC Highbrid** is our famous hybrid landrace strain. It is a balanced hybrid with a sweet earthy scent and hints of nectarine. This proprietary strain has been choicely bred by our team of expert growers to deliver a balanced hybrid with the highest tetrahydrocannabinol levels. These premium buds are beautiful light green with contrasting deep orange hairs and carry a heavy dusting of

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

tetrahydrocannabinol crystals. This strain combines smells that are both earthy and sweet with flavors of nectarine, pepper, and honey cream.

- **Dragon's Lettuce** is a premium strain that is our most potent Sativa and carries a unique blend of strong floral aromas, notes of grape with hints of sugary and spikey greens that make it hard to resist.
- **Jacky White** is a 75/25 Sativa-dominant strain and is a cross between classic strains Jack Herer Sativa and White Widow. This strain is generous in terpenes like Limonene, Pinene, and Myrcene, giving it flavors of sweet grapefruit and citrus. It has a heavy dusting of trichomes giving it a glowing aura. As a Sativa, it has well-balanced head and body effects.

Current packaging of dried cannabis is in jars of 3.5 grams, 7 gram, and 10 grams. Dried cannabis containing 15 grams and 28 grams are now packaged in pouches. The *THC Kiss Beverage Shots* are currently packaged in glass bottles containing 10 mg of tetrahydrocannabinol. *THC Kiss Gummies* are packaged three or four to a package (2.5 mg each) with a total of 7.5 mg or 10 mg of tetrahydrocannabinol respectively. *THC Kiss Biscuits* are packaged individually with 10 mg of tetrahydrocannabinol per cookie.

MARKETING

THC BioMed rebranded its website, logo, and packaging. Also, the Company increased its marketing team to help establish a strong brand presence, assist in product conceptualization and development, build a solid network of partner dispensaries and industry partners, and participate in various industry events.



THC BIOMED INTL LTD.

**Management’s Discussion and Analysis
(Expressed in Canadian Dollars)**

For the Nine Months Ended April 30, 2022 and 2021

On 4/20 of 2022, the Company launched seven additional strains under the brand name “Smoke That Thunders” to produce dried cannabis with tetrahydrocannabinol between 18% and 24%. This will coincide with the launching of a new website called “Smoke That Thunders”.



White Berry



Allkush



Malawi Gold



BC Indoor Lucid Bolt



BC Highbrid



Dragon's Lettuce



Jacky White

PACKAGING

The federal government has strict regulations regarding advertising, labelling, and packaging of cannabis products. Restrictions on cannabis advertising and packaging are similar to what is in place today for tobacco. Advertising is restricted to locations where there are no minors with limits on displays and in-store promotion.

Our packaging for the *THC Kiss Beverage Shot* is in 30 ml bottles:



THC BIOMED INTL LTD.

**Management’s Discussion and Analysis
(Expressed in Canadian Dollars)**

For the Nine Months Ended April 30, 2022 and 2021

Our packaging for dried cannabis are in child proof bottles and pouches and come in volumes of 28 grams, 15 grams, 14 grams, 10 grams, 7 grams, and 3.5 grams:



THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Our *Pure Cannabis Sticks* with 0.6 grams of tetrahydrocannabinol are sold in singles:



Our packaging for 0.5 grams per Pre-Roll comes in packages of three for a total of 1.5 grams of tetrahydrocannabinol:



THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Our packaging for the *THC Kiss Gummies* comes three or four gummies per package for a total of 7.5 mg or 10 mg of tetrahydrocannabinol:



Our packaging for the *THC Kiss Biscuits* come individually packaged for a total of 10 mg of tetrahydrocannabinol:



THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021



We use our proprietary *Clone Shipper*[™] containers when shipping live clones to our medical cannabis clients:



The *Clone Shipper*[™] container is designed to support the health of clones or young live plants and hold them securely for transport purposes. Two LED lights that last over 100 hours keep the plant thriving and growing throughout the shipping process. Our *Clone Shipper*[™] container is approved by Health Canada for use in shipping cannabis clones. The *Clone Shipper*[™] container is available for sale in bulk wholesale orders and smaller retailer orders in Canada and the United States.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

BIOLOGICAL ASSETS

The Company's biological assets consist of cannabis plants (mother plants and clones for growth); resin; oil; harvested marijuana flowers prior to completion of the drying, grading and testing processes; and edible concentrate.

	April 30 2022	July 31 2021
Carrying amount, beginning of year	\$ 1,259,124	\$ 3,200,051
Capitalized costs	1,721,809	2,742,548
Sales of biological assets	(1,481)	(992)
Transferred to inventory upon harvest	(1,395,544)	(1,758,580)
Net change in fair value	(536,228)	(2,923,903)
Carrying amount, end of period	\$ 1,047,680	\$ 1,259,124

Biological assets are valued in accordance with IAS 41 – *Agriculture* and are presented at their fair value less costs to sell up to the point of harvest. The fair value was determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated fair value less costs to sell per gram. The significant inputs and assumptions used in determining the fair value of cannabis plants are as follows:

- a) yield per plant;
- b) expected yield by strain of plant of approximately 47 (July 30, 2021 – 66) grams per plant based on an average of historical growing results;
- c) percentage of costs incurred to date compared to the estimated total costs to be incurred (“stage of plant growth”);
- d) percentage of costs incurred for each stage of plant growth;
- e) average selling price of \$3.00 per gram (July 31, 2021 - \$3.00 per gram); and
- f) average selling costs of \$1.73 per gram (July 31, 2021 - \$1.25 per gram).

The selling price used in the valuation of biological assets is based on the average selling price of cannabis products for the recreational market and medical market. Expected yields for the cannabis plant is also subject to a variety of factors based on the grow room used, space allocated in the grow room, and flowering time. Selling costs include packaging, labelling, shipping, and other costs incurred to sell cannabis products for the recreational and medical market.

The Company periodically assesses the significant assumptions applied in determining the fair value of biological assets based on historical information obtained as well as planned production schedules. When there is a material change in any of the significant assumptions, the fair value of biological assets is adjusted.

Mother plants have an average life of 1 year. Clones for sale have approximately 2 weeks before they outgrow the Clone Shipper container.

During the nine months ended April 30, 2022, the Company's biological assets produced 794 (July 31, 2021 – 1,369) kilograms of dried cannabis. At April 30, 2022, the weighted average stage of growth for the biological assets was 72% (July 31, 2021 - 88%).

The following table summarizes the significant inputs and assumptions used in the fair value model, their weighted average range of value and sensitivity analysis:

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Significant inputs and assumptions	Input Values		An increase or decrease of 10% applied to the unobservable input would result in a change to the fair value by approximately	
	April 30 2022	July 31 2021	April 30 2022	July 31 2021
Average selling price per gram	\$ 3.00	\$ 3.00	\$ 3,011	\$ 117,203
Average selling cost per gram	\$ 1.73	\$ 1.25	\$ 110,920	\$ 48,835
Average yield per plant	47 grams	66 grams	\$ 237,950	\$ 410,742

INVENTORY

Inventory is comprised of the following:

	April 30 2022	July 31 2021
Finished goods	\$ 297,293	\$ 436,313
Supplies and consumables	293,065	295,794
Unpackaged cannabis and edibles	1,642,733	1,229,177
Carrying amount - inventory	\$ 2,233,091	\$ 1,961,284

Inventory expensed during the nine months ended April 30, 2022 was \$1,131,054 (April 30, 2021 - \$1,064,621).

RESULTS OF OPERATIONS

Three Months Ended April 30, 2022

The Company's net and comprehensive loss for the three months ended April 30, 2022 was \$131,108 compared to a net and comprehensive loss of \$1,319,503 for the three months ended April 30, 2021. We continually refine and right-size our business to improve production efficiencies.

During the three months ended April 30, 2022, the Company had sales revenue of \$699,004 (April 30, 2021 - \$1,109,503) which included excise taxes of \$194,328 (April 30, 2021 - \$354,291). This represents a decrease in sales revenue of 37% period to period. This decrease in revenue is associated with the decrease in the sale of dried cannabis. The provinces are requiring strains with tetrahydrocannabinol of at least 20% which prompted management to introduce the seven new strains launched on 4/20 of 2022. The Company will continue to concentrate on the sale of edibles going forward. Sales of edibles made up 25% of total sales for the quarter. This shift to increasing the sale of edibles will ultimately increase our average selling price going forward, as evidenced by the recent launch of the *THC Kiss Biscuits*. Sales of *THC Kiss Biscuits* made up 32% of edible sales and 8% of total sales for the quarter.

The revenue figures produced a gross profit loss before fair value adjustments of \$132,427 (April 30, 2021 - gross profit loss of \$117,682) and a gross profit loss after fair value adjustments of \$200,749 (April 30, 2021 - \$287,749). During the quarter there was not only a decrease in revenues but costs have increased due to

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

supply chain issues. The gross profit loss before fair value adjustments includes \$Nil (April 30, 2021 - \$275,206) from the Canadian Emergency Wage Subsidies and Canadian Emergency Rent Subsidies provided by the Government of Canada.

Depreciation and amortization for the three months ended April 30, 2022 decreased to \$229,947 (April 30, 2021 - \$244,754). The Company continues to depreciate its property and equipment reflective of a longer useful life; however, management is aware that the value of land and buildings has appreciated under the current market conditions.

General and administration expenses decreased for the three months ended April 30, 2022 to \$306,204 (April 30, 2021 - \$337,560). In this category, automobile expenses were \$959 (April 30, 2021 - \$(1,416) due to an adjustment). Bank charges and interest increased to \$81,161 (April 30, 2021 - \$76,760) reflecting an increase in debt. Consulting fees decreased to \$Nil (April 30, 2021 - \$14,816). Director fees increased slightly to \$20,940 (April 30, 2021 - \$25,864) as the directors' compensation was reduced from \$2,000 to \$1,000 per month. Insurance decreased to \$1,564 (April 30, 2021 - \$3,198) with 100% of the facility on Acland Road used for production. Investor relations decreased to \$18,018 (April 30, 2021 - \$29,352). Legal and accounting decreased to \$57,614 (April 30, 2021 - \$95,980). Office and sundry decreased to \$21,336 (April 30, 2021 - \$28,968). Payroll and benefits increased to \$59,398 (April 30, 2021 - \$34,937) with a reclassification of employees from production. Property tax decreased to \$5,785 (April 30, 2021 - \$7,828). Telephone increased to \$6,599 (April 30, 2021 - \$3,925). Transfer agent and filing fees decreased slightly to \$11,764 (April 30, 2021 - \$12,137). Travel increased to \$21,066 (April 30, 2021 - \$5,161) as COVID-19 restrictions are lifted.

Sales and marketing decreased for the three months ended April 30, 2022 to \$14,050 (April 30, 2021 - \$17,415) with the build of the new website launched on 4/20 of 2022.

Share-based compensation decreased for the three months ended April 30, 2022 to \$Nil (April 30, 2021 - \$430,426) as there were no stock options vested in the current period.

Other income and expense items produced income of \$619,842 compared to expenses of \$2,078 for the comparative period. In this section, accretion expense increased on the convertible debentures to \$13,765 (April 30, 2021 - \$Nil). There was a foreign exchange gain of \$1,677 (April 30, 2021 - loss of \$2,368). There was forgiveness of debt totaling \$170,237 (April 30, 2021 - \$Nil). The gain on the sale of the building on St. Paul Street, Kelowna, British Columbia was \$455,381 (April 30, 2021 - \$Nil). Interest income increased to \$5,946 (April 30, 2021 - \$22). Other income amounts increased to \$366 (April 30, 2021 - \$268).

Nine Months Ended April 30, 2022

The Company's net and comprehensive loss for the nine months ended April 30, 2022 was \$1,653,118 compared to a net and comprehensive loss of \$4,933,190 for the three months ended April 30, 2021. We continually refine and right-size our business to improve production efficiencies.

During the nine months ended April 30, 2022, the Company had sales revenue of \$2,442,626 (April 30, 2021 - \$2,753,517) which included excise taxes of \$664,816 (April 30, 2021 - \$819,056). This represents a decrease in sales revenue of 11% period to period. This decrease in revenue is associated with the decrease in the sale of dried cannabis. The provinces are requiring strains with tetrahydrocannabinol of at least 20% which prompted management to introduce the seven new strains launched on 4/20 of 2022. The Company will continue to concentrate on the sale of edibles going forward. Sales of edibles made up 24% of total sales. This shift to increasing the sale of edibles will ultimately increase our average selling price going forward, as evidenced by the recent launch of the *THC Kiss Biscuits*. Sales of *THC Kiss Biscuits* made up 41% of edible sales and 10% of total sales.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

The revenue figures produced a gross profit before fair value adjustments of \$105,412 (April 30, 2021 – gross profit loss of \$429,604) and a gross profit loss after fair value adjustments of \$431,055 (April 30, 2021 – \$2,641,476). During the quarter there was not only a decrease in revenues but costs have increased due to supply chain issues. The gross profit before fair value adjustments includes \$Nil (April 30, 2021 - \$606,066) from the Canadian Emergency Wage Subsidies and Canadian Emergency Rent Subsidies provided by the Government of Canada.

Depreciation and amortization for the nine months ended April 30, 2022 decreased to \$684,782 (April 30, 2021 - \$732,403). The Company continues to depreciate its property and equipment reflective of a longer useful life; however, management is aware that the value of land and buildings has appreciated under the current market conditions.

General and administration expenses increased for the nine months ended April 30, 2022 to \$1,011,127 (April 30, 2021 - \$986,398). In this category, automobile expenses increased to \$2,911 (April 30, 2021 - \$2,274). Bank charges and interest increased to \$284,450 (April 30, 2021 - \$247,042) reflecting an increase in debt. Consulting fees decreased to \$2,840 (April 30, 2021 - \$21,624). Director fees decreased to \$72,136 (April 30, 2021 - \$75,894) as the directors' compensation was reduced from \$2,000 to \$1,000 per month. Insurance decreased to \$4,445 (April 30, 2021 - \$11,284) with 100% of the facility on Acland Road used for production. Investor relations decreased to \$55,596 (April 30, 2021 - \$63,142). Legal and accounting increased to \$221,744 (April 30, 2021 - \$192,386). Office and sundry decreased to \$57,350 (April 30, 2021 - \$71,285). Payroll and benefits decreased to \$204,078 (April 30, 2021 - \$213,361). Property tax decreased to \$20,996 (April 30, 2021 - \$23,483). Telephone increased to \$13,916 (April 30, 2021 - \$12,664). Transfer agent and filing fees increased slightly to \$41,389 (April 30, 2021 - \$41,228). Travel increased to \$29,276 (April 30, 2021 - \$10,731) as COVID-19 restrictions are lifted.

Sales and marketing decreased for the nine months ended April 30, 2022 to \$36,702 (April 30, 2021 - \$37,761) with the build of the new website launched on 4/20 of 2022.

Share-based compensation decreased for the nine months ended April 30, 2022 to \$94,204 (April 30, 2021 - \$531,245) with fewer stock options vested in the current period.

Other income and expense items produced income of \$604,752 compared to expenses of \$3,907 for the comparative period. In this section, accretion expense increased on the convertible debentures to \$30,179 (April 30, 2021 - \$Nil). There was a foreign exchange gain of \$2,320 (April 30, 2021 – loss of \$4,833). There was forgiveness of debt totaling \$170,237 (April 30, 2021 - \$Nil). The gain on the sale of the building on St. Paul Street, Kelowna, British Columbia was \$455,381 (April 30, 2021 - \$Nil). Interest income increased to \$5,958 (April 30, 2021 - \$124). Other income amounts increased to \$1,035 (April 30, 2021 - \$802).

ADJUSTED EBITDA

The Company believes that the disclosure of Adjusted EBITDA allows investors to evaluate the operational and financial performance of the Company's ongoing business, using the same evaluation that management uses, and is therefore a useful indicator of the Company's performance or expected performance of recurring operations. "Adjusted EBITDA" is calculated based on EBITDA, or earnings before interest, income taxes, depreciation and amortization, and further adjusted to exclude share-based compensation, realized and unrealized gains and losses on changes in fair value of biological assets, and items of an unusual nature that do not reflect our ongoing operations. EBITDA and Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt and as a valuation metric. EBITDA and Adjusted EBITDA do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies and should not be considered as an alternative to measures of performance prepared in accordance with IFRS.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

	For the three months ended		For the nine months ended	
	April 30	April 30	April 30	April 30
	2022	2021	2022	2021
Net and comprehensive loss for the period	\$ (131,108)	\$ (1,319,503)	\$ (1,653,118)	\$ (4,933,190)
Add back				
Interest	72,386	61,914	268,419	158,095
Depreciation and amortization	229,947	244,754	684,782	732,403
EBITDA from continuing operations	171,225	(1,012,835)	(699,917)	(4,042,692)
Accretion expense on convertible debentures	13,765	-	30,179	-
Forgiveness of debt	(170,237)	-	(170,237)	-
Gain on sale of asset	(455,381)	-	(455,381)	-
Share-based compensation	-	430,426	94,204	531,245
Net changes in fair value of biological assets	68,322	169,588	536,467	2,211,872
Adjusted EBITDA	\$ (372,306)	\$ (412,821)	\$ (664,685)	\$ (1,299,575)

LIQUIDITY

The Company does not have positive cash flow from operations; accordingly, it must rely on equity financing and debt to fund operations.

The Company's cash on hand at April 30, 2022 increased to \$1,155,063 (July 31, 2021 - \$111,162).

At April 30, 2022, the Company had a working capital deficiency of \$404,210 compared to a deficiency of \$1,697,057 at July 31, 2021.

The Company's current asset balance of \$5,315,412 (July 31, 2021 - \$4,271,435) is comprised of cash of \$1,155,063 (July 31, 2021 - \$111,162); amounts receivable of \$444,616 (July 31, 2021 - \$553,305); an amount due from a related party of \$16,878 (July 31, 2021 - \$110,757); biological assets of \$1,047,680 (July 31, 2021 - \$1,259,124); inventory of \$2,233,091 (July 31, 2021 - \$1,961,284); and prepaid expenses and deposits of \$418,084 (July 31, 2021 - \$275,803).

The Company's current liabilities total \$5,719,622 (July 31, 2021 - \$5,968,492) is comprised of accounts payable and accrued liabilities of \$3,016,564 (July 31, 2021 - \$3,041,464); commercial operating loan of \$Nil (July 31, 2021 - \$486,004); current portion of the mortgages payable of \$1,622,106 (July 31, 2021 - \$1,482,368); current portion of other liabilities being the right-of-use leases of \$161,598 (July 31, 2021 - \$167,104); and convertible debentures payable of \$919,354 (July 31, 2021 - \$791,552).

As of the date of this MD&A, the Company has insufficient working capital to meet its ongoing financial obligations for the coming year.

PROPOSED TRANSACTIONS

There are no proposed asset or business acquisitions or dispositions, other than those in the ordinary course of business as disclosed herein, before the Board of Directors for consideration.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

OFF-BALANCE SHEET ARRANGEMENTS

None

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

	April 30 2022	April 30 2021
Director fees	\$ 68,000	\$ 71,000
Interest	40,833	-
Rent	101,400	101,400
Salaries and benefits	150,003	232,619
Share-based compensation	16,549	110,088
	\$ 376,785	\$ 515,107

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on August 1, 2016 with monthly payments of \$2,600 plus Goods and Services Tax along with 75% of all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019 with the right to renew the lease under the same terms for four three-year terms for \$3,467 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of \$3,467 was also paid.

The Company signed a month-to-month lease for premises from its Chief Financial Officer. The lease began on July 10, 2017 with monthly payments of \$2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019, with the right to renew the lease under the same terms for four three-year terms for \$2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of \$2,600 was also paid.

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on October 2, 2017 with monthly payments of \$2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring September 30, 2019 with the right to renew the lease under the same terms for four three-year terms for \$2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of \$2,600 was also paid.

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on January 12, 2017 with monthly payments of \$2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019 with the right to renew the lease under the same terms for four three-year terms for \$2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of \$2,600 was also paid.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

On January 13, 2020, the Company issued 5,333,333 Units of a non-brokerage private placement to John Miller, the President and Chief Executive Officer, in exchange for bona fide debt owing by the Company in the amount of \$800,000. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of \$0.18 per share for the first three months, at \$0.25 during the following three months, at \$0.50 for the three months following that, and at \$0.80 during the final fifteen months. Warrants were valued at \$Nil using the residual value method.

On August 10, 2021, the Company closed a non-brokered private placement of convertible debentures for gross proceeds of \$500,000 (the "Debenture") from a company owned by the Chief Executive Officer and Chief Financial Officer. The term of the Debenture is 24 months (two years) and bears interest at 10% per annum calculated on an annual basis and payable monthly. The Debenture is convertible into common shares of the Company at a price of \$0.10 per share at any time at the election of the company holding the Debenture. In the event that the Company's common share price on a Canadian stock exchange is \$0.60 or greater per common share for a period of ten or more consecutive trading days, the Company can force the conversion of the entire principal amount plus interest accrued into common shares of the Company at \$0.10 per share.

On January 7, 2022, the Company closed a non-brokered private placement of convertible debentures for gross proceeds of \$250,000 (the "Debenture") from a company owned by the Chief Executive Officer and Chief Financial Officer. The term of the Debenture is 12 months (one year) and bears interest at 12% per annum calculated on an annual basis and payable monthly. The Debenture is convertible into common shares of the Company at a price of \$0.08 per share or 3,125,000 common shares of the Company at any time at the election of the company holding the Debenture. In the event that the Company's common share price on a Canadian stock exchange is \$0.60 or greater per common share for a period of ten or more consecutive trading days, the Company can force the conversion of the entire principal amount plus interest accrued into common shares of the Company at \$0.08 per share.

At April 30, 2022, the Chief Executive Officer owes \$16,878 (July 31, 2021 - \$110,757) to the Company.

Close family members of the Chief Executive Officer were paid salaries in the amount of \$79,846 (April 30, 2021 - \$82,619) for the nine months ended April 30, 2022 and stock options with share-based compensation totaling \$8,275 (April 30, 2021 - \$4,928).

Amounts due to or from related parties are unsecured, do not bear interest, and are classified as a current asset or liability due to their nature and expected time of repayment.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Fair value of financial assets and liabilities that are measured at fair value on a recurring basis**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Under IFRS 13, Fair Value Measurement establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

The fair value measurements for biological assets have been categorized as Level 3 of the fair value hierarchy based on the inputs to the valuation technique used, as there is currently no actively traded commodity market for plants. The significant unobservable inputs used to fair value biological assets include estimating the stage of growth of the marijuana up to the point of harvest, harvesting costs, selling costs, sales prices, wastage, and expected yields from the marijuana plants.

The convertible debentures are measured at fair value at issuance using a discount rate of 12%.

The carrying values of cash, other and trades receivables, amounts due from related party, accounts payable and accrued liabilities, commercial operating loan, and mortgages payable all approximate their fair values due the short term nature of the financial instrument, or the market rates of interest attached thereto.

Market risk

Market risk is the risk of loss that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. The Company faces market risk from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Market risk is the risk of loss that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. The Company faces market risk from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk consists of two components: 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; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to fair value interest rate risk.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

The Company may be exposed to fair value interest rate risk if the prevailing market rates increase or decrease compared to the interest rates associated with its financial assets and liabilities. Management does not believe this risk is significant.

Current financial assets and financial liabilities are generally not exposed to significant cash flow interest rate risk because of their short-term nature, fixed interest rates, and maturity dates. The Company is exposed to cash flow interest rate risk on the line of credit if a draw down amount is not repaid within three months. The Company is not exposed to cash flow interest rate risk on the advances from related parties which are without interest. The Company is not exposed to cash flow interest rate risk on the mortgages payable with fixed interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in a foreign currency.

At April 30, 2022, the Company is exposed to foreign currency risk with respect to its US denominated bank account and accounts payable, and Euro and Australian denominated accounts payable. At April 30, 2022, approximately \$23,359 (US\$18,261) (July 31, 2021 - \$17,352 or US\$13,924) of the Company's cash was in US Dollars and \$23,445 (US\$18,238) (July 31, 2021 - \$20,874 or US\$16,750) was in accounts payable and accrued liabilities. A 10% change in the US foreign exchange rate would result in a change of \$2,345 (July 31, 2021 - \$350) to the unrealized gain or loss. The Company has approximately \$3,846 (Euro 2,850) (July 31, 2021 - \$3,989 or Euro 2,697) in accounts payable and accrued liabilities. A 10% change in the Euro foreign exchange rate would result in a change of \$384 (July 31, 2021 - \$400) to the unrealized gain or loss. The Company has approximately \$3,568 (AUD 3,920) (July 31, 2021 - \$3,638 or AUD 3,971) in accounts payable and accrued liabilities. A 10% change in the AUD foreign exchange rate would result in a change of \$392 (July 31, 2021 - \$360) to the unrealized gain or loss.

At April 30, 2022, financial instruments were converted at a rate of US\$1.2792 to \$1 Canadian; 1.3492 Euro to \$1 Canadian; and 0.91 AUD to \$1 Canadian.

The Company has not entered into any foreign currency contracts to mitigate foreign currency risk.

Price risk

Price risk is the risk that the fair value of investments will decline below the cost of the underlying investments. The Company is not exposed to price risk as it has no investments held for sale.

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. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, and other and trade receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. The Company has assessed the impairment of its amounts receivable using the expected credit loss model and no material difference was noted. At April 30, 2022, all amounts receivable are current.

The Company's financial assets are not subject to material credit risk as it does not anticipate significant loss for non-performance.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, or a proposed transaction. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash on hand at April 30, 2022 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy to managing capital remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, options, warrants, reserves, and deficit. The availability of new capital will depend on many factors including positive stock market conditions, the Company's track record, and the experience of management. The Company is not subject to any external covenants on its capital.

At April 30, 2022, total managed capital was \$8,302,625 (July 31, 2021 - \$9,783,409).

OTHER RISKS AND UNCERTAINTIES

The Company is in the development stage with respect to its medical cannabis and adult-use cannabis business.

In conducting its business, the Company is subject to a number of risks and uncertainties that could have a material adverse effect on the Company's business prospects or financial condition that could result in a delay or indefinite postponement in the development of the Company's business. The following risk factors should be carefully considered in evaluating the Company. The risks presented below may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. The market in which the Company currently competes is very competitive and changing rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

COVID-19

The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The impact of the COVID-19 crisis has and may continue to have a significant impact on our business. Other results of COVID-19 that may negatively affect us are further increased costs resulting from our efforts to mitigate the impact of COVID-19; deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures, result in losses on our holdings of cash and investments. Material adverse effects on our employees, customers, suppliers and/or logistics providers could have material adverse effects on us.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Profitability of operations

The Company does not have profitable operations at this time and it should be anticipated that it will operate at a loss until such time that sufficient revenue is achieved or if a profit is in fact ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

Going concern

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its on-going commitments and further its medical cannabis and adult-use cannabis business.

Reliance on license

The Company's ability to grow, store, and sell medical cannabis and adult-use cannabis in Canada is dependent on the license issued from Health Canada. Failure to comply with the requirements of the license or any failure to maintain this license would have a material adverse impact on the business, financial condition, and operating results of the Company.

Regulatory risks

The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Change in laws, regulations, and guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of medical cannabis and adult-use cannabis but also including laws and regulations relating to 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, changes to such laws, regulations, and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

Limited operating history

The Company has yet to generate significant revenue from the sale of products. 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.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Reliance on management

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot ensure 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.

Factors which may prevent realization of growth targets

The Company is currently in the development stage. The Company's growth strategy contemplates outfitting the facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- plant design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging, or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions, or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes, or storms.

As a result, there is a risk that the Company may not have product or sufficient product available for shipment to meet the anticipated demand or to meet future demand when it arises.

The Company has a history of net losses, may incur significant net losses in the future, and may not achieve or maintain profitability.

The Company has incurred losses in recent years. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Additional financing

The building and operation of the Company's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Company will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, and/or to undertake acquisitions or other business combination transactions. The Company will require additional financing to fund its operations to the point where it is generating positive cash flows.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Competition

The Company faces intense competition from other companies, some of which have more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of medical cannabis and adult-use cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of the Company.

Risks inherent in an agricultural business

The Company's business involves the growing of medical cannabis and adult-use cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business such as insects, plant diseases, and similar agricultural risks. Although the Company grows its products indoors under climate controlled conditions and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to rising energy costs

The Company's medical cannabis and adult-use cannabis growing operations will consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Transportation disruptions

Due to the perishable and premium nature of the Company's products, the Company will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Unfavourable publicity or consumer perception

The Company believes the medical cannabis and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy, and quality of the medical cannabis and adult-use cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of medical cannabis and adult-use cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention, or other research findings or publicity will be favourable to medical cannabis or adult-use 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 favourable 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, financial condition and cash flows of the Company. The Company's

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

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 a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, the efficacy, and quality of medical cannabis and adult-use cannabis in general, or the Company's products specifically, or associating the consumption of medical cannabis and adult-use 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 appropriately or as directed.

Product liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Reliance on key inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as 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. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. 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.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company's management, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Company.

Difficulty to forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis and adult-use cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Operating risk and insurance coverage

The Company has insurance to protect its assets, operations, and employees. While the Company believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations, and financial condition could be materially adversely affected.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Conflicts of interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other 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 its ability to continue operating and the market price for the Company's common shares and could use significant Company resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Environmental and employee health and safety regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Dividends

The Company has no earnings or dividend record and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Significant accounting judgments

In the preparation of these consolidated financial statements, management has made judgments in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the asset and a suitable discount rate in order to calculate present value. The assessment of any impairment of assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Purchase price allocation

The allocation of the purchase price and subsequent costs between land and building on the acquisition of properties requires judgment. The allocations are determined using the property tax assessments when the properties are acquired.

Convertible debentures payable

The Company has issued convertible debentures as described in Note 13. The accounting for convertible debentures, a complex compound financial instrument, requires judgment in determining the discount rate applicable to the Company and the instrument. Should it be determined that the discount rate was not appropriate, then the carrying value and the recognition of expenses across the life of the instrument could be materially different.

Income taxes

The measurement of deferred income tax assets requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the annual consolidated financial statements.

Leases

The Company applies judgment in determining whether lease contracts contain an identified asset, whether the Company has the right to control the asset and the lease term. The lease term is based on considering the facts and circumstances, both qualitative and quantitative, which can create economic incentive to exercise renewal options. The discount rate applied is based on the judgment of management as to what rate most approximately reflects the incremental borrowing rate of the Company.

Going concern and liquidity

In assessing the Company's ability to continue as a going concern, management uses significant judgment in the forecasting of future cash flows. Critical input estimates such as economic conditions, market demands, production quality, integrated operating activities, capital expenditures, and debt repayment are used.

Significant accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimates and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

THC BIOMED INTL LTD.

Management's Discussion and Analysis (Expressed in Canadian Dollars)

For the Nine Months Ended April 30, 2022 and 2021

Share-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's profit or loss.

Biological assets and inventory

In calculating the fair value less costs to sell of biological assets and the cost of inventory, management makes a number of estimates related to inputs and variables, including the stage of growth of the marijuana up to the point of harvest, harvesting costs, selling costs, sales price, wastage, and expected yields from the marijuana plant.

Estimated useful lives, and depreciation and amortization of property and equipment

Depreciation and amortization of property, plant, and equipment are dependent upon estimates of useful lives which are determined through the exercise of judgment.

ADOPTION OF NEW STANDARDS

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than August 1, 2020. These updates are not currently relevant to the Company or are not expected to have a material impact on the consolidated financial statements and are therefore not discussed herein.

CAPITAL RESOURCES

Common shares

	Issued Number	Amount
Balance, July 31, 2020	158,426,056	\$ 31,059,338
Shares issued for cash	5,000,000	550,000
Share issuance costs	-	(61,707)
Stock options exercised	412,500	61,875
Fair value of stock options exercised	-	31,750
Balance, July 31, 2021	163,838,556	\$ 31,641,256
Stock options exercised	100,000	15,000
Fair value of stock options exercised	-	7,842
Balance, June 29, 2022	163,938,556	\$ 31,664,098

Escrow Shares

At April 30, 2022, 690 (July 31, 2021 – 690) shares are held in escrow.

THC BIOMED INTL LTD.**Management's Discussion and Analysis
(Expressed in Canadian Dollars)**

For the Nine Months Ended April 30, 2022 and 2021

Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2020	35,363,633	\$ 0.0733
Warrants expired	(8,348,753)	1.4073
Warrants issued	5,000,000	0.1500
Balance, July 31, 2021	32,014,880	0.5290
Warrants expired	(20,526,839)	0.1518
Balance, June 29, 2022	11,488,041	\$ 0.2305

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
July 15, 2022	0.04	5,222,219	0.3000
July 22, 2022	0.06	1,265,822	0.2620
October 22, 2022	0.32	1,363,637	0.1500
November 12, 2022	0.37	3,636,363	0.1500
		11,488,041	\$ 0.2305

Agent Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2020	5,385,000	\$ 1.20
Agent warrants issued	350,000	0.15
Balance, July 31, 2021	5,735,000	\$ 1.14
Agent warrants expired	(5,385,000)	1.20
Balance, June 29, 2022	350,000	\$ 0.15

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
October 22, 2022	0.32	95,455	0.15
November 12, 2022	0.37	254,545	0.15
		350,000	\$ 0.15

THC BIOMED INTL LTD.**Management's Discussion and Analysis
(Expressed in Canadian Dollars)**

For the Nine Months Ended April 30, 2022 and 2021

Options

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2020	11,125,000	\$ 0.535
Options granted	9,350,000	0.210
Options exercised	(412,500)	0.150
Options cancelled	(2,387,500)	0.403
Options expired	(7,800,000)	0.630
Balance, July 31, 2021	9,875,000	0.200
Options exercised	(100,000)	0.150
Options cancelled	(2,150,000)	0.190
Options expired	(1,225,000)	0.150
Balance, June 29, 2022	6,400,000	\$ 0.207

Date of Grant	Expiry Date	Remaining Life (Years)	Number of Options Vested	Number of Options Outstanding	Exercise Price
February 12, 2021	February 12, 2023	0.62	5,600,000	5,600,000	0.215
March 17, 2021	March 17, 2023	0.72	50,000	500,000	0.165
June 14, 2021	June 14, 2023	0.96	300,000	300,000	0.130
			5,950,000	6,400,000	\$ 0.207

DIRECTORS AND OFFICERS

The Company's directors and officers as of the date of this MD&A are:

John Miller	President, Chief Executive Officer, Director
Hee Jung Chun	Chief Financial Officer, Director
Dr. Ashish Dave	Independent Director
Penelope Laine	Independent Director

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.