



**AFFINOR GROWERS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2023**

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Affinor Growers Inc. ("Affinor" or the "Company") and has been prepared based on information known to management as of June 27, 2023. This MD&A is intended to help the reader understand the condensed interim consolidated financial statements of Affinor.

The following information should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine months ended February 28, 2023 and audited consolidated financial statements for the year ended May 31, 2022 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the Company for the nine months ended February 28, 2023. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the condensed interim consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated 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's audit committee meets with management regularly to review the condensed interim consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

The following forward-looking statements have been made in this MD&A:

- Impairment of intangible assets;
- The potential and uncertainties of the Company's sales; and
- Expectations regarding the ability to raise capital and to continue its development of the vertical farming technology.



ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at www.affinorgrowers.com.

SUMMARY AND OUTLOOK

It is the mission of Affinor to be the world-wide technology and market leader in acquiring and commercializing innovative vertical farming technologies that use the least possible resources (e.g. land, water, and energy resources) to produce high quality, sustainable products.

Affinor's patented technologies position the Company well in the vertical farming industry. It is one of the only vertically integrated growing system that can offer automated mechanical pollination for fruiting crops and true vertical solutions for the vertical farming industry. Revenue models for the Company include income from licensing fees, royalties on production, and margin on the sale of the Company's patented technology.

The Company's goal is to become the leading technology developer and distributor of vertical farming to help solve food security problems by using our proprietary growing systems. To that end, the Company filed patents in Australia, the EU, India, New Zealand, Saudi Arabia, South Africa and United Arab Emirates.

Background

The Company was incorporated under the Canadian Business Corporations Act on August 27, 1996. The Company is a diversified publicly traded company on the Canadian Securities Exchange under the symbol "AFI" and is also listed on the Frankfurt Stock Exchange under the symbol "1AF" as well as on the US OTCQB under the symbol "RSSFF".

Highlights Summary

The following is a brief description of the activities incurred by the Company during this current fiscal period and to date. Additional information can be obtained from the Company's website (www.affinorgrowers.com).

Definitive Agreement – Freshbay Inc.

On June 20, 2023, the Company announced that it entered into an Agriculture Technology Agreement dated June 16, 2023 (the "Definitive Agreement") with Freshbay, Inc. ("Freshbay").

Pursuant to the terms and conditions of the Definitive Agreement, Freshbay has engaged the Company to provide certain products and services for use at the Project Site to support Freshbay in its production and commercialization of strawberries. More specifically, the Company will:

- a) supply and arrange for the installation of 17,530 vertical hydroponic towers with self-pollinating capabilities at the Project Site (the "Towers").
- b) supply and arrange for the installation of 34 polycarbonate Atlantis greenhouses (the "Greenhouses") at the Project Site.
- c) arrange for the initial introduction between Freshbay and Berrymobile Fruit Distribution Inc. to explore the purchase of strawberries grown at the Project Site (the "Offtake Products").
- d) grant Freshbay certain licenses to use certain trademarks, intellectual property, and standard operating procedures of the Company.

As consideration for the products and services to be provided by the Company, and in accordance with the terms and conditions of the Definitive Agreement, Freshbay has agreed to pay the Company an aggregate payment of



\$135,757,350 (the "Contract Price"). Prior to paying any portion of the Contract Price, it is a condition precedent that:

- a) Freshbay obtain adequate financing to pay the Contract Price.
- b) the parties agree to a work schedule for the project.

Assuming the conditions precedent are satisfied, \$20,000,000 of the Contract Price will be payable within two business days of the satisfaction of the conditions precedent, and \$47,878,675 will be payable on the date that is thirty days thereafter. The remaining portion of the Contract Price is payable in installments based on the delivery of the Equipment at the Project Site.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainty associated with the successful development of its vertical growing technology to help grow crop products, such as romaine lettuce and strawberries, and with the financing requirements of its operations. The attainment of profitable operations is dependent upon future events, including the successful completion of technology crop feasibility studies, energy saving strategies and crop modeling. Commercialization of its products and technology is dependent on obtaining adequate financing to complete its commercialization plans.

The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the agricultural industry, produce price fluctuations and currencies.

Inherent risks within the agricultural industry

The commercial viability of an agricultural facility depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given produce include global demand and global supply. Other factors such as government subsidies, regulation and taxes could also have an impact on the economic viability of an agricultural facility.

Prices for product

Product prices are subject to price fluctuations and have a direct impact on the commercial viability of the Company's vertical growing technology. Price volatility results from a variety of factors, including global consumption and demand, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future sales.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while some of its operations are conducted in US dollars. Fluctuations in the exchange rates between the Canadian dollar and US dollar may impact the Company's financial condition.

Impairment of Intangible Assets

The Company completed an impairment analysis as at February 28, 2023 and concluded that there was no impairment in the Company's intangible assets



Summary of Quarterly Results

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

	Three Months Ended			
	February 28, 2022	November 30, 2022	August 31, 2022	May 31, 2022
Total revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(181,176)	(86,718)	(174,385)	(1,099,919)
Income (loss) per share	(0.01)	(0.06)	(0.01)	(0.06)

	Three Months Ended			
	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021
Total revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(173,632)	87,176	(149,378)	(729,347)
Loss per share	(0.00)	0.00	(0.00)	(0.00)

Review of Operations and Financial Results

For the nine months ended February 28, 2023 and nine months ended February 28, 2022

During the nine months ended February 28, 2023, the Company reported a loss of \$442,279 (\$0.02 loss per share) (2021 – \$226,927) (\$0.00 loss per share).

In general, the Company continues to focus on cost containment to ensure that all available resources are dedicated to becoming a company that produces high quality and quantity of food.

The main items of change for the nine months ended February 28, 2023, compared with February 28, 2022 were:

- Amortization – intangible assets was \$33,912 as compared with \$48,016 in 2022. The increase was a result of amortization of patents held by the Company.
- Consulting was \$11,592 as compared with \$Nil in 2022. The increase was a result of consultants hired to assist with the business operations during the current period .
- Professional fees were \$78,098 as compared with recovery of \$129,587 in 2022. The decrease was a result of insurance recovery pertaining to certain lawsuits during the comparative period .
- Registration and information to shareholders were \$25,071 compared with \$162,184 in 2022. The decrease was a result of lower regulatory fees due to the Company's inactivity in fiscal 2023.
- Management fees were \$120,000 compared with \$100,900 in 2022. The increase was a result of fees incurred for the services provided by the CEO during the current period.
- Other operating expenses were \$26,732 compared with \$7,773 in 2022. The increase was a result of increased activities during the current period.

For the three months ended February 28, 2023 and three months ended February 28, 2022

During the three months ended February 28, 2023, the Company reported a loss of \$181,176 (\$0.01 loss per share) (2021 – \$173,632) (\$0.00 loss per share).

In general, the Company continues to focus on cost containment to ensure that all available resources are dedicated to becoming a company that produces high quality and quantity of food.



The main items of change for the three months ended February 28, 2023, compared with February 28, 2022 were:

- Professional fees were \$68,339 as compared with \$38,993 in 2022. The increase was a result of legal fees paid for the maintenance patents during the current period.
- Registration and information to shareholders were \$3,970 compared with \$50,718 in 2022. The decrease was a result of lower regulatory fees due to the Company's inactivity in fiscal 2023.
- Management fees were \$40,000 compared with \$33,000 in 2022. The increase was a result of fees incurred for the services provided by the CEO during the current period.

Liquidity and Capital Resources

The Company continued to utilize its cash resources to fund its administrative requirements and product development.

In order to fund the Company's ongoing operational needs and expansion plans, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. The Company's operations to date have been financed by the issuance of its common shares, share options and warrants, debt instruments and government assistance. The Company continues to seek capital through various means including the issuance of equity and debt. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future or that it will be available on a timely basis or on terms acceptable to the Company.

The Company's business plan is dependent on raising additional funds to finance its commercial trial and development and its operations within and beyond the next 12 months. While the Company has managed to fund its operations in the past through equity financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no guarantee that it will be able to obtain additional financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate its development plans for its present or future facilities and curtail operations, which could harm the business, financial condition and results of operations. This could occur in the near term. Until such financing is secured and profitable operations are reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

During the period ending February 28, 2023, the Company:

- i) settled \$229,355 of debt by issuing 2,293,550 units of the Company. Each unit consists of one common share and one share purchase warrant exercisable at \$0.15 expiring on August 2, 2023.
- ii) the Company completed a private placement for 1,550,000 units at \$0.08 per unit for total proceeds of \$124,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.10 for 24 months. The Company paid \$1,920 as finders' fees. Each agent warrant is convertible into a common share of the Company at \$0.10 through October 12, 2024.

The Company had working capital deficiency of \$1,083,945 as at February 28, 2023 (May 31, 2022 - \$1,152,303).

As at February 28, 2023, the Company had cash and cash equivalents of \$20,341 (May 31, 2022 - \$1,815).

Cash flows used in operating activities was \$132,433 (2022 – \$147,030) as at February 28, 2023, primarily because of change in non-working during the current period.

Cash flows used in investing activities was \$Nil (2021 - \$1,249,556) as at February 28, 2023, primarily because of purchase of property and equipment during the comparative period.

Cash flows provided by financing activities was \$150,959 (2021 – \$993,560) as at February 28, 2023 was due to private placement and loans received during the current period.



Transactions with Related Parties

Related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

The Company's related parties include directors, key management and companies controlled by directors and key management, as described below.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	For the period ended February 28, 2023	For the period ended February 28, 2022
Consulting fees	\$ -	\$ 63,000
Management fees	\$ 120,000	\$ -

At February 28, 2023, the Company had the following amounts owing to related parties:

- i) accounts payable of \$141,667 (May 31, 2022 - \$Nil) owing to the CEO (Nick Brusatore), \$68,250 (May 31, 2022 - \$68,250) owing to a former director of the Company (Softtail Enterprises Inc), and \$Nil (May 31, 2022 - \$16,942) owing to a former CFO (Sarj Dhaliwal).
- ii) loan payable to the CEO (Nick Brusatore) of \$13,955 (May 31, 2022 - \$64,431). The amount is non-interest bearing with no fixed terms for repayment.

	Services	Transactions for the nine months ended		Balance due	
		February 28, 2023	February 28, 2022	As at February 28, 2023	As at May 31, 2022
Softtail Enterprises Inc.	Consulting fees	\$ -	\$ -	\$ 68,250	\$ 68,250
Rick Easthom, Director	Consulting fees and share-based payment	\$ -	\$ 9,000	\$ -	\$ -
Sarj Dhaliwal, former Chief Financial Officer	Consulting fees and share-based payment	\$ -	\$ 54,000	\$ -	\$ 16,942
Nick Brusatore, Chief Executive Officer	Management fees and share-based payment	\$ 120,000	\$ -	\$ 155,622	\$ 64,431

Industrial Lease

On January 21, 2021, the Company entered an industrial lease with the CEO of the Company, whereby the Company (the "Tenant") leased from the CEO (the "Landlord") the greenhouse and compost buildings and their equipment and fixtures (the "Greenhouse") located on his property in Abbotsford, BC (collectively, the "Property"). In May 2021, the Company and the CEO entered a lease amending agreement (collectively with the industrial lease, the "Lease"). The Lease has a 10-year term commencing on March 1, 2021 and ending on February 28, 2031. In the event that the Landlord's Work (as defined) is not complete to a stage sufficient to permit the Company to commence the Tenant's Work (as defined) and the Landlord is delayed in delivering possession of all or any portion of the Greenhouse to the Company on or before the commencement date, then the date on which the Greenhouse are



to be made available to the Company, the commencement date, the obligation of the Company to pay rent and the expiry date of the term will be postponed for a period equal to the duration of the delay. The Company paid a \$5,000 security deposit and gross rent during the term is \$81,000 per year, payable monthly. The Company has no obligation to pay or reimburse the Landlord or anyone else for any costs or expenses of owning or operating the Property including, without limitation, realty taxes, insurance, alterations, repairs or maintenance. The Company is responsible for paying the costs of supplying utilities and services to the Greenhouse and for operating, maintaining and repairing the Greenhouse that are not supplied, or required to be made by, the Landlord.

The Landlord is to provide and carry out, at the Company's expense, all equipment and work (as specified) other than the Tenant's Work (the "Landlord's Work") and the Company will provide and carry out, at its expense, all equipment and work (as specified) other than the Landlord's Work (the "Tenant's Work") required to be provided in order to render the Greenhouse complete and suitable to open for business. In consideration for the Company being responsible for all of the costs associated with the Landlord's Work, the cost of the Landlord's Work will be included in the total amount recoverable by the Company and to the Free Rent Period. All leasehold improvements (as defined and excluding trade fixtures (including the items installed as the Tenant's Work) and furniture and fixtures not in the nature of fixtures) immediately on their placement become the Landlord's property without compensation to the Company.

Provided that the Tenant's Work has been completed as specified and there is no active, outstanding or unresolved dispute with respect thereto then, the Company performing the Tenant's Work at its sole cost and expense and the Company paying for the Landlord's Work at the Company's sole cost, the rent payable under the Lease will not be payable by the Company until such time as the Company has recovered the entire cost of the Tenant's Work and the Landlord's Work with such recovery to be calculated based on the Company's EBITDA (being earnings before interest, taxes, depreciation and amortization) generated from the sale of products grown and prepared at the Premise (the "Free Rent Period"). For the sake of clarity, the Free Rent Period is not a deferral of rent payable but a free rent period until such time as the Company recovers its costs for the Tenant's Work and the Landlord's Work.

During the Free Rent Period, the Company must provide the Landlord with monthly progress reporting (the "Free Rent Reports") on the status (as specified) of its cost recovery. In the event that the Company fails to comply with the requirements of the Free Rent Period, rent immediately becomes payable to the Landlord for the remainder of the balance of the term. In the event that the foregoing has occurred, and provided that the Company has not recovered the costs or any portion of the costs with the Landlord's Work, then the Landlord will immediately pay to the Company the outstanding balance of Landlord's Work that the Company has not recovered at the time rent becomes payable. At such time during the term when the Company has recovered the final, total costs of the Tenant's Work and the Landlord's Work, rent will immediately become payable to the Landlord for the remainder of the balance of the term.

Provided that the Company is not in default of its obligations under the Lease, it has one additional option to extend the term of the Lease as it relates to all of the Greenhouse (the "Option") for an additional five years at a rent to be determined based on the fair market rent at the time of the Option is exercised. If, at the expiration of the initial term or any subsequent renewal or extension thereof, the Company continues to occupy the Greenhouse without further written agreement, the tenancy will be from month to month and either party can terminate the Lease by giving one month's written notice to the other.

During the term of the Lease, including any Option to renew, and provided that the Company is not in default under the Lease, the Landlord must not permit any conveyance, sale or transfer of his interest in the Property to a bona fide third party (collectively, the "Offer") to occur until he has first offered the Company the right to acquire his interest in the Property on the same terms and conditions as set out in the Offer.

Possession

As of February 28, 2023, the Landlord's Work had been completed and the Company also completed the Tenant's Work and planted their produce. The commencement date and possession date was December 15, 2021 and the expiry date of the term was extended in length equal to the aggregate delay of 9.5 months.

Right of Use asset/Lease Liability

IFRS 16 Leases requires that the Tenant, recognized a right-of-use asset and a lease liability on its consolidated statements of financial position at the commencement date of the lease. Accordingly, the asset and the liability have been appropriately reported.

The continuity of ROU assets for the period ended February 28, 2023 is as follows:

May 31, 2021	\$	-
ROU asset on commencement		599,528
Amortization of ROU asset		(32,474)
May 31, 2022		567,054
Amortization of ROU asset		(44,965)
February 28, 2023	\$	522,089

The continuity of lease liabilities for the period ended February 28, 2023 is as follows:

Lease liability, May 31, 2021	\$	-
Lease liability on commencement		599,528
Deferred lease payment		(11,725)
Interest expense		318
Lease liability, May 31, 2022		588,121
Interest expense		442
Lease liability, August 31, 2022	\$	588,563
Current lease liability	\$	-
Long term lease liability	\$	588,563

During the year ended May 31, 2022, the Company recognized lease liabilities of \$599,528 for the right of use asset.

The Company has not made any lease payments since inception and accrued interest expense in arrear of \$442 (2022 - \$Nil) during the period ended February 28, 2023. It was agreed by the Landlord that the lease will remain in good standing while maintaining the same terms.

Financial Instruments

The fair values of the Company's cash, receivables, due from related party (excluding GST), and accounts payables and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including market risk, liquidity risk, credit risk and currency risk.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, such as foreign exchange rates and interest rates. The objectives of the Company are to ensure cash inflows in the short and medium term, while reducing exposure to capital markets. The Company does not trade in financial assets for speculative purposes.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. As at February 28, 2023, the Company had current liabilities of \$1,159,945 (May 31, 2022 - \$1,268,277), the majority of which have contractual maturities of less than 30 days and are subject to normal trade terms. As at February 28, 2023, the Company has a working capital deficiency of \$1,083,945 (May 31, 2022 - \$1,152,303). The ability of the Company to continue its activities relies upon the support of its suppliers and obtaining additional financing.

(iii) Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company is exposed to credit risk on cash, receivables (excluding GST/sales taxes), deposits and due from related parties. Cash is held with a Canadian chartered bank and management considers this risk to be negligible. The amounts due from related parties are unsecured.

(iv) Currency risk

The Company is exposed to currency risk arising from exchange rate fluctuations against its reporting Canadian currency. Currency transaction risk is the impact of exchange rate fluctuations on the Company's condensed interim consolidated statement of comprehensive loss, which is the effect of currency rates on expected future cash flows and investments.

IFRS 7 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).

Commitments And Contingencies

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses our potential liability by analyzing our litigation and regulatory matters using available information. The Company develops our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Temporary Order and Notice of Hearing

On March 8, 2018, the Company completed a non-brokered private placement by issuing 24,997,916 units ("Unit") at a price of \$0.16 per Unit for gross proceeds of \$3,999,667, all of which was raised under the Consultant Exemption under National Instrument 45-106. A large portion of the funds was paid out in the form of consulting fees as the Company had entered into 14 three-month contracts for consulting services totalling \$3,500,000 for accounting, corporate and administrative services, internet marketing, investor relations, merger and acquisition

consulting and cannabis consulting. As at May 31, 2018, \$175,000 in GST paid on the consulting fees was included in receivables. Of this amount, \$47,500 has been recovered from four consultants.

On November 26, 2018, the British Columbia Securities Commission (the “BCSC”) issued a Temporary Order and Notice of Hearing (the “Order”) to respondents, including the Company, pursuant to Section 161 of the Securities Act (the “Act”) advising that a hearing would be held under section 161 (3) of the Act to determine whether to extend the temporary order under Section 161. The BCSC’s concern is that the named issuers paid the majority of the private placement proceeds received, including those noted above, back when little or no consulting services had been or were intended to be performed and that this conduct is abusive to the capital markets. Considering the length of time to hold a hearing under section 161 (a) of the Act, the BCSC issued the following temporary orders under section 161 (1)(c): (i) that the exemption under section 2.24 of National Instrument 45-106 does not apply to the named issuers for a distribution to a consultant; and (ii) it does not apply to any issuer listed on the Canadian Securities Exchange for distribution to named respondents.

At a hearing held on December 7, 2018, the BCSC executive director asked the BCSC to extend the temporary orders, which were to expire on December 11, 2018, until a hearing was held and a decision rendered. The temporary orders were extended at the completion of the hearing until a decision was issued on this application.

On January 15, 2019, the BCSC issued its decision with respect to the temporary orders. With respect to the Company, it found that the executive director had not provided prima facie evidence of having engaged in conduct contrary to the public interest and, accordingly, the temporary orders were not extended. It was also concluded that it is in the public interest to not proceed with the hearing until the BCSC investigation has concluded.

During the year ended May 31, 2021, the Notice of Hearing was amended to remove the Company as a respondent and there is no current proceeding against the Company from the 2019 proceeding. However, the BCSC held the right to re-institute proceedings in the future and the Company received notice of the re-institution on January 26, 2022 when the BCSC issued a new Notice of Hearing. An enforcement hearing commenced in March 2023 and is set to resume in October 2023.

The Company has made an assessment and, at this time, the Company has only disclosed information that will not prejudice the position of the Company in this dispute.

Notice of Civil Claim

In relation to the above noted issue, the Company was served with a notice of civil claim (the “Claim”) filed on July 11, 2019 with the Supreme Court of British Columbia by Michael Tietz and Duane Lowen under the Class Proceedings Act, RSBC 1996, c 50, naming the Company, its CEO and former CFO as a defendants along with 86 additional defendants. The Claim relates to allegations of conspiracy, secondary market misrepresentations and fraudulent/negligent misrepresentations arising out of certain agreements entered into with consultants by the Company and other reporting issuers.

During the year ended May 31, 2022, the Court denied the Plaintiffs’ application for leave to bring the Claim. The Plaintiffs filed an appeal. The Court of Appeal overturned the earlier court decision and granted leave to the Plaintiff to bring the Claim. The Company filed for leave to the Supreme Court of Canada to appeal the Court of Appeal’s ruling granting leave to bring the secondary market claims. The certification hearing for the putative class action is scheduled for hearing in August 2023. The Company anticipates recovery of legal fees pertaining to this matter from its insurance carrier.

The Company has made an assessment and, at this time, the Company has only disclosed information that will not prejudice the position of the Company in this dispute.



Management of Capital Risk

The Company manages its cash and cash equivalents and shareholders' equity as capital (in the comparative year the Company managed shareholders' equity as capital). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This objective will be achieved by identifying the right agriculture projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the period.

Policies and Controls

Significant Accounting Policies, Estimates and Critical Judgements

Please refer to the condensed interim consolidated financial statements for the period ended February 28, 2023.

Disclosure of Outstanding Share Data

As of the date of this MD&A, the Company's share structure is as follows:

Common shares

The Company had 25,989,915 common shares outstanding at June 27, 2023.

Stock options

The Company had the following stock options outstanding at June 27, 2023.

Expiry date	Exercise price	Options Outstanding
May 10, 2025	\$ 0.50	200,000
July 25, 2031	\$ 0.40	450,000
August 10, 2031	\$ 0.50	100,000
November 2, 2031	\$ 0.50	100,000
November 2, 2031	\$ 0.30	400,000
December 7, 2031	\$ 0.50	100,000
February 22, 2032	\$ 0.40	50,000
		<u>1,400,000</u>



Warrants:

The Company had the following warrants outstanding at June 27, 2023.

<u>Expiry date</u>	<u>Exercise price</u>	<u>Warrants Outstanding</u>
August 4, 2023	\$ 0.15	2,293,550
January 14, 2024	\$ 0.50	1,043,001
October 12, 2024	\$ 0.10	1,550,000
		<u>4,886,551</u>

Change in Management

On June 8, 2022, the Company appointed Nick Brusatore as the Interim Chief Financial Officer of the Company. Mr. Brusatore will replace Sarj Dhaliwal who served as the Company's Chief Financial Officer from December 8, 2020 to June 07, 2022.

On July 8, 2022, Rick Easthom has resigned as Chairman of the Company.

On July 12, 2022, the Company appointed Ben Hogervorst as Chairman of its Board of Directors

Information on the Board of Directors and Management

Directors:

Nick Brusatore
Alan Boyco
Rick Easthom
Ben Hogervorst

Audit Committee members:

Alan Boyco
Nick Brusatore
Rick Easthom

Management:

Nick Brusatore, Chief Executive Officer and Chief Financial Officer