HYTN BEVERAGE CORP.
(DBA HYTN INNOVATIONS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED
DECEMBER 31, 2021 and 2020

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of HYTN Beverage Corp. (DBA HYTN Innovations) (the "Company"), is for the three months ended December 31, 2021. It is supplemental to, and should be read in conjunction with, the Company's condensed consolidated interim financial statements and the accompanying notes for the three months ended December 31, 2021, as well as the audited financial statements and MD&A for the year ended September 30, 2021. Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The board of directors of the Company has approved this MD&A on March 1, 2022.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about the global economic environment, the market price and demand for products and our ability to manage our operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: a downturn in general economic conditions, the uncertainty of government regulation and politic, potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the *Risk Factor*s section of the MD&A.

DESCRIPTION OF BUSINESS

HYTN Beverage Corp. (DBA HYTN Innovations) was incorporated under the laws of British Columbia on October 16, 2018. The Company's registered office is The King George Building 6th Floor, 905 W Pender St, Vancouver, BC V6C 1L6. The Company was incorporated with the intention of establishing itself in the craft inspired cannabis sector through the research, production, marketing, distribution, and sale of premium quality beverage, edible, and related cannabis products.

On February 17, 2022, the Company completed the share exchange agreement (the "SEA") with HYTN Innovations Inc. (formerly, Mount Dakota Energy Corp.) ("HYTN Innovations Inc."), a public company listed on the TSX Venture Exchange ("TSX-V'). Pursuant to the terms of the SEA, HYTN Innovations Inc. acquired all the outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis, with the Company representing a wholly-owned subsidiary of HYTN Innovations Inc. post-acquisition. Consequently, the acquisition constitutes a change of business and a reverse takeover of HYTN Innovations Inc. by the Company and reverse acquisition accounting will be applied. The shares of HYTN Innovations Inc. have been delisted from the TSX-V and began trading on the Canadian Securities Exchange (the "CSE") under the symbol "HYTN" on February 22, 2022.

COVID-19

The COVID-19 pandemic continues to impact the global economic recovery. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

OVERALL PERFORMANCE

During the three months ended December 31, 2021, the Company completed the construction of its Kelowna, British Columbia based production facility. At this point, the Company is now revenue generating and has begun to recognize revenue from the sale of cannabis infused beverages. The Company will continue pursuing craft inspired cannabis beverage, edibles and related activities.

At December 31, 2021, the Company was in a net liability position of $491,854 (September 30, 2021 - net liability of $8,879). The assets consist primarily of cash of $139,200 (September 30, 2021 - $264,062), prepaid expenses of $45,519 (September 30, 2021 - $87,097), inventory of $234,835 (September 30, 2021 - $122,840) and property, plant and equipment 2,268,349 (September 30, 2021 - $2,205,363). The Company's liabilities primarily consisted of accounts payable and accrued liabilities of $336,582 (September 30, 2021 - $213,057), loan payable of $2,305,000 (September 30, 2021 - $1,730,000) and lease liabilities of $816,782 (September 30, 2021 - $827,710).

Cash decreased during the three months ended December 31, 2021 by $124,862 primarily due to the increase in operating activities (ie. build-up of inventory, increased consulting and salary costs) and property, plant and equipment expenditures.

RESULTS OF OPERATIONS

During the three months ended December 31, 2021, the Company generated a net and comprehensive loss of $870,631. The net and comprehensive loss for the year consists primarily of the following:

- Advertising and marketing of $49,489 costs that relate to increasing brand awareness including vendor education and training costs.
- Consulting and salaries of $202,841 related primarily to services used in corporate and operational activities.
- Professional fees of $83,250 consists primarily of fees incurred for general corporate matters.
- Office and miscellaneous of $78,457 consists primarily of office, computer and supplies for overall corporate activities.
- Interest expense of $89,250 consists primarily of accretion of the lease liability related to the production facility and interest expense related to the loan payable.

SUMMARY OF QUARTERLY RESULTS

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

In Canadian dollars	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenue	212,581	-	-	-
Net and comprehensive loss	(482,975)	(468,825)	(126,003)	(86,160)
Loss per share, basic and diluted	(0.03)	(0.04)	(0.01)	(0.01)

In Canadian dollars	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	-	-	-	-
Net and comprehensive loss	(100,798)	(57,910)	(30,185)	(91,755)
Loss per share, basic and diluted	(0.01)	(0.96)	(0.89)	(0.52)

On a quarter-by-quarter basis, losses fluctuated due to a number of factors including timing of operating activities due to the nature of a start up company.

An analysis of the quarterly result shows that the Company has incurred mostly professional fees, consulting fees and office and miscellaneous cost that primarily relate to activities of those of a start-up entity.

LIQUIDITY

At December 31, 2021, the Company had cash of $139,200 and a working capital deficit of $2,082,682. The cash decreased from September 30, 2021 as a result of the operating, investing and financing activities of the Company.

Operating Activities

The Company used net cash of $540,999 (2020 - $87,459) in operating activities during the three months ended December 31, 2021. In addition, the build-up of inventory for sales and amounts loaned led to an increase in cash used.

Investing Activities

The Company used net cash of $116,901 (2020 - $22,789) in investing activities during the three months ended December 31, 2021. Investing activities related to amounts spent on leasehold improvements and equipment purchases for the Company's new Kelowna based facility. As of the date of this MD&A, the Company's new Kelowna facility is now operational with the initial production runs and shipments successfully completed.

Financing Activities

The Company received net cash of $533,038 (2020 - $53,000) from financing activities during the three months ended December 31, 2021. The Company has received $2,305,000 (September 30, 2021 - $1,730,000) pursuant to the promissory note agreement entered with 1306562 B.C. Ltd. for the purpose of pursuing the share exchange agreement with HYTN Innovation Inc. (Note 9 to the audited financial statements for the year ended September 30, 2021).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

SUBSEQUENT EVENTS

Subsequent to the three months ended December 31, 2021, the Company:

a. On February 17, 2022, the Company completed the share exchange agreement (the "SEA") with HYTN Innovations Inc. (formerly, Mount Dakota Energy Corp.) ("HYTN Innovations Inc."), a public company listed on the TSX Venture Exchange ("TSX-V'). Pursuant to the terms of the SEA, HYTN Innovations Inc. acquired all the outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis, with the Company representing a wholly-owned subsidiary of HYTN Innovations Inc. post-acquisition. Consequently, the acquisition constitutes a change of business and a reverse takeover of HYTN Innovations Inc. by the Company and reverse acquisition accounting will be applied. The shares of HYTN Innovations Inc. have been delisted from the TSX-V and began trading on the Canadian Securities Exchange (the "CSE") under the symbol "HYTN" on February 22, 2022.

b. On February 14, 2022, the Company entered into an agreement to acquire HYTN Cannabis Inc., a private company headquartered in Kelowna, B.C., for a nominal acquisition price, consolidating legal ownership of the HYTN Cannabis Standard Processing License under the Company. As of December 31, 2021, the Company had loaned $105,943 (September 30, 2021 - $38,785) to HYTN Cannabis Inc. The loan has no terms of repayment, non-interest bearing and unsecured and will be consolidated from the date of acquisition.

CHANGES IN ACCOUNTING POLICIES

The management discussion and analysis has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended September 30, 2021. For changes in accounting policies, refer to Note 10 of the financial statements for the three months ended December 31, 2021.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 4.9 of the Company's audited financial statements for the year ended September 30, 2021.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the three months ended December 31, 2021 and 2020, the Company incurred the following expenses:

	2021	2020
Consulting and salaries	202,841	67,027
Professional fees	83,250	-
Interest expense	80,350	-
Office and miscellaneous	78,547	8,482
Depreciation	53,915	271
Advertising and marketing	49,489	9,416
Travel	4,886	15,602
Foreign exchange gain	(29)	-

An analysis of material components of the Company's expenses is disclosed in the "Overall Performance" section above.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital consists of an unlimited number of Class A common voting shares.

On December 31, 2021 the Company had 15,532,000 (September 30, 2021 – 15,532,000) common shares issued and outstanding.

As of the date of this MD&A, all outstanding common shares of the Company have been exchanged into common shares of HYTN Innovations Inc. on a pro-rata basis.

Warrants

On December 31, 2021, the Company had 2,532,000 share purchase warrants outstanding and exercisable (September 30, 2021 –2,532,000) as summarized below:

	Number of Warrants	Exercise Price	Expiry Date
February 1, 2021	2,532,000	$ 0.50	February 1, 2023
Balance, December 31, 2021	**2,532,000**		

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

The Company has no operating history

The Company has no operating history and may not succeed. The Company is subject to all risks inherent in a developing a business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. 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.

History of losses

The Company has incurred losses in the period from inception to December 31, 2021. 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, it will not be profitable.

Reliance on management

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure 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.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

The Company will be an entrant engaging in a new industry

The infused cannabis industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

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. This could have an adverse effect on the financial results of the Company.

Reliance on key inputs

The Company's business is dependent on a number of key inputs including raw materials and supplies relating to its manufacturing operations including electricity, water, and other utilities. Any significant interruption or negative change in the availability or pricing of the supply chain for these key inputs could materially impact the Company's operations, financial condition, and operating results.

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 its 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 brand was 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.

Product liability

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 sale of the Company's products would 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 alone 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 the 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.

Shelf life of inventory

The Company holds finished goods and raw materials in inventory with a shelf life. The Company has a typical inventory turnover that varies and as a result, inventory may reach its expiration date and no longer be available for sale. As a result, inventory may have to be written down and could have a material adverse effect on the Company's business, financial condition, and results of operations.

Unfavourable publicity or consumer perception

Management of the Company believes the infused cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational 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 the recreational 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 proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's 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 proposed 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, efficacy and quality of recreational cannabis in general, or the Company's proposed products specifically, or associating the consumption of recreational 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.

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 infused cannabis industry. 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.

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.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's shares.

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 the Company's ability to continue operating and the market price for its shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant amount of resources.