Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") is current to February 25, 2022 and should be read in conjunction with Britannia Life Sciences Inc.'s ("BLS" or the "Company") unaudited condensed interim consolidated financial statements for the three and nine-month periods ended December 31, 2021 and 2020 which have been prepared under International Financial Reporting Standards ("IFRS"). Except as otherwise noted, the financial information contained in this MD&A and in the annual consolidated financial statements have been prepared in accordance with IFRS. All amounts are expressed in Canadian dollars unless otherwisenoted.

Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") contains forward-looking information as defined in applicable securities laws (referred to herein as "forward-looking statements") that reflect the Company's current expectations and projections about its future results. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are based on the current assumptions, estimates, analysis and opinions of management of the Company made considering its experience and its perception of trends, current conditions and expected developments, as well as other factors which the Company believes to be relevant and reasonable in the circumstances.

The Company uses words such as "believes," "may," "plan," "will," "estimate," "continue," "anticipates," "intends," "expects," and similar expressions to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties, both known and unknown, as well as other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Inherent in forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to predict or control that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- the availability of financing, or the availability of financing on reasonable terms;
- general business and economic conditions;
- regulatory developments;
- interest rates and foreign exchange rates;
- the Company's costs;
- the regulatory environment in which the Company operates;
- the Company's ability to attract and retain skilled staff;
- the impact of changes in Canadian-US dollar, Canadian-UK pound sterling and other foreign exchange rates on the Company's costs and results;
- market competition;
- tax benefits and tax rates; and
- the Company's ongoing relations with its employees and with its business partners.

Although management of the Company believes that these forward-looking statements are based on reasonable assumptions, a number of factors could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements contained in this MD&A and any documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company cautions you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. You should also carefully consider the matters discussed under “Risk Factors” in this MD&A which provides for additional risks and uncertainties relating to the Company and its business. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, other than as may be required by applicable legislation. No assurance can be given that any of the events anticipated will transpire or occur, or if any of them do so, what benefits the Company will derive from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events, or otherwise unless required by law.

Operational Highlights and Business Development

Completion of Reverse Take Over

On January 21, 2021, the Company entered into an agreement with Rise Life Science Corp. (RISE) pursuant to which RISE and BBCH have agreed to complete a business combination transaction (the "Transaction"). The Transaction constitutes a "fundamental change" of RISE pursuant to the policies of the Canadian Securities Exchange (the "CSE").

On April 30, 2021, BBCH, RISE and a subsidiary of RISE (“Subco”) entered into a Business Combination Agreement pursuant to which BBCH agreed to amalgamate with Subco to form "Amalco", which will result in a reverse takeover (“RTO”) of RISE. On completion of the Transaction, the resulting issuer will carry on the business and operations of BBCH and RISE with a focus on product development and laboratory testing within the food, cosmetics, nutraceutical and wellness sectors.

The Transaction does not constitute a non-arm's length transaction or related party transaction under the relevant securities legislation or CSE policies.

On November 12, 2021, Britannia Bud Canada Holdings Inc. ("BBCH") completed its reverse takeover transaction with Rise Life Science Corp (‘RISE’) (formerly RLSC: CSE). BBCH and Subco, a wholly-owned subsidiary of RISE ("RISE Subco"), amalgamated by way of a triangular amalgamation under the Business Corporations Act (Ontario) (the "Amalgamation"). RISE has changed its name to "Britannia Life Sciences Inc." (BLAB: CSE). BBCH is a wholly owned subsidiary of BLS.

Upon the Amalgamation, shareholders of BBCH (the "BBCH Shareholders") exchanged their BBCH shares for BLAB Shares, at an exchange ratio of 120:1, which resulted in the RTO of RISE. Immediately prior to the effective time of the Amalgamation, the convertible debentures of BBCH automatically converted to BBCH shares at US$1.55 per BBCH share, and the BBCH shares issued pursuant to the conversion were exchanged alongside other BBCH shares for BLAB Shares in accordance with the terms of the RTO. In connection with the transaction, the Company concurrently consolidated all issued an outstanding share on the basis of one post consolidation BLAB share for each ten pre consolidation BLAB shares.

Further details regarding the Transaction and the Amalgamation are provided in the Form 2A – Listing Statement of RISE dated October 29, 2021 (the "Listing Statement"). Please refer to the Listing Statement for full particulars of the Transaction, which is available on SEDAR (www.sedar.com) under the issuer profile of Britannia Life Sciences Inc. (formerly RISE Life Science Corp.).

Acquisition

BBCH entered into a share purchase agreement dated March 10, 2020, wherein BBCH acquired 60% of each of the Class A and Class B ordinary shares of Advanced Development and Safety Laboratories (“ADSL”) from the shareholders of ADSL (the “Sellers”). Completion arrangements in relation to this agreement were made on February 9, 2021 (the “Completion Date”).

The group aims to be a leader in product development, compliance, and analytical services for its expanding customer base as well as playing a pivotal role in the convergence of the cannabinoid and consumer products industries on a global scale. With exceptional expertise and complementary skills in process controls, industry regulation, health and safety and manufacturing, the Company provides a full service for customers to ensure products can be launched in the market successfully and safely.

Pursuant to the terms of the agreement, on the first three anniversaries of the Completion Date, BBCH has the right to acquire from the Sellers up to an additional 40% of the share capital for an additional consideration. In circumstances where on expiry of the third anniversary of the Completion Date BBCH has not acquired all the shares, the Sellers shall have the right to require BBCH to purchase all of the shares it does not yet own (the "Put Liability"). The total consideration payable for the additional shares ("Put Shares") upon exercise of the Put Liability and the closing of BBCH's acquisition of the Put Shares would be equal to the total equity value of the Put Shares, which would be based upon the applicable percentage acquired by BBCH of the total enterprise value for ADSL. As at December 31, 2021, BBCH has issued notice to the Sellers to exercise their option to purchase 10% additional share capital in ADSL.

At the close of the transaction, the value of the Put Liability was determined to be $2,464,315 (GBP 1,404,568), representing the difference between the market price and the contract value of the Put Liability, discounted at a rate of 0.23% per annum and assuming the transaction would take place on February 9, 2024. As at December 31, 2021, the fair value of the put liability was remeasured to $1,677,592 (GBP 979,266), generating a gain on the change in fair value of the put liability for the three and nine months ended December 31, 2021 of $211,895 and $757,507, respectively.

Discussion of Operations

The Company's unaudited condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There are no material uncertainties that cast significant doubt about the Company's ability to continue as a going concern at this time. For the nine-month period ended December 31, 2021, the Company realized income from operations of $1,152,374 and had positive cash flows from operations of $2,507,560. The Company had a net loss before tax of $8,279,133 as a result of a non-cash loss related to the reverse takeover of $9,933,566. In the absence of this expense, the Company had income before tax of $1,654,433. The Company generated $667,870 in investing activities and had cash outflow of $2,463,501 in financing activities mainly as a result of repayments made on the outstanding Seller's Loan. Working capital at December 31, 2021 was negative $5,095,259 (March 31, 2021: $7,674,791).

Financial Information

Revenue

Revenue was generated by the Company's operating subsidiary, ADSL. For the nine-month period ended December 31, 2021, ADSL contributed $5,553,178 to the total revenues from sales and services and a net income of $3,583,321 to the consolidated income from operating activities.

Cost of Goods Sold and Gross Margin

Cost of goods sold is comprised of the direct consumables required for the formulation and testing of products as well as associated labour costs, and expenses related to consumer and user trials. Gross profit for the nine-month period ended December 31, 2021 was $4,255,768 compared to $nil for the comparative period which was pre-acquisition.

Selling, general and administrative expenses increased to $1,905,864 for the period compared to $245,034 for the comparative period which is directly related to the consolidation of ADSL.

Finance expense for the nine-month period ended December 31, 2021 was $1,047,908 compared to $nil for the prior period. The increase is the result of the interest payable on the convertible debentures issued and the loan payable to the ADSL shareholders in relation to the acquisition of its share capital.

Other Income and Expense

The Company experienced a foreign exchange gain of $167,152 for the nine-month period ended December 31, 2021 compared to $nil in the priorperiod. The majority of the loss is related to the revaluation of the Company's loans and put option liability at year end and are unrealized.

Selected financial information, presented under IFRS in the table below:

	For the nine months ended December 31, 2021	**For the nine months ended December 31, 2020**
	$	**$**
Revenue	**5,553,178**	-
Gross margin	**4,255,768**	-
Net income (loss)	**(8,998,221)**	(245,034)
Basic and diluted earnings (loss) per share	**(0.11)**	(0.003)

Net income for the nine months ended December 31, 2021 net of listing expense is $935,345.

Liquidity and Capital Resources

The following summarizes the Company's convertible notes payable as at December 31, 2021 and March 31, 2021:

The Company raised USD $6,127,000 (CAD $7,819,006) through the issuance of 6,127 convertible debentures units (each a "Convertible Debenture Unit"). Each unit, issued for US$1,000, consists of a convertible debenture (each a "Debenture") and 645 share purchase warrants. The financing was completed in three tranches on January 29, 2021, February 2, 2021 and April 7, 2021 (together, the "Closing Dates").

The Debentures bear interest at 10% per annum with interest payable annually on December 31, and mature two years from the respective Closing Dates. Each Debenture is convertible, at the option of the holder, at any time prior to six months before the maturity date, into that number of shares computed on the basis of the principal amount of the Debenture divided by the conversion price of US$1.55 per share (the "Debenture Conversion Price").

As defined in the subscription agreement, a Liquidity Event would occur upon (i) the listing of the Company's common shares on a stock exchange, (ii) the completion of a transaction with a capital pool company or other Canadian reporting issuer by way of business combination or other similar transaction pursuant to which the Company's common shares are listed on a stock exchange, (iii) the sale of all or substantially all of the assets of the Company to a person other than an affiliate of the Company, or (iv) a transfer of the shares of the Company, reorganization, amalgamation or merger, as a result of which the shareholders of the Company immediately prior to such transaction would no longer beneficially own, directly or indirectly, more than 50% of the resulting voting shares on a fully-diluted basis. In the event that the Company does not complete a Liquidity Event on or before the date which is 18 months from the Closing Date, the holders of the Debentures shall have the right for a period of 30 days after such date to require the Company to redeem the Debentures at a price equal to US$1,500 per Debenture then outstanding.

On January 29, 2021, the Company completed a tranche of Convertible Debenture Units (the "January 29 Units"), raising US$2,272,000 ($2,903,616). The Debentures have a maturity date of January 29, 2023. 1,465,440 common share purchase warrants were issued.

On February 2, 2021, the Company completed a tranche of Convertible Debenture Units (the "February 2 Units"), raising US$2,564,000 ($3,286,535). The Debentures have a maturity date of February 2, 2023. 1,653,780 common share purchase warrants were issued.

On April 7, 2021, the Company completed a tranche of Convertible Debenture Units (the "April 7 Units"), raising US$1,291,000 ($1,628,855). The Debentures have a maturity date of April 7, 2023. 832,695 common share purchase warrants were issued.

In the event that the Company completes a Liquidity Event, the Debentures shall be deemed to automatically convert, without any further action on the part of the holder and immediately prior to such Liquidity Event, into common shares ("Liquidity Event Conversion"). Upon a Liquidity Event Conversion, any accrued and unpaid interest (calculated daily on the basis of a year of 365 days and pro-rated in the event Debentures are converted during a given year) with respect to the Debentures are to, within 30 days of the completion of the Liquidity Event, is to be paid to the holder by the Company either in cash or in shares of the Company at a deemed price per share equal to the Debenture Conversion Price (as such price may be adjusted in accordance with the exchange ratio applicable to the Liquidity Event transaction).

On November 12, 2021, BBCH and Subco amalgamated by way of a triangular amalgamation under the Business Corporations Act (Ontario) (the "Amalgamation") to form "Amalco". Upon the Amalgamation, shareholders of BBCH (the "BBCH Shareholders") exchanged their BBCH shares for common shares of Amalco ("BLAB Shares"), which resulted in the RTO. Pursuant to the terms defined in the subscription agreement, immediately prior to the effective time of the Amalgamation, the Debentures automatically converted to BBCH common shares at US$1.55 per share, and the shares issued pursuant to the conversion were exchanged alongside other BBCH shares for BLAB Shares in accordance with the terms of the RTO. The BLAB Shares began trading on the CSE on November 18, 2021 under the symbol "BLAB".

The Debentures are denominated in US dollars, while convertible in Canadian dollars. As the conversion price in a different currency requires a variable number of shares to settle the Debentures, the Debentures are treated as having an embedded derivative that is treated as a financial liability under IFRS. The Company recorded the fair value of the embedded derivative immediately prior to conversion to be $3,200,928 as at November 12, 2021 ($2,982,182 as at March 31, 2021).

For the three and nine-month periods ended December 31, 2021, the Company incurred interest expense of $91,670 (USD$70,502) and $468,325 (USD$377,962) (2020 – $nil), respectively. Pursuant to the terms of the subscription agreement, all interest accrued up to the liquidity event was converted to common shares by the Company. Total accrued interest of $567,311 (USD$454,837) was converted into 3,521,277 shares.

The Company recorded accretion expense of $237,136 and $1,076,878 in relation to the convertible debentures and foreign exchange gain (loss) $(49,678) and $8,380 for the three and nine-month periods ended December 31, 2021, respectively.

During the three and nine-month periods ended December 31, 2021, $8,839 and $46,029 (2020 - $nil), respectively, of interest was paid to related parties. The outstanding interest payable was $nil as at December 31, 2021 ($98,987 as at March 31, 2021).

Prior to conversion, the fair value of the embedded derivative related to the January 29, 2021 Units was determined using the Black Scholes valuation model using the following assumptions on November 12, 2021: stock price of $1.35; expected life of 1.21 years; $nil dividends; 80% volatility; risk-free interest of 0.98%; foreign exchange rate of 1.2565; and the exercise price of $1.23.

Prior to conversion, the fair value of the embedded derivative related to the February 2, 2021 Units was determined using the Black Scholes valuation model using the following assumptions on November 12, 2021: stock price of $1.35; expected life of 1.22 years; $nil dividends; 80% volatility; risk-free interest of 0.98%; foreign exchange rate of 1.2565; and the exercise price of $1.23.

Prior to conversion, the fair value of the embedded derivative related to the April 7, 2021 Units was determined using the Black Scholes valuation model using the following assumptions on November 12, 2021: stock price of $1.35; expected life of 1.40 years; $nil dividends; 80% volatility; risk-free interest of 0.98%; foreign exchange rate of 1.2565; and the exercise price of $1.23.

The total amount of the convertible debenture conversion reclassified to equity on November 12, 2021 is $4,114,145. The total amount of the embedded derivative reclassified to equity on November 12, 2021 is $3,246,562. In accordance with the terms of the subscription agreement, the Company issued 3,521,277 shares to settle $567,311 of accrued interest at the date of the RTO.

The fair value of the warrant derivative liability as at December 31, 2021 of $645,705 ($543,124 as at March 31, 2021) was determined using the Black-Scholes option pricing model with the following weighted average assumptions, judgmentally determined by management:

	Jan 29, 2021 Issuance	**Feb 2, 2021 Issuance**	**Apr 7, 2021 Issuance**	**Jul 14, 2021 Issuance**
Expected life in years	1.08	1.09	1.27	1.53
Market Price	$0.19	$0.19	$0.19	$0.19
Strike price	USD $0.17	USD $0.17	USD $0.17	USD $0.17
Risk free interest rate	0.95%	0.95%	0.95%	0.95%
Dividend yield	0%	0%	0%	0%
Expected volatility	80%	80%	80%	80%
Forfeiture rate	75%	75%	75%	75%

The continuity of the warrant liability is as follows:

	Convertible Debenture Warrants	**Brokers' Warrants**	**Total**
Balance as at March 31, 2021	$ 543,124	$ -	$ 543,124
Additions	-	12,937	12,937
Allocation of additions to warrant liability	145,486	-	145,486
Change in fair value	(57,246)	1,404	(55,842)
Balance as at December 31, 2021	**$ 631,364**	**$ 14,341**	**$ 645,705**

Changes in the number of these warrants outstanding during the three-month period ended December 31, 2021 are as follows:

	Warrants		Amount		Weighted Average Exercise Price
Balance, March 31, 2021	37,430,640	$	543,124	$	0.21
Granted April 7, 2021	9,992,340		145,486		0.21
Granted July 14, 2021	893,100		12,937		0.21
Change in fair value			(55,842)		-
Balance, December 31, 2021	48,316,080	$	645,705	$	0.21
Weighted average remaining contractual life (years)					1.13

Off Balance Sheet Arrangements

As at December 31, 2021 and the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial conditions of the Company.

Related Party Transactions

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controllingthe activities of the Company. The directors, Chief Executive Officer, President, Chief Technical Officer and Chief Financial Officer are key management personnel.

	Three months ended December 31, 2021		Three months ended December 31, 2020		Nine months ended December 31, 2021		Nine months ended December 31, 2020
Interest expense	**$**	**267,412**	$	-	**$**	**998,492**	$	-
Salaries, fees and short-term employee benefits		**127,561**		-		**269,478**		-
Share-based compensation		**109,184**		-		**109,184**		-
	$	**504,157**	$	-	**$**	**1,377,154**	$	-

Sellers' Loan

On February 9, 2021, the Company and the Sellers entered into a Sellers' Loan agreement. In connection to this agreement, the Sellers loaned £4,456,813 ($7,631,400) to Britannia, at an interest rate of 6% per annum and initial repayment date of April 30, 2021. On June 15, 2021, the terms of this loan were amended to extend the repayment date to December 31, 2021 and increase the interest rate to 10% per annum effective June 1, 2021. On December 20, 2021 the Company made a principal repayment of £1,551,033, reducing the principal balance outstanding to £2,905,780 ($4,978,182), and extending the deadline for repayment to February 28, 2022.

Financial Instruments and Risk Management

The Company has classified its financial instruments as follows:

	December 31, 2021	March 31, 2021
	$	$
FVTPL, measured at fair value:		
Cash	**1,533,778**	828,321
Warrant liability	**645,705**	543,124
Embedded derivative	**-**	2,982,172
Put option liability	**1,677,592**	2,435,100
Financial assets, measured at amortized cost:		
Accounts receivable	**1,633,762**	1,686,152
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**1,937,269**	1,190,386
Interest payable	**-**	163,076
Sellers' loan agreement	**4,978,182**	7,726,776
Director's loan	**-**	225,000
Lease liability	**201,057**	231,079
Other debt	**126,824**	
Convertible notes	**-**	2,363,154

The carrying value of the Company's financial instruments approximate their fair value.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company's management under the policies approved by the Board of Directors. The principal financial risks are managed by the Company's finance department who work hand in hand with the Board and other key management personnel.

There were no transfers between level levels 1 and 2 for recurring fair value measurements during the period ended December 31, 2021. Further there was no transfer out of level 3 measurements.

<u>Credit risk</u>

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is mainly exposed to credit risk from credit sales and manages this risk by endeavouring only to deal with customers which are demonstrably credit worthy and through the continuous monitoring of financial exposure by customers.

Credit risk arises from cash and deposits with banks as well as credit exposure to outstanding receivables, the carrying amounts represent the Company's maximum exposure to credit risk.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing from operations and other sources including debt and equity markets as required.

The following table summarizes the maturities of the Company's non-derivative financial liabilities as at December 31, 2021 based on undiscounted contractual cash flows:

	Payment due by Period			
	< 1 year	**2 - 3 years**	**4 - 5 years**	**Total**
Accounts payable and accrued liabilities	$ 1,937,269	$ -	$ -	$ 1,937,269
Lease liability	78,379	135,343	52,574	266,296
Sellers' loan	5,073,899	-	-	5,073,899
Other debt	146,337	-	-	146,337
	$ 7,235,884	$ 135,343	$ 52,574	$ 7,423,801

The following table summarizes the maturities of the Company's derivative financial liabilities as at December 31, 2021 based on undiscounted contractual cash flows:

	Payment due by Period			
	< 1 year	**2 - 3 years**	**4 - 5 years**	**Total**
Put liability	$ -	$ 22,465,328	$ -	$ 22,465,328
	$ -	$ 22,465,328	$ -	$ 22,465,328

Currency risk

The Company is exposed to currency risk to the extent that monetary operational expenses are denominated in US dollar and UK Pounds sterling while the functional currency of Canadian dollar is used for reporting. The Company has not entered into any foreign currency contracts to mitigate this risk.

As at December 31, 2021, the Company had the following financial instruments denominated in foreign currencies:

Denominated in:	**USD**	**GBP**
Due to related party	-	2,905,780
Warrant liability	509,311	-
Put liability	-	979,216
	509,311	3,885,046
Foreign currency rate	1.2678	1.7132
Equivalent to Canadian dollars	645,704	6,655,861

Based on the about net exposure and assuming that all other variables remain constant, a 10% change in the USD against the CDN would impact net loss and comprehensive loss by $64,570 and a 10% change in the GBP against the CDN would impact net loss and comprehensive loss by $665,586.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to convertible notes whichbear interest at fixed rates.

Capital Disclosures

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue investments and opportunities which contribute to the success of the Company while providing shareholder returns. The Company attempts to maximize returns to shareholders by also minimizing shareholder dilution and, when possible utilizing non-dilutive funding arrangements.

The Company includes equity comprised of share capital, contributed surplus, warrant reserve, options reserve and accumulated deficit in its definition of capital. The Company has financed it operations and capital requirements primarily through the issuance of shares and recently on secured and convertible notes since inception.

The Company manages its capital structure and adjusts it considering economic conditions and risk characteristics of its underlying assets. The Company may issue new shares or raise debt. The Company is not subject to any externally imposed capital requirements.

Share Capital

Authorized
The Company has an unlimited number of authorized voting common shares (the "Common Shares").

Issued
The continuity of the outstanding share capital is as follows:

	Shares	Proceeds	Share issuance costs	Total
	#	$	$	$
As at March 31, 2021	77,626,332	441,981	(777)	441,204
Shares issued on conversion of debt (Note 7)	50,956,116	7,882,384	(12,937)	7,869,447
Equity issued for amalgamation	30,301,940	8,181,524	-	8,181,524
As at December 31, 2021	158,884,388	16,505,889	(13,714)	16,492,175

The RTO was completed by way of a share exchange between the shareholders of RISE and the Company. Upon the Amalgamation, shareholders of BBCH exchanged their BBCH shares for BLS shares, at an effective exchange ratio of 12:1, resulting in the issuance of 71,157,471 shares. Immediately prior to the effective time of the Amalgamation, the convertible debentures of BBCH automatically converted to BBCH shares at US$1.55 per BBCH share, and the BBCH shares issued pursuant to the conversion, and all accrued and unpaid interest, were exchanged alongside other BBCH shares for 50,956,116 BLAB Shares in accordance with the terms of the RTO. In connection with the RTO, all previously issued RISE shares on amalgamation were consolidated at a ratio of 10:1 resulting in 30,301,940 shares.

62,991,206 common shares are held in escrow at December 31, 2021.

Brokers' Warrants

On July 14, 2021, the Company issued 74,425 compensation warrants of the Company to brokers, with each compensation warrant being exercisable to acquire one common share at a price of USD $2.00 for a period of 24 months (note 8).

The fair value of the warrant liability related to the July 14, 2021 issuance of $12,937 was determined using the Black Scholes valuation model using the following assumptions on issuance: stock price of $1.24; expected life of 2.00 years; $nil dividends; 80% volatility; risk-free interest of 0.45%; foreign exchange rate of 1.2497; and the exercise price of USD $2.00.

Brokers' Warrants
On July 14, 2021, the Company issued 893,100 compensation warrants of the Company to brokers, with each compensation warrant being exercisable to acquire one common share at a price of USD $2.00 for a period of 24 months (note 8).

The fair value of the warrant liability related to the July 14, 2021 issuance of $12,937 was determined using the Black Scholes valuation model using the following assumptions on issuance: stock price of $1.24; expected life of 2.00 years; $nil dividends; 80% volatility; risk-free interest of 0.45%; foreign exchange rate of 1.2497; and the exercise price of USD $2.00.

Warrants
In connection with the completion of the RTO, the company has warrants that were issued in RISE and are classified as equity.

The continuity of the outstanding warrants is as follows:

	Number of Warrants	Weighted average of exercisable price
		$
As at March 31, 2021	-	-
Granted on amalgamation with RISE	10,797,735	0.26
Outstanding as at December 31, 2021	10,797,735	0.26
Exercisable as at December 31, 2021	10,797,735	0.26

The company estimated the aggregate fair value of these warrants using the Black-Scholes option pricing model to be $1,272,445 with the following assumptions:

	Apr 30, 2017 Issuance	Jan 19, 2019 Issuance	May 12, 2021 Issuance
Risk free interest rate	0.98%	0.98%	0.98%
Expected volatility	80%	80%	80%
Expected life in years	0.45	0.17	1.48
Expected dividend yield	0%	0%	0%
Share price	$0.27	$0.27	$0.27
Exercise price	$1.40	$1.40	$0.21
Outstanding number	395,000	100,000	10,301,940

The following summarizes information about the equity warrants outstanding at December 31, 2021:

Expiry Date	Warrants issued	Warrants outstanding	Warrants exercisable	Weighted average of exercisable price	Estimated grant date fair value	Weighted average remaining outstanding contractual life
				$	$	
Jan 18, 2022	100,000	100,000	100,000	1.40	-	0.05
April 30, 2022	395,795	395,795	395,795	1.40	-	0.33
May 12, 2023	10,301,940	10,301,940	10,301,940	0.21	1,272,445	1.36
	10,797,735	10,797,735	10,797,735	0.26	1,272,445	1.31

Options

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time.

Changes to the number of options outstanding during the nine-months ended December 31, 2021 are as follows:

	Options	Weighted average Exercise price
As at March 31, 2021	-	-
Granted on completion of RTO	13,320,000	0.21
RISE, Granted August 3, 2018	150,000	3.00
RISE, Granted May 15, 2018	15,000	4.00
Outstanding as at December 31, 2021	13,485,000	0.25
Exercisable as at December 31, 2021	165,000	3.09

On completion of the RTO, the Company issued 13,320,000 options to directors, officers and employees for services provided and to be provided. Each option entitles the holder to acquire one Common Share for $0.21 for a period of 24 months from the date of issuance. The vesting period is as follows:

- 7,992,000 options vest after 12 months from the date of issuance
- 5,328,000 options vest after 24 months from the date of issuance

The company estimated the aggregate fair value of these options using the Black-Scholes option pricing model to be $1,564,706 with the following assumptions:

	May 15, 2018 Issuance	Aug 3, 2021 Issuance	Aug 3, 2021 Issuance	Nov 18, 2021 Issuance
Risk free interest rate	0.98%	0.98%	0.98%	0.98%
Expected volatility	80%	80%	80%	80%
Expected life in years	0.24	0.24	1.66	1.27
Expected dividend yield	0%	0%	0%	0%
Share price	$0.27	$0.27	$0.27	$0.27
Exercise price	$4.00	$3.00	$3.00	$0.21
Outstanding number	15,000	100,000	50,000	13,320,000

The following summarizes information about the options outstanding at December 31, 2021:

Expiry Date	Options issued	Options outstanding	Options exercisable	Weighted average of exercisable price	Estimated grant date fair value	Weighted average remaining outstanding contractual life
				$	$	
Feb 12, 2022	100,000	100,000	100,000	3.00	-	0.12
Feb 12, 2022	15,000	15,000	15,000	4.00	-	0.12
Nov 12, 2023	13,200,000	13,200,000	-	0.21	149,622	1.87
July 17, 2023	50,000	50,000	50,000	3.00	-	1.54
	13,485,000	13,485,000	165,000	3.09	149,622	1.85

The Company recognized share-based compensation expense related to the issuance of stock options for the three and nine months ended December 31, 2021 of $149,622.

The outstanding options and warrants disclosed above were anti-dilutive for the current period and did not impact the calculation of the loss per share.

Risk Factors

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.

While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. the Company will periodically review and manage its systems, processes and processes through introduction of necessary Enterprise Resource Planning solutions, as well as Human resource functions, however there can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

In addition, contemplated acquisitions and collaborations involve numerous risks, including, but not limited to: substantial cash expenditures; technology development risks; potentially dilutive issuances of equity securities; incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition; difficulties in assimilating the operations of the acquired companies; potential disputes regarding contingent consideration; diverting the Company's management's attention away from other business concerns; entering markets in which the Company has limited or no direct experience; and potential loss ofthe Company's key employees or key employees of the acquired companies or businesses. The Company's management has experience in making acquisitions and entering collaborations; however, the Company cannot provide assurance that any acquisition or collaboration will result in short-term or long-term benefits to it. The Company may incorrectly judge the value or worth of an acquired company or business. In addition, the Company's future success would depend in part on its ability to manage the rapid growth associated with some of these acquisitions and collaborations. The Company cannot provide assurance that it would be able to successfully combine its business with that of acquired businesses or manage a collaboration. Furthermore, the development or expansion of the Company's business may require a substantial capital investment by the Company.

Success of Quality Control Systems

The accuracy, quality, and safety of the Company’s products and services are critical to the success of its business and operations. As such, it is imperative that the Company's quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

Consumer/Clinical Trial Results and Adverse Safety Events

From time to time, studies and consumer or clinical evaluations on various products including CBD may be conducted by the Company, academic researchers, competitors, or others. The results of these studies or trials, when published, may have a significant effect on the marketability of the substance that is the subject of the study. The publication of negative results of studies or clinical trials, or the occurrence of adverse safety events related to CBD could adversely affect the Company and its clients by impacting the marketability of products, share price and ability to finance future operations.

Confidentiality of Personal and Health Information

The Company and its subsidiaries' employees and consultants have access, in the course of their duties, to personal information of clients of the Company and specifically their medical histories. The Company endeavors to maintain General Data Protection Regulation (GDPR) compliance in its data collection, however there can be no guarantee that these existing policies, procedures, and systems will be sufficient to address the privacy concerns of existing and future clients whether or not such a breach of privacy were to have occurred as a result of the Company's employees or arm's length third parties. If a client's privacy is violated, or if the Company is found to have violated any law or regulation, it could be liable for damages or for criminal fines and/or penalties.

People and Process Risk

A variety of factors may affect the Company's future growth and operating results, including the strength and demand for the Company's services, the extent of competition in our markets, the ability to recruit and retain qualified personnel, and the ability to address consumer demand. The Company relies on certain key employees whose skills and knowledge are critical to maintaining the Company's success. The Company always strives to identify and retain key employees and always strives to be competitive with compensation and working conditions.

Legal Matters

In the normal course of operations, the Company may be subject to a variety of legal proceedings, including commercial, product liability, employment, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, and can cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, and can be very expensive, the results of any such actions may have a material adverse effect on our business, operations, or financial condition.

Regulatory Compliance

In the normal course of operations, the Company is subject to various regulations, and violation of these could limit markets into which it can sell or lead to unknown liabilities. The Company considers itself well prepared and operates under caution to ensure the highest levels of safety and compliance exist.

Responsible Person

A Responsible Person is a legal or natural person who ensures the compliance of each cosmetic product in the EU market with relevant obligations as set forth in Regulation EC No 1223/2009. The Responsible Person is in charge of ensuring that cosmetic products marketed in the European Union comply with this Regulation. The Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if products for which it has acted as Responsible Person are alleged to have caused significant loss or injury. A 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 results of operations and financial condition of the Company.

Risks Relating to the Company's Common Shares

The Company has not paid any cash dividends on its common shares and, for the foreseeable future, the Company does not intend to pay any cash dividends on its common shares and therefore its shareholders may not be able to receive a return on their shares unless they sell them. Any decision to pay dividends on the common shares of the Company will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

The market price and trading volume of the Company's common shares have been volatile and may continue to be volatile in the future. Variations in earnings estimates by securities analysts and the market prices of the securities of competitors may also lead to fluctuations in the trading price of the common shares. In addition, the financial markets may experience significant price and volume fluctuations that affect the market price of the Company's common shares that are not related to the Company's operating performance. Broad market fluctuation and economic conditions generally, may adversely affect the market price of the Company's common shares.

The significant costs that the Company will incur as a result of being a public company in Canada could adversely affect its business.

Outlook

To date, the Company’s business has not been negatively impacted by the COVID-19 pandemic. In many cases, the operating subsidiary has seen customers expand into new product lines which has maintained, if not increased, pre pandemic levels of activity. The Company is maintaining additional preventative measures to ensure the highest level of safety for all employees and will comply with all government guidelines as required. The Company will continue to work hard to manage customer relationships and monitor its supply chain to ensure it can reliably continue to offer a high-quality service. Management believes the prospects for the Company remain strong for the upcoming year.