Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") is current to November 29, 2022 and should be read in conjunction with Britannia Life Sciences Inc.'s ("BLS" or the "Company") condensed interim consolidated financial statements for the period ended September 30, 2022 and September 30, 2021 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 condensed interim consolidated financial statements have been prepared in accordance with IFRS. All amounts are expressed in Canadian dollars unless otherwise noted.

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

Loan Payable

On April 7, 2022, the Company completed a debt financing arrangement with Growth Lending 2021 Limited ("GLL") that was used to repay the Sellers' loan in full and acquire an additional 10% of Advanced Development and Safety Laboratories' ("ADSL") share capital. The total loan principal value is £5,000,000 with a termination date of April 6, 2027. As security the Company has pledged the share capital it holds in ADSL and a debenture has been issued between the Lender and each of ADSL and Britannia Bud Company Limited ("BBCH"), a wholly owned subsidiary. Interest is payable monthly in advance from inception of the loan and is calculated monthly based on the capital outstanding at the higher of 9.5% per annum and 8.5% per annum plus the SONIA (Sterling Over Night Indexed Average). Principal repayments begin in April 2023 with equal monthly instalments of principal and interest from then until April 2027.

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 ADSL Acquisition, on the first three anniversaries of the Completion Date, the Company 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 the Company has not acquired all the ADSL shares, the Sellers have the right to require the Company to purchase all of the ADSL 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 the Company'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 the Company of the total enterprise value for ADSL.

At the close of the ADSL Acquisition, 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 March 31, 2022, the fair value of the put liability was remeasured to $4,495,033 (GBP 2,738,035), generating a loss on the change in fair value of the put liability for the year ended March 31, 2022 of $2,059,933.

On April 7, 2022, the Company acquired an additional 10% of the outstanding issued share capital of ADSL (the "Subsequent ADSL Acquisition"). A cash payment of GBP 1,813,358 was paid as consideration for the Subsequent ADSL Acquisition (CAD: $2,982,066).

The put liability has been reduced accordingly and an adjustment has been made to non-controlling interest to reflect the change in ownership post transaction and on September 30, 2022.

	$
Cash payment to minority shareholders	2,982,066
Reduction in put liability	(1,120,594)
Reduction in non-controlling interest	(1,032,625)
Equity adjustment	828,847

As at September 30, 2022, the fair value of the put liability was remeasured to $1,944,466 (GBP 1,287,897), generating a gain on the change in the fair value of the put liability for the six months ended September 30, 2022 of $1,429,972.

Britannia Mining Solutions Inc.
On February 18, 2022, the Company incorporated BMS, a company domiciled and incorporated in Canada under the laws of the Province of Ontario, as a new subsidiary to address the global backlog in mining assays. In establishing the business, BMS issued 500,000 BMS common shares at $0.001 per BMS common share to the Company. On March 4, 2022, BMS completed a non-brokered private placement of 500,000 of its common shares at $1.00 per common share for gross proceeds of $500,000 after which the Company owns 50% of the outstanding issued share capital of BMS and 50% of the voting rights of BMS. The Chief Executive Officer of the Company is both the Chief Executive Officer and sole director of BMS. The BMS by-laws state that both the officers and directors of the entity shall be elected by the shareholders, accordingly Britannia would not meet the definition of control for the purpose of consolidation.

The continuity of the investment in BMS is as follows:

	$
Balance as at March 31, 2021	-
Incorporation of BMS	500
Share of loss in BMS	(55)
Balance as at March 31, 2022	445
Share of loss in BMS	(41)
Balance as at September 30, 2022	**404**

Discussion of Operations

The Company's condensed interim consolidated financial statements have been prepared on a going concern basis inaccordance 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 period ended September 30, 2022, the Company realized income from operations of $337,933 and had positive cash flows from operations of $899,525 (2021: $1,347,688). The Company had net income before tax of $5,237,140 (2021: $1,141,555) mainly as a result of the gain in the change in fair value of outstanding warrant liabilities and put liability at the period end. The Company had investment outflows of $2,982,066 (GBP 1,813,358) related to the purchase of an additional 10% of ADSL's share capital, increasing the Company's ownership to 70%. The Company generated $2,961,284 in financing activities due to the successful closing of a debt financing arrangement with GLL completed during the quarter net of the repayment of the outstanding Sellers' loan and accrued interest on April 7, 2022. Working capital as at September 30, 2022 was negative $302,169 (March 31, 2022: negative $4,837,182).

Financial Information

Revenue

Revenue was generated by the Company's operating subsidiary, ADSL. For the period ended September 30, 2022, ADSL contributed $3,104,298 (September 30, 2021: $3,894,567) to the total revenues from sales and services and a net income of $1,315,954 (September 30, 2021: $2,560,230) to the consolidated income from operating activities. ADSL's functional currency in which it generates revenue is GBP. For the period ended September 30, 2022 ADSL contributed GBP 1,965,941 to total revenue from sales and services compared to GBP 2,255,367 for the comparative period.

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 three and six month period ended September 30, 2022 was $1,206,022 and $2,304,481 compared to $1,481,430 and $3,031,378 for the comparative period.

Selling, general and administrative expenses decreased to $1,215,021 for the period compared to $1,452,316 for the comparative period which is mainly related to a one off expense related to the Sellers Loan extension in the prior year of $347,480.

Finance expense for the six month period ended September 30, 2022 was $13,301 compared to $768,582 for the prior period. The decrease is the result of the settlement of interest payable on the convertible debentures issued in the prior year and the payment of interest on the Sellers' loan in relation to the acquisition of its share capital which has been paid in full on April 7, 2022. Finance expense in the current period relates to interest expense on the Company's lease liability.

Other Income and Expense

Total Other income for the period ended September 30, 2022 is $4,899,207 (2021: $331,075). The majority of the gain is related to the revaluation of the Company's warrant liability and put option liability at the period end and are unrealized. The Company experienced a foreign exchange gain of $1,610,218 for the period ended September 30, 2022 compared to $127,899 in the prior period.

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

	For the six months ended September 30, 2022	**For the six months ended September 30, 2021**
	$	**$**
Revenue	**3,104,298**	3,894,567
Gross profit	**2,304,481**	3,031,378
Net comprehensive income (loss)	**2,517,264**	(203,753)
Basic and diluted earnings (loss) per share	**0.03**	0.01

	For the three months ended September 30, 2022	**For the three months ended September 30, 2021**
	$	**$**
Revenue	**1,594,935**	1,919,718
Gross profit	**1,206,022**	1,481,430
Net comprehensive income (loss)	**107,094**	(408,291)
Basic and diluted earnings (loss) per share	**0.01**	(0.01)

Adjusted EBITDA

Adjusted EBITDA represents net loss or income adjusted to exclude amortization, depreciation, interest expense and finance costs, foreign exchange gains and losses, income tax expense, listing expense and other charges. Other expenses consist primarily of other income and expenses related to the accounting treatment for the Britannia convertible debenture financing and adjustments in the fair value of warrant and put option liabilities.

Adjusted EBITDA is not a recognized, defined or standardized measure under IFRS. The Company's definition of Adjusted EBITDA will likely differ from that used by other companies and therefore comparability may be limited. Adjusted EBITDA should not be considered a substitute for or in isolation from measures prepared in accordance with IFRS. Investors are encouraged to review the Company's financial statements and disclosures in their entirety and are cautioned not to put undue reliance on non-IFRS measures and view them in conjunction with the most comparable IFRS financial measures. The Company has reconciled Adjusted EBITDA to the most comparable IFRS financial measure as follows:

	September 30, 2022	September 30, 2021
	$	$
Income before income taxes	5,237,140	1,141,555
Finance expense	13,301	768,582
Share based compensation expense	738,226	-
Depreciation and amortization	99,823	96,516
Foreign exchange loss (gain)	(1,610,218)	(127,889)
Other expenses	(3,033,026)	108,545
Adjusted EBITDA	**1,445,246**	**1,987,309**

	June 30, 2022	June 30, 2021
	$	$
Income before income taxes	3,663,155	1,304,189
Finance expense	7,408	358,412
Share based compensation expense	367,096	-
Depreciation and amortization	54,019	54,771
Foreign exchange loss (gain)	(768,611)	(229,784)
Other expenses	(2,696,668)	(29,761)
Adjusted EBITDA	**626,399**	**1,457,827**

Liquidity and Capital Resources

Convertible Debentures

During the two years ended March 31, 2022, the Company raised an aggregate of 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$0.155 per BBCH 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 did not complete a Liquidity Event on or before the date which is 18 months from the Closing Date, the holders of the Debentures would 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 had a maturity date of January 29, 2023. 1,465,440 pre-consolidation BBCH 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 had a maturity date of February 2, 2023. 1,653,780 pre-consolidation BBCH 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 had a maturity date of April 7, 2023. 832,695 pre-consolidation BBCH common share purchase warrants were issued.

The Debentures converted into BBCH common shares upon the RTO on November 12, 2021. Upon the RTO, any accrued and unpaid interest with respect to the Debentures were paid to the holder by the Company in BBCH shares at a deemed price per share equal to the Debenture Conversion Price. Such BBCH shares were then converted to BLS common shares at the Exchange Ratio.

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

For the year ended March 31, 2022, the Company incurred interest expense of $468,325 (USD$377,962) (2021 – $98,987). 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 $1,076,878 in relation to the convertible debentures and foreign currency translation gain (loss) of $8,380 for the year ended March 31, 2022.

For the year ended March 31, 2022, $46,029 (2021 - $9,037), of interest was incurred with related parties. The outstanding interest payable was $nil as at March 31, 2022 ($98,987 as at March 31, 2021).

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

Warrant Liability

Certain common share purchase warrants have exercise prices denominated in US dollars and therefore their exercise would represent a variable number of common shares. As a result, these common share purchase warrants do not meet the fixed- for-fixed criteria under IFRS to be classified as equity and are therefore treated as a financial liability under IFRS.

Convertible Debenture Warrants

See note 9 in the condensed interim consolidated financial statements for details of warrants issued in conjunction with the convertible debentures.

The Company in its discretion may accelerate the expiration date of the warrants in the event the Company's common shares trade at $0.26 or more for 20 or more consecutive trading days on the Canadian Securities Exchange.

3,500,415 warrants are held in escrow at September 30, 2022.

Brokers' Warrants

On July 14, 2021, the Company issued 893,100 compensation warrants to brokers, with each compensation warrant being exercisable to acquire one common share at a price of USD $0.20 for a period of 24 months.

The fair value of the warrant derivative liability as at September 30, 2022 of $188,343 ($2,458,271 as at March 31, 2022) 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	0.33	0.34	0.52	0.77
Market Price	0.09	0.09	0.09	0.09
Strike price	USD $0.17	USD $0.17	USD $0.17	USD $0.17
Risk free interest rate	3.755%	3.755%	3.755%	3.755%
Dividend yield	0%	0%	0%	0%
Expected volatility	80%	80%	80%	80%

The continuity of the warrant liability is as follows:

	Convertible Debenture Warrants	Brokers' Warrants	Total
Balance as at March 31, 2022	2,402,139	56,132	2,458,271
Additions	-	-	-
Change in fair value	2,224,429	45,499	2,269,928
Balance as at September 30, 2022	**$ 177,710**	**$ 10,633**	**$ 188,343**

Off Balance Sheet Arrangements

As at September 30, 2022 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 and Balances

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

	Three months ended September 30, 2022	2021	Six months ended September 30, 2022	2021
	$	$	$	$
Share based compensation	371,130	-	738,226	-
Salaries, fees and short term benefits	127,508	114,221	262,823	155,250
Interest expense	-	549,863	-	731,080
	498,638	664,084	1,001,049	886,330

As at September 30, 2022, accounts payable and accrued liabilities included accrued executive and director salaries, fees and short-term benefits of $343,874 (2021 - $nil).

Director's loan
During the year ended March 31, 2022 a director extended a loan of $120,000 to the Company to cover expenses related to working capital and growth needs of the Company. The loan is without interest, unsecured and is repayable on demand.

Sellers' Loan
On February 9, 2021, the Company and the Sellers entered into a Sellers' Loan agreement. The Sellers are comprised of the Company's Chief Technical Officer and a close member of the Chief Technical Officer. In connection to this agreement, the Sellers loaned £4,456,813 ($7,631,400) to the Company, 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 from £4,770,419 to £2,905,780) and the deadline for repayment was further extended to March 31, 2022. On April 7, 2022 The Company made a cash payment of $4,959,276 (GBP 3,015,674) to fully repay the remaining principal balance of the loan and accrued interest using the proceeds of the GLL loan facility.

Financial Instruments and Risk Management

The Company has classified its financial instruments as follows:

	September 30, 2022	March 31, 2022
	$	$
FVTPL, measured at fair value:		
Cash	**1,970,865**	1,631,127
Warrant liability	**188,343**	2,458,2171
Put option liability	**1,944,466**	4,495,033
Financial assets, measured at amortized cost:		
Accounts receivable	**1,947,304**	1,783,740
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**2,565,696**	2,452,302
Interest payable	**-**	180,413
Sellers' loan agreement	**-**	4,770,419
GLL payable	**7,342,249**	
Director's loan	**120,000**	120,000
Lease liability	**145,357**	181,693
Other debt	**123,418**	122,487

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

Fair values of financial assets and financial liabilities

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 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 three and six month period ended September 30, 2022. Further there was no transfer out of level 3 measurements.

Credit risk

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 September 30, 2022 and March 31, 2022 based on undiscounted contractual cash flows:

	Payment due by Period			
	< 1 year	**2 - 3 years**	**4 - 5 years**	**Total**
Accounts payable and accrued liabilities	$ 2,565,696	$ -	$ -	$ 2,531,888
Lease liability	70,772	89,267	23,024	183,063
Growth Lending 2021 Limited loan	794,938	3,584,018	3,170,044	7.549,000
Directors Loan	120,000	-	-	120,000
Other debt	-	123,418	-	146,337
September 30, 2022	**$ 3,551,406**	**$ 3,796,703**	**$ 3,193,068**	**$ 10,541,177**

	Payment due by Period			
	< 1 year	**2 – 3 years**	**4 – 5 years**	**Total**
Accounts payable and accrued liabilities	$ 2,452,302	$ -	$ -	$ 2,452,302
Lease liability	75,723	123,743	37,144	236,610
Sellers' loan	4,950,832	-	-	4,950,832
Directors Loan	120,000	-	-	120,000
Other debt	-	146,337	-	146,337
March 31, 2022	**$ 7,598,857**	**$ 270,080**	**$ 37,144**	**$ 7,906,081**

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 September 30, 2022, the Company had the following financial instruments denominated in foreign currencies:

Denominated in:	USD	GBP
Warrant liability	137,407	-
Put liability	-	1,287,897
	137,407	1,287,897
Foreign currency rate	1.3707	1.5098
Equivalent in Canadian dollars	188,343	1,944,466

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 $18,834 and a 10% change in the GBP against the CDN would impact net loss and comprehensive loss by $194,447.

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 which bear 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 secured and convertible notes since inception.

The Company manages its capital structure and adjusts it in light of 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 outstanding share capital is as follows:

	Shares	Amount	Share issuance costs	Total
	#	$	$	$
As at March 31 , 2022	161,904,339	17,082,561	(13,714)	17,068,847
Equity issued for advisory services	350,000	38,500	-	38,500
As at September 30, 2022	**162,254,339**	**17,121,061**	**(13,714)**	**17,107,347**

46,836,208 common shares are held in escrow at September 30, 2022.

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 $0.20 for a period of 24 months (note 8 and 9). The brokers' common share purchase warrants have exercise prices denominated in US dollars and therefore their exercise would represent a variable number of common shares. As a result, these brokers' common share purchase warrants do not meet the fixed- for-fixed criteria under IFRS to be classified as equity and are therefore treated as a financial liability under IFRS.

Warrants

The continuity of the outstanding equity warrants is as follows:

	Number of Warrants	Weighted average of exercisable price
		$
As at March 31, 2022	10,677,735	0.25
Expired	(395,795)	1.40
Outstanding at September 30, 2022	10,281,940	0.25
Exercisable at September 30, 2022	10,281,940	0.25

The following summarizes information about the equity warrants outstanding at September 30, 2022:

Expiry Date	Warrants outstanding	Warrants exercisable	Weighted average of exercisable exercise price	Estimated grant Amalgamation date fair value	Weighted average remaining outstanding contractual life
May 12, 2023	10,281,940	10,281,940	0.21	1,270,742	0.61
	10,281,940	10,281,940	0.21	1,270,742	0.61

Options

The Company has a stock option plan 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 for the period ended September 30, 2022 are as follows:

	Options	Weighted average Exercise price
As at March 31, 2022	13,370,000	0.21
Outstanding as at September 30, 2022	13,370,000	0.22
Exercisable as at September 30, 2022	50,000	3.00

The following summarizes information about the options outstanding at September 30, 2022:

Expiry Date	Options issued	Options outstanding	Options exercisable	Weighted average of exercise price	Estimated issue date fair value	Weighted average remaining outstanding contractual life
				$	$	
Nov 12, 2023	13,320,000	13,320,000	-	0.21	1,274,750	1.12
July 17, 2023	50,000	50,000	50,000	3.00	-	0.79
	13,370,000	13,370,000	50,000	3.09	1,274,750	1.12

The Company recognized share-based payment related to the issuance of stock options for the three and six month period ended September 30, 2022 of $371,130 and $738,226 (2021: $nil).

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

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.

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.

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.

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.

Current and anticipated impacts from COVID-19

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. The Company does not anticipate adverse consequences in the context of borrowing and lending, as a result of the global COVID 19 pandemic.