West Island Brands

WEST ISLAND BRANDS INC.

(Formerly Matica Enterprises Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

Date of Report: May 2, 2022

The following Management Discussion and Analysis ("MD&A") provides analysis of financial results of West Island Brands Inc. (formerly Matica Enterprises Inc.) ("the Company" or "West Island Brands") for the year ended December 31, 2021 with comparisons to 2020. This MD&A should be read in conjunction with the annual consolidated financial statements and notes thereto for the year ended December 31, 2021. Additional information relevant to the Company is available for review on SEDAR at www.sedar.com.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Information

Certain information included in this discussion may constitute forward-looking statements.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, intend, estimate, anticipate, believe, or continue (or the negatives thereof) or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. These factors include the inherent risks involved in the completion of a medical marijuana facility that is subject to third party approvals, the possibility of project cost overruns or unanticipated operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors identified by the Company as risk factors. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. The reader is cautioned not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company was incorporated pursuant to the Business Corporation Act (British Columbia) in November 2007 under the name of Cadman Resources Inc. In July 2014, the Company changed its name to Matica Enterprises Inc. and completed a change of business with a primary focus in the medical marijuana industry. In November 2021, the Company changed its name to West Island Brands Inc. and resumed trading on the Canadian Stock Exchange as "WIB". The Company continues trading on the OTC Pink Markets under the symbol WIBFF.

The Company's subsidiary holds a cultivation license, a standard processing license, and a license for sale of marijuana for medical purposes granted by Health Canada. The Company has also been granted an amendment to its sales license which permits for the sale of cannabis products to all authorized provincial and territorial distributors/retailers. With the amendment to the sales license, the focus of the Company will be on recreational sales of cannabis rather than medical.

HIGHLIGHTS OF COMPANY ACTIVITIES

Corporate Activities:

In March 2017, the Company signed a letter of intent ("LOI") with RoyalMax Biotechnologies Canada Inc. ("RoyalMax"), an applicant under the Access to Cannabis for Medical Purposes Regulation ("ACMPR") and the $50,000 due on signing the LOI was paid. In April 2017, the $135,000 due on signing of a definitive agreement was also paid. In June 2017, the Company issued 200,000 common shares (valued at $270,000 on the date of grant) upon receipt of all due diligence disclosure materials. In February 2020, RoyalMax received a Standard Processing License and a Sales For Medical Purposes License from Health Canada. As a result, West Island Brands completed its acquisition of RoyalMax and received the 70% of shares held in trust. In November 2020, West Island Brands received 100,000 shares of RoyalMax as shares for debt, increasing ownership to 99.97%.

In May 2020, the Company and 93802601 Quebec Inc. ("Quebec Inc.") entered into agreements whereby the Company had the option to purchase all of the issued and outstanding common shares of Quebec Inc. for the sum of $40,000, and paid such at the same date. Quebec Inc. holds an agricultural property on which it intends to develop for cannabis growing purposes. Prior to the acquisition, the Company made available to Quebec

Inc., a $3,000,000 revolving line of credit secured by a mortgage of $3,000,000 registered against the agricultural property. The loan accrues interest at 5% per annum and is payable on demand. The proceeds of the line of credit were to be used to develop the agricultural property. Effective May 19, 2020, the Company can exercise its option to acquire all of the issued and outstanding shares of Quebec Inc. for no additional consideration and accordingly, the Company was determined to have acquired control of Quebec Inc. on this date. Subsequently, it was determined that the construction of outdoor greenhouses was no longer determined to be economically viable, and accordingly the Company recognized a loss on acquisition.

In November 2021, the Company consolidated its issued and outstanding common shares on the basis of thirty pre-consolidation common shares for every one post-consolidation common share. As a result of this consolidation, the 321,374,513 pre-consolidation shares were consolidated to 10,712,484 post-consolidation shares. The exercise price and the number of common shares issuable under the Company's stock option plan and share purchase warrants were proportionately adjusted based on the ratio of the share consolidation. All comparative information has been adjusted to reflect the share consolidation.

OUTLOOK

West Island Brands had completed the required build out of a 10,000 square foot cannabis cultivation facility in Dorval, Quebec and had began growing operations after RoyalMax was granted a Standard Cultivation Licence in November 2018. In February 2020, the Company earned its 65% interest in RoyalMax when RoyalMax received a standard processing license from Health Canada and a license for sale for medical purposes. The Company also obtained the additional 5% for having paid $150,000 of the final cash payment of $400,000 in advance ($250,000 to be paid as at December 31, 2021). RoyalMax received approval from Health Canada for its amended license to sell dried and fresh cannabis in September 2020. The sales license allows for the sale of cannabis products to authorized provincial and territorial distributors/retailers and registered medical patients in Canada.

In 2020 the Company began full scale cannabis growing operations and filed trademark applications for different brands under which cannabis will be sold. By late 2020, packaging equipment and operations were installed to begin sales in 2021. During the year ended December 31, 2021, the facility harvested 292,850 grams of dried flower, 168,224 grams of dried trim and 13,708 grams of dried kief. During this period, the Company made gross sales of $2,753,218.

The marijuana market has evolved rapidly since the legalization of recreational marijuana in October 2018. The estimated retail market of recreational marijuana is projected to be in the billions. The Company continues to evaluate projects in the medical marijuana sector, including, but not limited to, the agricultural, medical, technological, and property development sectors of the industry.

OVERALL PERFORMANCE

As at December 31, 2021, the Company had cash and other current assets totalling $1,761,863 (December 31, 2020 - $4,593,566) and working capital of $45,674 (December 31, 2020 - $3,846,730). For the year ended December 31, 2021, the Company incurred a net loss on sales of $2,627,811 (2020 - loss of $184,350) and incurred $2,538,430 (2020 - $1,578,846) in general and administrative expenses.

Selected Annual Information

The following table shows the financial results derived from the Company's financial statements for the years ended December 31, 2021, 2020, and 2019:

	2021	2020	2019
	$	$	$
Total Revenues	2,753,218	121,416	-
Net (Loss)	(5,144,496)	(8,513,590)	(1,976,306)
Basic and diluted loss per share	(0.48)	(0.80)	(0.19)
Total Assets	6,140,771	9,352,258	14,972,461
Total Long Term Liabilities	1,152,860	1,206,943	167,447

FINANCIAL RESULTS

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company.

Quarterly Information	Revenue	Net (loss) attributable to shareholders of the Company	Basic and diluted (loss) per common share
	$	$	$
December 31, 2021	-	(3,028,256)	(0.28)
September 30, 2021	-	(1,446,979)	(0.14)
June 30, 2021	-	(275,927)	(0.03)
March 31, 2021	-	(393,334)	(0.04)
December 31, 2020	-	(7,862,733)	(0.74)
September 30, 2020	-	(220,990)	(0.02)
June 30, 2020	-	(199,824)	(0.02)
March 31, 2020	-	(230,043)	(0.02)

Comparison of operating results

Quarterly Information

	Three Months Ended December 31,	
	2021	**2020**
	$	$
Revenue		
Sales	**1,099,910**	34,828
Cost of goods sold	**(3,566,941)**	(223,690)
Gross profit (loss)	**(2,467,031)**	(188,862)
General and administrative expenses		
Depreciation	**74,706**	50,450
Management and other payroll	**82,123**	105,707
Office and general	**237,665**	36,046
Professional fees	**122,637**	95,215
Share-based compensation	**351,000**	226,400
Transfer agent and filing fees	**11,114**	5,225
Travel, marketing and promotion	**112,053**	12,098
Total general and administrative expenses	**991,298**	531,141

Comparison of results for the three months ended December 31, 2021 and 2020:

During the three months ended December 31, 2021, RoyalMax increased gross sales to $1,099,910 (2020 – $34,828) as the Company continued to expand sales. The Company incurred a loss during the period as old inventory from initial growing activities were sold at a loss.

Other general and administrative expenses increased by $460,147 overall as more operational costs were expensed and not capitalized during the period since the Company has suspended growing activities.

Marketing and promotional costs increased by $99,955 during the period due to increased marketing efforts to expand sales into new markets.

	Years ended December 31,	
	2021	**2020**
	$	$
Revenue		
Sales	**2,753,218**	121,416
Cost of goods sold (including excise sales tax)	**(5,381,029)**	(305,766)
Gross margin	**(2,627,811)**	(184,350)
General and administrative expenses		
Depreciation	**205,375**	113,341
Management and other payroll	**467,087**	367,707
Office and general	**538,367**	210,342
Professional fees	**431,067**	464,009
Share-based compensation	**723,800**	305,900
Transfer agent and filing fees	**43,303**	40,388
Travel, marketing and promotion	**129,431**	77,159
Total general and administrative expenses	**2,538,430**	1,578,846

Comparison of results for the year ended December 31, 2021 and 2020:

Results for the year ended December 31, 2021 include that of RoyalMax which was acquired in February 2020. In 2020, RoyalMax commenced commercial sales activity. In 2021, it started selling to several provinces. During the year ended December 31, 2021, RoyalMax increased gross sales to $2,753,218 (2020 – $121,416). The Company incurred a loss on these sales as old inventory from initial growing activities were sold at a loss.

With the acquisition of RoyalMax, operating expenses including management and other payroll, office and general, and depreciation expense increased by a total of $992,263.

The Company incurred share-based compensation expense of $723,800 as 1,386,662 options were granted during the period (2020 – $305,900).

Travel, marketing and promotion expenses increased by $52,272 as the Company increased marketing efforts to promote new products and explore new markets.

Liquidity and Capital Resources

As of December 31, 2021, the Company reported cash and cash equivalents of $203,845 (December 31, 2020 - $1,032,481) and working capital of $45,674 (December 31, 2020 - $3,846,730).

Given the nature of the Company's operations, which consists of investing in applicants for medical marijuana licences, the most relevant financial information relates primarily to current liquidity, solvency, and planned expenditures. The Company's financial success is dependent upon the ability to make sales and generate revenue in the future.

LATEST OUTSTANDING SHARE DATA

The following is the latest share data as of April 28, 2022.

Common shares outstanding at December 31, 2021	10,712,485
Plus shares issued subsequent to December 31, 2021	4,734,640
Less shares cancelled subsequent to December 31, 2021	(38,095)
Common shares outstanding at May 2, 2022	15,409,030
Stock options outstanding at December 31, 2021	1,069,995
Warrants outstanding at December 31, 2021	260,317
Plus warrants issued subsequent to December 31, 2021	2,569,200
Warrants outstanding at May 2, 2022	2,829,317
Fully diluted at December 31, 2021	12,042,797
Fully diluted at May 2, 2022	19,308,542

OFF BALANCE SHEET TRANSACTIONS

The Corporation has not entered into any off balance sheet agreements.

RELATED PARTY TRANSACTIONS

The following is a summary of transactions with directors and/or officers:

Year ended December 31,	2021	2020
	$	$
Director fees – Mr. Panah, Director	12,000	12,000
Director fees – Mr. Mundi, Director	20,000	20,000
Director fees – Mr. Gerba, Director	20,000	15,000
Management fees – Mr. Ziger, CEO	144,000	144,000
Management fees – Mr. Deol, CFO	96,000	88,000
Management fees – Mr. Panah, Director	76,450	60,000
Share-based compensation – Mr. Ziger, Director and CEO	230,742	110,438
Share-based compensation – Mr. Deol, Director and CFO	82,679	33,131
Share-based compensation – Mr. Panah, Director	66,069	-
Share-based compensation – Mr. Mundi, Director	10,935	22,089
Share-based compensation – Mr. Gerba, Director	-	22,089
Total key management compensation	758,875	526,655

Due from related parties	As at December 31, 2021	2020
	$	$
Expense advance – Mr. Ziger, Director and CEO	2,000	2,000

Due to related parties	As at December 31, 2021	2020
	$	$
Fees and incurred expenses – Mr. Deol, CFO	33,600	40
Fees and incurred expenses – Mr. Gerba, Director	15,000	-
Fees and incurred expenses – Mr. Mundi, Director	15,000	5,000
Fees and incurred expenses – Mr. Panah, Director	19,201	7,075
Fees and incurred expenses – Mr. Ziger, Director	100,804	1,881

The following are related party details for shares issued for debt during the year ended December 31, 2020:

	Shares	Average Unit Price	Fair Value
	#	$	$
Management fees – Mr. Ziger, Director and CEO*	45,714	1.05	48,000
Director fees – Mr. Mundi, Director	4,762	1.05	5,000
	50,476		53,000

*In December 2020, these shares were returned to treasury for $nil consideration.

Due to related parties include payables to directors and/or officers in the amount of $183,605 (December 31, 2020 - $25,996). These amounts are unsecured and non-interest bearing.

During the year ended December 31, 2021, the Company paid $58,667 (2020 - $57,500) to an employee who is a related party.

TRANSACTIONS RELATED TO SHARE ISSUES AND POTENTIAL SHARE ISSUES

In March 2021, the Company closed a private financing for gross proceeds of $190,476 by issuing 126,984 units at $1.50 per unit. Each unit consists of one common share and one warrant exercisable into a common share at $2.625 per share, to March 3, 2026. Share issue costs of $5,000 was paid on closing of this financing.

In March 2021, the Company issued 4,702 common shares to a service provider as a settlement of $8,500 of debt (based on the quoted market price on the date of issuance).

In June 2021, the Company granted 66,667 stock options at a price of $1.20 for a period of one year expiring in 2022.

In November 2021, all stock options granted were cancelled at the time of the share consolidation.

In December 2021, the Company granted 1,069,995 stock options at a price of $0.37 for a period of five years expiring in 2026.

During the year ended December 31, 2021, 66,667 options were exercised for gross proceeds of $50,000, of which 50,000 options were exercised by a senior officer and director for gross proceeds of $37,500.

Subsequent to December 31, 2021, the Company closed a private placement financing for gross proceeds of $627,500 by issuing 2,510,000 units at $0.25 per unit. Each unit consists of one common share and one warrant exercisable into one common share at $0.25 per share for a period of two years. Finder's fee of $38,800 in cash, 59,200 in units and 96,000 broker warrants was paid.

In March 2022, the Company issued 2,165,440 common shares as settlement of $541,360 of debt (based on the quoted market price on the date of issuance) of which 900,000 shares ($225,000) were issued to two officers and directors of the Company and 300,000 ($75,000) was issued to a related party.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management judgement and estimates include impairment of investments, loans receivable and non-financial assets, decommissioning liabilities, deferred income tax assets and liabilities, assumptions used in valuing options in share-based payment calculations, indemnification provision for flow-through shares and interest and penalties of flow-through shares, useful life of right of use asset, discount rate and lease terms used in adoption of IFRS 16, determination of control and significant influence, and going concern. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

ADOPTION OF NEW PRONOUNCEMENTS

Amendments to IFRS 9 – The IASB completed the phase 2 amendments that arose from the implementation of IBOR reforms. The amendments provide a practical expedient for modification of a financial contract as well as a series of exemptions from regular, strict rules around hedge accounting. These amendments are effective for annual periods beginning on or after January 1, 2021.

Amendments to IFRS 16 – As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. The IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such changes in lease payments in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period in which the event or condition that triggers the reduced payment occurs. These amendments are effective for annual periods beginning on or after June 1, 2020.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The following standards will be effective for annual periods beginning on or after January 1, 2022:

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 10 Consolidated Financial Statements ("IFRS 10") and IAS 28 Investments in Associates and Joint Ventures ("IAS 28")

IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 Presentation of Financial Statements ("IAS 1")

IAS 1 was amended in January 2020 to address inconsistences with how entities apply the standard over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. The amendment is effective for annual reporting periods beginning on or after January 1, 2023.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

IAS 37 was amended in May 2020 to clarify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

IAS 16 Property, Plant and Equipment ("IAS 16")

IAS 16 was amended in May 2020 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company has classified its cash and cash equivalents, short-term investments, marketable securities, and convertible debenture as FVTPL. Loans receivable are classified at amortized cost. Accounts payable and accrued liabilities, and flow-through renunciation obligations are classified as other financial liabilities.

The following table summarizes the carrying values of the Company's financial instruments:

	December 31, 2021	December 31,2020
	$	$
FVTPL (i)	236,430	1,429,377
Other financial liabilities (ii)	1,162,106	529,925

(i) Cash and cash equivalents, short-term investments, marketable securities and convertible debenture.
(ii) Accounts payable and accrued liabilities, and flow-through renunciation obligations.

Fair value

As at December 31, 2021, the Company's financial instruments consist of cash and cash equivalents, short-term investments, marketable securities, accounts payable and accrued liabilities, and flow-through renunciation obligations. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

IFRS 7 "Financial Instruments – Disclosures", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).
Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial instruments measured at fair value on a recurring basis are as follows:

At December 31, 2021:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	203,845	-	-	203,845
Short-term investments	-	-	-	-
Marketable securities	32,585	-	-	32,585
Convertible debenture	-	-	1	1

At December 31, 2020:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	1,032,481	-	-	1,032,481
Short-term investments	355,000	-	-	355,000
Marketable securities	41,895	-	-	41,895
Convertible debenture	-	-	1	1

Financial instruments classified as Level 3 are measured at fair value utilizing non-observable market inputs. The net realized gains (losses) and net change in unrealized gains (losses) are recognized in the consolidated statements of loss and comprehensive loss.

A there were no changes in financial instruments classified as Level 3 for the years ended December 31, 2021 and 2020.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a financial institution.

The secured loan carried at amortized cost has low credit risk and the expected credit loss has been assessed to be nominal due to the value of the collateralized properties.

Liquidity risk
The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed Commercial Paper or similar instruments.

The following table details the expected remaining contractual cash flow requirements at December 31,2021 for its financial liabilities:

	Less than 6 months	6 months to 1 year	1 to 3 years	Over 3 years
	$	$	$	$
Accounts payable and accrued liabilities	1,123,892	-	-	-
Flow-through renunciation obligation	38,214	-	-	-
Mortgage payable	-	500,000	-	-

Foreign exchange risk
The Company has minimal foreign exchange risk as most of its transactions are in Canadian dollars. Foreign currency transactions are recorded in Canadian dollars based upon the exchange rates as at the time of the transaction.

Interest rate risk
The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions. The Company does not have any non-fixed rate debt.

RISK AND UNCERTAINTIES

The development of medical marijuana facilities involves many risks, many of which are outside the Company's control. In addition to the normal and usual risks of project development, the Company may work in remote locations that lack the benefit of infrastructure or easy access.

The economics of developing marijuana facilities are affected by many factors including the cost of operations, variations of the quality of products grown, fluctuations in the price of the products produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting.

Foreign countries, laws and regulations

The Company has an incorporated subsidiary in Nevada, USA, and is therefore exposed to the laws governing the mining industry in the State of Nevada and the USA.

Commodity prices

The profitability of the Company's royalty interest, if established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, forward sales by producers, production, industrial and jewelry demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political development. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production of the Company's royalty interest to become impractical. The price of lithium may have an influence on the perceived value of the Company's royalty interests.

CONTINGENCIES

The Company may become party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision is recorded in the consolidated financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of any such matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of legal actions or other claims, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

Claims filed by RoyalMax NCI parties
During the year ended December 31, 2021, two separate claims were filed by NCI parties of RoyalMax against the Company, disputing among other things, the dilution of their interests in RoyalMax as a result of the debt settlement of $3,270,282. One of the two NCI party claims has been dismissed by the Superior Court of Quebec. Given the similarity of the two claims, management believes that the other of the two claims is likewise frivolous and without merit. The Company will continue to aggressively defend itself and seek all available remedies under the law.

Claim filed against the Company for trademark infringement
During the year ended December 31, 2021, Company was served with a lawsuit claiming trademark infringement. In May of 2020 West Island Brands filed for registration name and logo design. The Company believes that this lawsuit is without merit. There has been no further advancement in this matter. The Company will aggressively defend itself, and seek all available remedies under the law.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. The Company would be adversely affected by the loss of services of key personnel and restrictions on cross border trade.

As at December 31, 2021, an estimated amount of $38,214 (2020 - $38,214) remains accrued for the indemnification on unfulfilled commitments in relation to the 2012 flow-through private placement. The outcome of the amount of actual claims and penalties, if any, is contingent on assessments by the Canada Revenue Agency and any subsequent claims by subscribers against the Company.

COMMITMENTS

The Company entered into a rental agreement for its office space in Toronto for the period from November 1, 2014 to January 31, 2020 and exercised the renewal option to extend the lease for another 5 years and 2 months. The remaining rental commitment, excluding operating expenses such as common area maintenance fees (which are considered as non-lease component), is $146,893.

As part of RoyalMax acquisition, the Company acquired a lease for land in Dorval, Quebec, on which RoyalMax as lessee built its facility. The lease charges an escalating monthly rent, starting from approximately $6,000 per month, to the end of the first extended term, March 31, 2025, with subsequent renewals through March 31, 2040. The remaining rental commitment is $1,842,707.

The Company is a party to two management and consulting contracts with two key management officers and directors. These contracts contain clauses requiring additional payments of up to $720,000 to be made upon the occurrence of certain events such as a change of control or termination. As of December 31, 2021, no triggering event has occurred, and the contingent payments have not been reflected in the consolidated financial statements.

The Company is also committed to pay a consultant at a monthly rate of $8,000 in cash for the period from January 2022 to February 2023.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Financial Officer and Chief Executive Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures ("the Procedures") which provide reasonable assurance that information required to be disclosed by the Company under provincial or territorial securities legislation (the "Required Filings") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Company's Certifying Officers are also responsible for establishing and maintaining internal controls over financial reporting ("Internal Controls") and have designed such Internal Controls, or caused it to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There are inherent weaknesses in the Internal Controls due to the small size of the Company and its inability to segregate incompatible functions. The Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

The Certifying Officers evaluate the Company's internal controls on a regular basis and have certified that there was no change in the Company's internal controls during the year ended December 31, 2021 that materially affected, or is reasonably likely to materially affect, the Company's internal controls.

APPROVAL

The Board of Directors of West Island Brands Inc. has approved the disclosure contained in this MD&A on May 2, 2022. A copy of this MD&A will be provided to anyone who requests it and can be obtained, along with additional information, under the Company profile on the SEDAR website at www.sedar.com.