West Island Brands

WEST ISLAND BRANDS INC.

(Formerly Matica Enterprises Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Date of Report: November 28, 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 nine months ended September 30, 2022 with comparisons to 2021. This MD&A should be read in conjunction with the unaudited consolidated interim financial statements and notes thereto for the nine months ended September 30, 2022. 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 2020, the Company earned a 65% interest in RoyalMax Biotechnologies Canada Inc. ("RoyalMax") for funding a cumulative minimum amount of $2,200,000 for the build out of a medical marijuana growing facility located at Dorval, Quebec ("Dorval facility") and for receiving a cultivation license (received in October 2018). 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 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.

In May 2022, Ms. Evangelia Kostakis joined the board of directors.

In August 2022, Mr. Rawn Lakhan joined the board of directors.

OUTLOOK

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.

In 2021 the Company ceased all cannabis growing operations at the facility in Dorval, Quebec to concentrate on packaging. The Company's business model has evolved to a house of brands model, with the focus of marketing cannabis, rather than its production. In early 2021, the Company began sales of recreational cannabis to the provincial authorities. Sales began in Saskatchewan and Manitoba, followed by British Columbia. By the end of 2021, sales in Ontario had begun through the province's Limited Release program. The Company was awarded permanent SKUs in Ontario in 2022.

During the current year, sales in the Northwest Territories have commenced and approval for sales in the province of Quebec has been received. The Company has applied for a cannabis 2.0 sales amendment to the processing and packing license. Once received, this amendment will allow for the sale of concentrates and extracts. Increases in sales have required additional financing including additional equity raises and factoring of receivables. As new provincial territories and SKUs are added, additional financing may be required.

OVERALL PERFORMANCE

As at September 30, 2022, the Company had cash and other current assets totalling $2,326,668 (December 31, 2021 - $1,761,863) and working capital deficit of ($82,593) (December 31, 2021 - $45,674). For the nine months ended September 30, 2022, the Company had net sales of $546,579 (2021 – loss of ($521,292)) and incurred $1,825,481 (2021 - $1,546,153) 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
	$	$	$
September 30, 2022	-	(518,145)	(0.03)
June 30, 2022	-	(409,201)	(0.03)
March 31, 2022	-	(425,899)	(0.03)
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)

Comparison of operating results

Quarterly Information

	Three months ended September 30, 2022	2021
	$	$
REVENUE		
Gross revenue	1,574,259	601,967
Excise sales tax	(288,690)	(113,628)
Net revenue	1,285,569	488,339
Cost of sales	(1,307,761)	(861,911)
Gross margin before fair value adjustments	(22,192)	(373,572)
Unrealized change in fair value of biological assets	-	(514,395)
Gross margin	(22,192)	(887,967)
GENERAL AND ADMINISTRATIVE EXPENSES		
Depreciation	95,061	74,706
Management and other payroll	110,028	176,986
Office and general	153,678	132,108
Professional fees	94,011	128,413
Transfer agent and filing fees	6,043	8,384
Travel, marketing and promotion	15,120	2,112
Total general and administrative expenses	473,941	522,709

Comparison of results for the three months ended September 30, 2022 and 2021:

During the three months ended September 30, 2022, the Company increased revenue to $1,574,259 (2021 – $601,967) as the Company continued to expand sales. The Company commenced sales in Ontario and Quebec in 2022. These two provinces accounted for $1,046,271 of sales during the three months ended September 30, 2022 (2021 - $nil).

Other general and administrative expenses decreased by $48,768 overall as management and other payroll decreased by $66,958, largely due to the suspension of growing activities. Depreciation expense and general office expense increased by $20,355 and $21,570 respectively as less costs were capitalized.

Professional fees also decreased by $34,402 during the three months ended September 30, 2022 as the company engaged consultants and incurred additional legal fees for the defense of legal claims in 2021.

	Nine months ended September 30, 2022	2021
	$	$
REVENUE		
Gross revenue	4,711,107	1,653,308
Excise sales tax	(909,033)	(182,527)
Net revenue	3,802,074	1,470,781
Cost of sales	(3,255,495)	(1,635,040)
Gross margin before fair value adjustments	546,579	(164,259)
Unrealized change in fair value of biological assets	-	(357,033)
Gross margin	546,579	(521,292)
GENERAL AND ADMINISTRATIVE EXPENSES		
Depreciation	285,182	130,669
Management and other payroll	336,100	384,963
Office and general	537,761	299,722
Professional fees	274,549	308,431
Share-based compensation	325,300	372,800
Transfer agent and filing fees	24,871	32,190
Travel, marketing and promotion	41,718	17,378
Total general and administrative expenses	1,825,481	1,546,153

Comparison of results for the nine months ended September 30, 2022 and 2021:

During the nine months ended September 30, 2022, the Company increased revenue to $4,711,107 (2021 – $1,653,308) as the Company continued to expand sales. In 2021, the Company still had growing activity and experienced an unrealized loss on biological assets of $357,033. Old inventory from these growing activities were sold at a loss. Subsequent sales from purchased inventory improved profit margins.

Other general and administrative expenses increased by $279,328 overall as more operational costs were expensed and not capitalized during the period since the Company had suspended growing activities. Depreciation expense and general office expense increased by $154,513 and $238,039 respectively.

Liquidity and Capital Resources

As of September 30, 2022, the Company reported cash and cash equivalents of $692,772 (December 31, 2021 - $203,845) and working capital deficit of ($82,593) (December 31, 2021 - $45,674).

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 November 28, 2022.

Common shares outstanding at September 30, 2022 and November 28, 2022	15,109,029
Stock options outstanding at September 30, 2022 and November 28, 2022	1,169,995
Warrants outstanding at September 30, 2022 and November 28, 2022	2,925,517
Fully diluted at September 30, 2022 and November 28, 2022	19,204,541

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:

Nine months ended September 30,	2022	2021
	$	$
Director fees – Mr. Panah, Director	-	9,000
Director fees – Mr. Mundi, Director	9,000	15,000
Director fees – Mr. Gerba, Director	13,500	15,000
Director fees – Ms. Kostakis, Director	6,750	-
Director fees – Mr. Lakhan, Director	2,250	-
Management fees – Mr. Ziger, CEO	108,000	108,000
Management fees – Mr. Deol, CFO	72,000	72,000
Management fees – Mr. Panah, COO	73,150	54,400
Share-based compensation – Mr. Ziger, Director and CEO	75,000	110,462
Share-based compensation – Mr. Deol, Director and CFO	-	66,277
Share-based compensation – Mr. Panah, Director	75,000	44,200
Share-based compensation – Mr. Gerba, Director	12,650	-
Share-based compensation – Ms. Kostakis, Director	12,650	-
Total key management compensation	464,450	494,338

Due from related parties	As at September 30,	
	2022	2021
	$	$
Expense advance – Mr. Ziger, Director and CEO	-	2,000

Due to related parties	As at September 30,	
	2022	2021
	$	$
Fees and incurred expenses – Mr. Deol, CFO	25,200	25,275
Fees and incurred expenses – Mr. Gerba, Director	9,000	10,000
Fees and incurred expenses – Mr. Mundi, Director	-	10,000
Fees and incurred expenses – Mr. Panah, Director	9,727	12,559
Fees and incurred expenses – Mr. Ziger, Director	84,485	75,139
Fees and incurred expenses – Ms. Kostakis, Director	6,750	-
Fees and incurred expenses – Mr. Lakhan, Director	2,250	-

The following are related party details for shares issued for debt during the nine months ended September 30, 2022:

	Shares	Average Unit Price	Fair Value
	#	$	$
Management fees – Mr. Ziger, Director and CEO	300,000	0.25	75,000

Due to related parties include payables to directors and/or officers in the amount of $137,412 (December 31, 2021 - $183,605). These amounts are unsecured and non-interest bearing.

During the nine months ended September 30, 2022, the Company paid $53,333 to an employee who is the daughter of an officer of the Company (2021 - $48,000). At September 30, 2022, $nil was owed to this individual (December 31, 2021 – $5,333).

TRANSACTIONS RELATED TO SHARE ISSUES AND POTENTIAL SHARE ISSUES

In February 2022, 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 $45,360 in cash, 59,200 in units and 96,000 broker warrants was paid.

In March 2022, the Company issued 1,865,440 common shares as bonuses and settlement of debt totalling $466,360 (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.

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.

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.

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.

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:

	September 30, 2022	December 31,2021
	$	$
FVTPL (i)	711,392	236,430
Other financial liabilities (ii)	2,351,502	1,662,106

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

Fair value

As at September 30, 2022, 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 September 30, 2022:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	692,772	-	-	692,772
Marketable securities	18,620	-	-	18,620
Convertible debenture	-	-	1	1

At December 31, 2021:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	203,845	-	-	203,845
Marketable securities	32,585	-	-	32,585
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 nine months ended September 30, 2022 and 2021.

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 September 30, 2022 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	1,813,288	-	-	-
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
In 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
In 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 September 30, 2022, an estimated amount of $38,214 (2021 - $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 $90,906.

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 $1,782,455.

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 September 30, 2022, 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 nine months ended September 30, 2022 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 November 28, 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.