HARRYS MANUFACTURING INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JULY 31, 2021

The following Management's Discussion and Analysis ("MD&A") is dated November 29, 2021 and should be read in conjunction with the interim consolidated financial statements of Harrys Manufacturing Inc. ("Harrys" or the "Company") for the year ended July 31, 2021.

FORWARD-LOOKING INFORMATION

Statements herein that are not historical facts and are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements. Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements. Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the Company's ability to generate sufficient cash flows from operations and from financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company.

Management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

BUSINESS DESCRIPTION AND READER GUIDANCE

Harrys was incorporated under the laws of the Province of British Columbia in 2007, formerly under the name of Westridge Resources Inc. The Company had previously focused on the acquisition, evaluation and exploration of mineral resource properties.

On December 22, 2017, the Company entered into a Letter of Intent with Harrys International Manufacturing Inc. ("HIMI") to acquire all of the issued and outstanding common shares of HIMI (the "HIMI Shares") in exchange for the common shares of the Company. HIMI initially focused on international sales but is now entirely focused on establishing a presence in the Canadian tobacco market.

On January 22, 2018, the Company entered into a Share Exchange Agreement with HIMI. Pursuant to the agreement, the Company agreed to acquire all of the issued and outstanding shares of HIMI in exchange for the issuance of 28,500,100 shares of common stock of the Company to the shareholders of HIMI. The Acquisition closed on October 4, 2018. On October 4, 2018, the Company also changed its name from Westridge Resources Inc. to Harrys Manufacturing Inc. On October 17, 2018, the Company shares commenced trading on the CSE under the symbol "HARY".

Tobacco Cigarette Sales

During the past twelve months management was focused on the acquisition of licensing from provincial regulatory bodies. Despite significant hardship related to the pandemic and remote work, several provinces were able to satisfy our licensing requirements, namely, Western Provinces and Newfoundland Labrador. Applications are pending in Québec and Ontario.

One of our manufacturing partners faced challenges replacing key components related to their Flip-Top packaging machinery. A decision was made by them to move directly to the Slide and Shell packaging machinery ahead of the mandated date imposed by Health Canada (November 9, 2021). This Health Canada mandate has led to significant challenges, which have resulted in delays getting **HARRYS®** product to market. First, there are very few countries in the world that use Slide & Shell packaging. That means equipment is not widely produced, limited availability, and Canadian demand for equipment is high. Covid 19 has contributed to global supply chain shortages that compounded the delays. Health Canada gave no extension to companies who sought relief from the deadlines, despite their awareness of the many challenges manufacturers faced.

Management, working closely with our supply chain partners**,** have developed a route to market for **HARRYS®** in wholesale and retail channels that should lead to rapid penetration of the market into the Convenience outlet segment in Western Canada. The Company has also prepared distribution models for other provincial markets once the appropriate licensing has been granted.

Management intends to explore opportunities in the value-priced segment of the Canadian cigarette market by providing quality products in the lowest price range. We hope to provide sufficient margin return to our wholesale and retail partners to make our offering attractive, and one that the retail community will support, coupled with a tobacco blend that we expect will appeal to adult tobacco consumers.

Pursuant to the manufacturing agreement dated November 19, 2020 the Company has loaned $200,000 by way of Promissory Note to the Manufacturer. The principal amount has been advanced to the Manufacturer for the sole purpose of paying a security deposit to the Canada Revenue Agency to allow the purchase of federal excise tax stamps for cigarette products manufactured for sale in Canada. A portion of the principal amount, together with all other amounts due will be paid in installments or such other amount agreed to by the parties until fully paid.

Appointment of new President & CEO

On February 26, 2021 the Company announced the appointment of Ken Storey as its new President & CEO. Mr. Storey brings over 35 years' experience in the tobacco industry to Harrys. Starting as an Imperial Tobacco (BAT) sales rep, Ken's many roles include President of National Smokeless Tobacco Company, a subsidiary of U.S. Tobacco (now Altria), and Director of Sales for House of Horvath Inc., a family-owned manufacturer of cigars and importer of global brands. In those roles, Ken has led consumer-focused sales and marketing teams and he is credited with achieving consistent revenue growth. This experience has led him coast to coast (to coast) in Canada and introduced him to a strong network of Industry associates. He has worked with International companies such as Swisher International, Royal Agio and General Cigar. Mr. Storey is recognized in retail and wholesale channels as a strategic supply channel partner and was honored as Outstanding Industry Leader of the Year in 2011 by the National Convenience Store Distributors Association. Ken recently sat on the Board of Directors of Sting Free AB, a private company in Sweden and patent holder in the Swedish Snus (smokeless tobacco product) Industry.

Reader Guidance

The Company's consolidated financial statements were prepared in accordance with IFRS that are applicable to a going concern, which contemplate the realization of assets and the settlement of liabilities and commitments in the normal course of business. During the year ended July 31, 2021, the Company had no revenues, incurred a net loss of $1,199,996, and used $883,682 of cash for operating activities. At July 31, 2021, the Company had an accumulated deficit of $24,198,313 since inception and net working capital of $413,618.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from working capital, cash flow from operations and, if necessary, from loans from directors and companies controlled by directors and/or exercise of outstanding options and warrants and private placement of common shares. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy. However, if the Company is unable to raise additional capital or achieve profitability in the near term, management expects that the Company may need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. The condensed interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Impact of COVID-19 on the Financial Position of the Company

In December 2019, a strain of novel coronavirus (now commonly known as "COVID-19") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States and Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19.

At this time the Company remains open for business, however significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations, and on the global economy as a whole. Government-imposed restrictions on travel and other "social-distancing" measures such restrictions on assembly of groups of persons, have the potential to disrupt supply chains for parts and sales channels for our products, and may result in labor shortages. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. We will continue to monitor the COVID-19 situation closely, and intend to follow health and safety guidelines as they evolve.

OVERALL PERFORMANCE

Selected Annual Information

The following table sets forth selected annual information of the Company for the last three fiscal years. This financial information has been prepared using IFRS:

	2021	2020	2019
Revenue	$ -	$ -	$ 7,500
Net loss	(1,199,996)	(1,683,854)	(14,072,793)
Net loss per share – basic and diluted	(0.01)	(0.02)	(0.19)
Cash used in operations	(883,682)	(618,440)	(1,027,937)
Total assets	$ 1,045,579	$ 655,725	$ 1,346,245
Working capital	$ 413,618	$ 180,507	$ 303,435

During the fiscal year end Harrys developed its strategic objectives and operations for future growth. Management continues to be focused on generating revenue from cigarette sales for fiscal 2021. The Company did not have any capital expenditures during the years ended July 31, 2021, 2020 or 2019. However, the Company spent $3,093 on the purchase of equipment and leasehold improvements during the year ended July 31, 2021 (2020 - $120,621). For the year ended July 31, 2021, net loss was $1,199,996 (2020 - $1,683,854). The decrease in net loss is primarily due to a decrease in amortization expense to $41,192 in 2021 compared to $248,848 in 2020. For the year ended July 31, 2019, loss from continuing operations was $14,072,793. The decrease in net loss from 2019 to 2020 was primarily from the impairment of goodwill recorded during the year ended July 31, 2019.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following information is derived from the Company's quarterly financial statements for the past eight quarters and has been prepared using IFRS:

	Three Months Ended July 31, 2021	Three Months Ended April 30, 2021	Three Months Ended January 31, 2021	Three Months Ended October 31, 2020
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	(267,679)	(471,793)	(338,464)	(122,060)
Loss per share - basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)
Total assets	1,136,797	1,219,066	787,672	991,659

	Three Months Ended July 31, 2020	Three Months Ended April 30, 2020	Three Months Ended January 31, 2020	Three Months Ended October 31, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	(660,838)	(193,878)	(526,241)	(302,896)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)
Total assets	655,725	1,410,343	895,154	1,148,244

Fluctuations in the Company's expenditures reflect the variations in the timing of general operations, and the ability of the Company to raise capital for its projects, including share-based payments during certain quarters. For future tobacco cigarette sales in Canada the Company will rely on existing funds to cover the cost of manufacturing and the cost of the required Federal Excise Tax stamps, prior to receiving payment from its Canadian wholesale distributor.

Net loss decreased during the three-month period ended July 31, 2021 over the three months April 30, 2021, as a result of a decrease in share-based payments partially offset by an increase in management fees and professional fees.

RESULTS OF OPERATIONS

During the year ended July 31, 2021, the Company incurred operating expenses of $934,046 compared to operating expenses of $1,261,468 during the year ended July 31, 2020. The decrease in operating expenses were due mainly to non-cash expenditures, including a decrease of $207,656 of amortization expense as the Company impaired operating equipment during fiscal 2020, and a decrease of $79,565 of share-based compensation as the Company granted 1,500,000 stock options during fiscal 2021 compared to 2,400,000 stock options during fiscal 2020. In addition to decreases in non-cash expenditures, the Company also saw a decrease in consulting fees of $113,216 due to streamlining of operations in order to preserve cash flows.

FOURTH QUARTER – Result of Operations

For the three months ended July 31, 2021, the Company recorded net loss of $267,679 ($0.00 loss per share) compared to a net loss of $660,838 ($0.01 loss per share) for the three months ended July 31, 2020. The loss is mainly comprised of an impairment loss of $91,218 (2020 - $578,209), amortization expense of $10,647 (2020 - $68,784), consulting fees of $10,750 (2020 - $50,266), and management fees of $70,200 (2020 - $35,550).

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2021, the Company had cash of $363,796 and total assets of $1,045,579 compared to cash of $239,121 and total assets of $655,725 at July 31, 2020. The increase in cash was due to the proceeds from financing activities of $1,211,450 received during fiscal 2021 as the Company continues to work towards obtaining federal and provincial licenses in order to commence sales and distribution of tobacco cigarettes. The increase in total assets was due to a prepayment of $240,000 for our first planned purchase order of tobacco products for resale, $50,000 deposit for provincial tobacco taxes, as well as the overall increase of $124,675 of cash from the residual amounts of financing proceeds that were unspent as at July 31, 2021.

The Company had a working capital of $413,618 at July 31, 2021 compared to working capital of $180,507 at July 31, 2020. The increase in working capital was due to an overall increase in cash as well as the prepaid amounts for future purchase orders of inventory and security for tobacco taxes that were made as part of our license approvals to commence our planned strategic operations.

Our liabilities at July 31, 2021 included a loan payable to a company controlled by the former Chief Executive Officer of the Company for $200,000, which is unsecured, bears interest at 6% per annum, and is due on or before February 26, 2023. In addition, the Company had convertible debenture of $163,660, which included debentures with a face value of $200,000 less discount of $36,340 which is being accreted over the life of the debenture. The debenture is unsecured, bears interest at 6% per annum, and is due on or before March 2, 2023. The debenture is also convertible into units of the Company at $0.10 per unit up to March 2, 2022, and increasing to $0.12 per unit after March 2, 2022. Each unit is comprised of one common share of the Company and one share purchase warrant where each share purchase warrant is exercisable into one additional common share of the Company at $0.12 per share for a period of two years from the conversion date.

For the year ended July 31, 2021, the Company's cash flow activity was as follows:

Operating Cash Flows

During the year ended July 31, 2021, net cash used in operations was $883,682 (2020 - $618,440), net cash used in investing activities was $203,093 (2020 - $120,621), and net cash provided by financing activities was $1,211,450 (2020 - $451,500).

Investing Cash Flows

Investing activities during the year ended July 31, 2021, was the result of providing a $200,000 loan receivable and the purchase of $3,093 of office equipment. Investing activities during the year ended July 31, 2020, was the result of the purchase of $120,621 of security equipment upgrades for the Company's warehouse facility.

Financing Cash Flows

Financing activities during the year ended July 31, 2021 include receipt of $895,440 from share issuances, $200,000 from a loan payable, $200,000 from a convertible debenture, less $4,768 of debt issuance costs, $8,722 of share issuance costs and lease repayments of $70,500. Financing activities during the year ended July 31, 2020 include receipt of $475,000 from share issuances and lease repayments of $23,500.

During the year ended July 31, 2021, the Company had the following capital transactions:

- Issuance of 3,767,000 common shares for $452,040 pursuant to the exercise of share purchase warrants;
- Issuance of 160,000 common shares for $20,000 pursuant to the exercise of stock options by a director of the Company;
- Issuance of 3,528,332 units for proceeds of $423,400 pursuant to a private placement. As part of the private placement, the Company paid $8,722 of share issuance costs and issued 44,000 broker warrants with a fair value of $3,623. Each unit is comprised of one common share and one share purchase warrant which is exercisable into one additional common share of the Company at $0.20 per share until May 13, 2023.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and exercise of stock options and warrants, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at July 31, 2021:

	Within one year	Between one and five years	More than five years
Accounts payable and accrued liabilities	$ 38,648	–	–
Wages payable	53,016	–	–
Loan payable	200,000	–	–
Lease liability	70,500	352,500	188,000
Convertible debenture	200,000	–	–
	562,164	352,500	188,000

BUSINESS RISKS

In the normal course of business, the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for products and services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligations and liabilities as they fall due;
- obtaining timely regulatory and license approvals;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions, pandemics and labor disputes;
- timing of future debt and other obligations;
- regulatory legislation and policies, including the fulfilment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and,
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates by a material amount. Matters that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to assumptions used in estimating share-based payments; the recoverability of deferred tax assets; the going concern assumption; the useful lives of long-lived assets; inputs used to determine the present value of right-of-use asset, and the recoverability of long-lived assets.

CHANGE IN ACCOUNTING POLICY AND NEW ACCOUNTING STANDARDS

During the year ended July 31, 2021, there were no changes in accounting policies and no new accounting standards were adopted.

FINANCIAL INSTRUMENTS

Financial instruments are accounted for in accordance with IFRS 9 Financial Instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company's financial instruments consist of cash, amounts receivables, accounts payable and accrued liabilities, wages payable, loan payable, and convertible debenture (Level 3). Receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI - equity investment; or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of loss and comprehensive loss. Any gain or loss on derecognition is recognized in the consolidated statement of loss and comprehensive loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of loss and comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the consolidated statement of loss and comprehensive loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of loss or comprehensive loss.

RISKS

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company is exposed to the following risks:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to this risk is on its receivables. The Company also has minimal risk relating to a small amount of refundable sales taxes.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and similar source.

As at July 31, 2021, the Company's current liabilities consisted of accounts payable and accrued liabilities of $38,648, wages payable of $53,016, promissory note of $185,974 and current portion of lease liability of $10,889. The Company's cash was $363,796 at July 31, 2021 and was sufficient to fulfil these liabilities.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant funding.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

(i) Foreign currency exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's risk to foreign exchange is limited since it holds only Canadian dollars.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not carry significant financial instruments that are exposed to interest rate risk. In addition, the Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subjected to interest rate risk.

(iii) Commodity price risk

The Company does not hold any financial instruments that have direct exposure to commodity or other price risks.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure is required of all off-balance sheet arrangements that are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company. Harrys does not have such off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred key management compensation as follows:

Year ended July 31:	2021 $	2020 $
Management fees accrued or paid to a director and the former President and CEO Kevin Kohanik, current CEO Ken Storey, CFO Michael Young and directors Henry Chow and Daniel Polus	213,600	149,700
Interest paid to President and CEO	–	1,338
Share-based payments	233,224	79,700
Total fees paid to related parties	446,824	230,743

As at July 31, 2021, $3,000 (2020 - $Nil) was owed to a Director of the Company and a company owned by a Director of the Company.

On March 1, 2021, the Company issued an unsecured promissory note with a principal amount of $200,000 to a company controlled by the family of a director of the Company. The Company incurred interest of $5,000 related to this note. Refer to Note 10.

On April 1, 2020, the Company entered into an agreement to lease a distribution warehouse facility with a company controlled by the family of a director and the former President and CEO of the Company, Kevin Kohanik.

Wages Payable

As at July 31, 2021, $53,016 (2020 - $53,016) in wages payable is outstanding in relation to transactions with related parties, which are non-interest bearing, unsecured and due on demand.

During the year ended July 31, 2021, the Company reversed wages payable of $nil (2020 – $176,596) related to management fees incurred previously as it was determined the Company would not be required to pay the amount accrued. As a result, $29,425 was adjusted to prepaid expense for the associated taxes and deductions previously remitted the government authority that was determined to be overpayment.

Stock Options

On December 2, 2020, the Company granted 500,000 stock options exercisable at $0.125 per share for five years after the date of grant to two directors of the Company, Henry Chow and Daniel Polus. The Company recorded $77,835 in share-based payments related to the grant of these stock options.

On February 26, 2021, the Company granted 1,000,000 stock options exercisable at $0.16 per share for five years after the date of grant to two officers of the Company, Michael Young and Ken Storey. The Company recorded $233,224 in share-based payments related to the grant of these stock options.

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data as at November 29, 2021:

Total common shares	88,606,607
Total outstanding warrants	7,944,917
Total outstanding stock options	4,380,000
Total diluted common shares	100,931,524

CONTROLS AND PROCEDURES

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUES

During the year ended July 31, 2021, the material components of general & administrative expenses included rent of $46,950 (2020 - $37,800), travel of $1,872 (2020 - $21,037), insurance of $20,099 (2020 - $1,242), administration of $5,000 (2020 - $24,000), security of $8,687 (2020 – $nil), and telephone and utilities of $8,981 (2020 - $9,083).

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com.