



AYURCANN

Ayurcann Holdings Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three and six months ended December 31, 2021

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(Expressed in Canadian dollars)

GENERAL

This management's discussion and analysis of financial condition and results of operations ("MD&A") is dated February 18, 2021. The following is a discussion of the financial condition and operations of Ayurcann Holdings Corp., formerly "Canada Coal Inc." ("Company") for the three and six months ended December 31, 2021, and of the Company's financial condition, cash flows and results of operations.

This MD&A was written to comply with National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian Dollars, unless otherwise noted. The results presented for the three and six months ended December 31, 2021, are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Management is responsible for the preparation and integrity of the condensed interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Board follows recommended corporate governance guidelines to ensure transparency and accountability to shareholders.

Additional information relating to the Company can be found on its website at www.ayurcann.com and on sedar.com, under the issuer profile Ayurcann Holdings Corp.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements. Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements.

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On March 26, 2021, the Company announced that it closed its three-cornered amalgamation with Ayurcann Inc. and 12487772 Canada Inc., ("SubCo") and as a result has become a public listing on the Canadian Securities Exchange ("CSE"). This listing is expected to provide greater access to public capital, which will assist in the expansion of the business. Further expansion may require additional capital. There is no guarantee that, should additional funds be required, such funds would be available to the Company or that if such funds were available the terms would not be onerous.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

DESCRIPTION OF BUSINESS

The Company concentrates on the post-harvest requirements of licensed cannabis producers and other brands looking to enter the cannabis market. The Company offers end-to-end full outsourcing solutions including extraction and refinement, bulk distillate oil sales, formulation and white label manufacturing and fulfillment and distribution. The Company offers the experience, expertise and network to assist clients within Canada.

The Company is strategically collaborating with leading brands and companies in a variety of industries: cosmetics, vapes, tinctures etc., to enable exponential growth and exposure with a wide array of cannabis-infused product categories, as legislation permits. The Company offers:

- experienced hands-on experts in post-harvest cannabis production;
- flexible production processes to address unique needs;
- a research lab for developing and testing proprietary formulations;
- access to an extensive library of terpenes;
- a 10,300 square foot dedicated processing facility located in Pickering, Ontario; and
- the capacity to process up to 200,000 kilograms of dry cannabis annually.

Current licensed producers have focused and become experts at the cultivation of cannabis. The Company's strategy of specializing in outsourcing extraction technology post-harvest bridges the gap between cultivation and retail, freeing its partners' resources to focus on genetics, cultivation and harvesting operations.

Ayurcann Inc. was incorporated under the *Canada Business Corporations Act* ("CBCA") on June 22, 2018. The Company's head office and registered office is 1080 Brock Road, Pickering,

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Ontario L1W 3H3. The Company was incorporated on August 26, 2010 under the Business Corporation Act (Ontario) under the name Pacific Coal Corp. On April 12, 2011, the Company changed its name to Canada Coal Inc. On March 26, 2021, the Company was renamed to Ayurcann Holdings Corp., following the reverse-takeover transaction with Ayurcann Inc., which is wholly-owned subsidiary of Ayurcann Holdings Corp.

The founders of the Company have the multi-disciplinary experience developed in a number of sectors to develop and scale the business.

SUMMARY OF KEY EVENTS AND FUTURE PLANS

In November 2018, the Company entered into the first of two leases at the Pickering Facility and began a build out of the facility in accordance with applicable cannabis regulations and to good production practice standards in accordance with the Health Canada regulation.

On April 30, 2019, the Company entered into a contractor agreement with Weed Me Inc., a company incorporated under the CBCA and located in Pickering, Ontario, securing the Company's first client for extraction toll.

On August 12, 2019, the Company announced that its initial, 4500 sq. foot build out had been completed, that the evidence package had been submitted to Health Canada, that its initial customer had signed a letter of intent to do business with the Company and that key employees hires were made.

On August 23, 2019, the Company was issued a cannabis research and development license by Health Canada. This license allowed the Company to conduct extensive investigatory work in both THC and CBD delivery, using proprietary, optimized formulations and techniques.

In January 2020, the Company received its standard processing license. Under Health Canada's new *Cannabis Act* regulations, the standard processing license is required for any facility that is processing more than the equivalent of 600 kilograms of dried flowers per year. This license meant that, in addition to the Company's research & development license, it was now able to extract, manufacture, synthesize and test next-generation cannabis products.

On October 29, 2021, the Company announced the completion of its Phase 2 buildout, which increased the production and manufacturing capabilities up to yearly capacity of 3,000,000 product fills and 300,000 KG of biomass production, making the Company one of the largest processors and co-manufacturers in the country.

Amalgamation transaction

On March 26, 2021, Canada Coal Inc. ("Canada Coal") and Ayurcann Inc. closed a "three-cornered amalgamation" under the provisions of the CBCA, whereby 12487772 Canada Inc., a wholly-owned subsidiary of Canada Coal, amalgamated with Ayurcann Inc. and continue as one amalgamated corporation ("Amalco"), a wholly-owned subsidiary of Canada Coal, which has since been renamed "Ayurcann Holdings Corp." ("Transaction"). The continuing company trading symbol is (CSE: AYUR). On August 19, 2021, the Company announced its additional cross listing on the Frankfurt Stock Exchange with the trading symbol "3ZQ0".

Canada Coal consolidated all of its common shares (the "CCK Shares") on the basis of two (2) CCK Shares for each one (1) Canada Coal post-consolidation share ("CCK Post-Consolidation

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Share"). Ayurcann shareholders received 1.4695 Post-Consolidation Shares for each Ayurcann share. As a result of the amalgamation there are 100,973,833 Post-Consolidation Shares issued and outstanding, as follows:

	Number outstanding	Percentage
Ayurcann - Opening	57,758,501	
Share exchange adjustment	27,117,603	
Ayurcann – adjusted	84,876,104	84%
Canada Coal	16,097,729	16%
Total	100,973,833	100%

As a result of the share exchange between Canada Coal and the Ayurcann Inc., described above, the former shareholders of Ayurcann Inc. will acquire control of Canada Coal. Accordingly, the acquisition is accounted for as a reverse takeover of Canada Coal, Canada Coal does not constitute a business as defined under IFRS 3 Business Combination. The business combination is accounted for under IFRS 2 Share-Based Transaction. As Ayurcann Inc. is deemed to be the accounting acquirer for accounting purposes, its assets, liabilities and operations are included in the financial statements at their historical carrying value.

The Company intends to leverage the qualifying transaction in order to attract more capital, which will in turn be used to increase the Company's working capital in the short-to-medium term.

Extraction and Refinement

The Company offers customers extraction and refinement services that include bulk extraction, winterization services and fractional distillation, providing customers with the ability to choose from various levels of processing for their harvest. Once extracted, customers can choose to either: (i) have their substances returned for in-house processing, formulation, packaging and distribution or (ii) have the Company provide post-harvest production and co-packing services.

Production Development

The Company offers customers product development services, including the ability to licence the Company's formulas, and assists customers in navigating the cannabis market to determine the best use of their biomass.

Topicals

The Company offers customers customizable and plug and play formulations and white label solutions.

The Company has developed 12 topical products, ranging from serums and creams to balms, for the health and beauty industry, which are formulated to be infused with CBD, THC or a combination of both.

Vapes

The Company offers a wide variety of standard and disposable cartridge solutions, ranging from 300 ml – 1,000 ml. The Company can produce up to 12,000 units per day.

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Tinctures

The Company offers combined CBD and THC tinctures, THC free tinctures, CBD free tinctures, and a wide variety of medium chain triglyceride carrier oils for customization for dilution.

Formulation and Packaging

The Company offers advanced refinement and formulation, research and development (cooperating with customers as independent contracts), customized packaging solutions and full inventory management services.

Fulfillment and Distribution

With the ability to fulfill various size orders including business-to-business bulk sales, medicinal and retail store sales processes, the Company offers customized fulfillment services, secured logistic solutions and inventory management.

SELECTED ANNUAL INFORMATION

Year ended June 30	2021	2020
Revenue	\$ 7,633,656	\$ 611,829
Cost of goods sold	(3,006,939)	(240,429)
Gross margin	4,626,717	371,400
Operating expenses	(2,467,408)	(429,621)
Transaction costs	(1,888,434)	-
Other Costs (Net)	(231,588)	(546,339)
Net income (loss)	(278,360)	(604,560)
Loss per common share, basic and fully diluted	(0.003)	(0.01)
Weighted average shares outstanding	84,994,390	78,876,883
As at June 30		
Cash	\$ 725,016	\$ 22,444
Working capital	3,589,132	127,845
Total assets	6,677,006	1,526,153
Current liabilities	1,571,701	538,236
Total long-term liabilities	356,083	322,950
Shareholders' equity	\$ 4,749,222	\$ 664,967

All share and per share numbers have been adjusted to reflect the share exchange ratio as if it had occurred at the beginning of all reported periods.

The Company presently does not pay and does not anticipate paying any dividends on its common shares, as all available funds will be used to develop the Company's business for the foreseeable future. See "Discussion of Operations" below for a discussion of factors, which have contributed to period-to-period variations.

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SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the previous eight quarters.

Three Months Ended	Assets (\$)	Liabilities (\$)	Net Income (Loss) and Comprehensive Income (Loss) (\$)	Net Income (Loss) and Comprehensive Income (Loss) Per Share (\$)	Weighted Average Shares Outstanding *
December 31, 2021	9,839,096	3,001,050	(206,900)	(0.002)	117,572,397
September 30, 2021	6,397,607	2,063,683	124,703	0.001	104,597,633
June 30, 2021	6,677,006	1,927,784	1,040,101	0.012	84,994,390
March 31, 2021	4,622,652	1,777,417	(974,615)	(0.014)	85,770,422
December 31, 2020	2,689,076	1,954,852	(129,497)	(0.001)	83,865,836
September 30, 2020	1,700,081	1,210,521	(214,349)	(0.003)	77,253,086
June 30, 2020	1,526,153	861,186	(94,632)	(0.001)	78,876,883
March 31, 2020	660,981	800,598	(217,207)	(0.003)	76,463,591

All share and per share numbers have been adjusted to reflect the share exchange ratio as if it had occurred at the beginning of all reported periods.

The Company's losses have generally been consistent on a quarterly basis. Although operations were profitable during the three months ended December 31, 2021, the Company incurred higher product costs which reduced the gross margin ratio as compared to the year ended June 30, 2021. The Company also recorded higher costs associated with running a public company compared to a private business. The Company continues to work towards reducing its operating costs and increasing its gross margins, and it expects to create operating efficiencies through the latter part of its fiscal 2022 year.

DISCUSSION OF OPERATIONS

Three months ended December 31, 2021 compared to three months ended December 31, 2020

The Company reported a consolidated net loss of (\$206,900) (\$0.002) per common share) for the three months ended December 31, 2021, compared to the \$(215,123) (\$0.003 per common share) loss reported in the same period for 2020. Sales in the second quarter were as expected and increased materially over the previous quarter due to strong demand and the cyclical nature of the business. The Company reported increased operating expenses as business ramped up.

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Operating, General and Administrative ("G&A") Expenses

	Three months ended December 31		Variance from 2021 to 2020
	2021	2020	
Salaries and wages	\$ 214,427	\$ 132,143	\$ (82,284)
Office and general	231,608	106,395	(125,213)
Professional fees	109,335	38,798	(70,537)
Business development	75,533	7,173	(68,360)
Marketing	202,365	-	(202,365)
Consulting fees	124,045	42,600	(81,445)
Travel	8,916	3,617	(5,299)
Total	\$ 966,229	\$ 330,726	\$ (635,503)

During the three months ended December 31, 2021, G&A expenses increased by \$635,503 to \$966,229 from \$330,726 during three months ended December 31, 2020. The increase in G&A expenses is primarily due to the ramp up in operations, especially personnel costs, office costs, and marketing efforts.

Finance Costs

	Three months ended December 31		Variance from 2021 to 2020
	2021	2020	
Interest expense	\$ (26,764)	\$ -	\$ 26,764
Share Issuance	791,567	5,741	(785,826)
Finance expense	5,958	125,836	119,878
Total	\$ 770,761	\$ 131,577	\$ (639,184)

Interest, share-based, and financing costs for the three months ended December 31, 2021 increased by \$639,184 as compared by the same period in 2020. Finance costs for the three-month period ending December 31, 2021 were primarily due to recording of vested Restricted Stock Units, as compared to the same period ending December 31, 2020, which recorded mostly financing arrangement costs.

Segmented Net Income

The Company considers segmented net income to be a Key Performance Indicator for measuring the business. This indicator is defined as revenues, less cost of goods sold and expenses before other costs and finance costs.

	Three months ended Dec. 31		Variance from 2021 to 2020
	2021	2020	
Revenues	\$ 3,219,408	\$ 1,560,073	\$ 1,659,335
Cost of goods sold	(1,414,158)	(1,257,941)	(156,217)
Gross margin	1,805,250	302,132	1,503,118
Operating expenses	(997,950)	(340,363)	(657,587)
Operating income – cannabis segment	807,300	(38,231)	845,531

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Finance and other costs	(222,633)	(274,780)	\$ 52,147
Segmented net income	\$584,667	\$(313,011)	\$897,678

Revenues increased as discussed above. Increased operating expenses and depreciation and amortization were required to meet the customer needs. Operating Profit before depreciation and amortization is within management expectations for the year. Management expects this indicator to grow as the Company matures.

LIQUIDITY

As at December 31, 2021, the Company had working capital of \$5,850,174. The working capital increased from \$88,835 as at December 31, 2020. The corporatetransaction, development of the business and subsequent financings added cash, significantly improving working capital.

In November 2020, the convertible promissory note was converted to common shares, improving the working capital by \$304,834.

The Company can experience significant fluctuations in liquidity due to the timing of sales, operating expenses, and fluctuations of inventory throughout the fiscal year. The Company has long term liabilities related to leases and a government loan. The Company holds \$3,937,672 in inventory as at December 31, 2021, which puts constraints on its working capital other than regular operating expenses. However, the Company traditionally does not need to write off bad inventory and tends to sell most of what it produces within a short period of time.

CAPITAL RESOURCES

Additional sources of financing and share issuances are as follows:

On September 6, 2018, the Company issued 8,750,000 common shares for gross proceeds of \$70,000.

On December 10, 2018, and pursuant to a non-brokered private placement, the Company issued 3,150,000 common shares at a price of \$0.10 per common share for gross proceeds of \$315,000.

On May 31, 2019, and pursuant to a non-brokered private placement, the Company issued 5,300,000 common shares at a price of \$0.10 per common share for gross proceeds of \$530,000.

On March 30, 2020, and pursuant to a non-brokered private placement, the Company issued 1,061,001 common shares at a price of \$0.15 per common share for gross proceeds of \$159,150.

On January 10, 2020, the Company issued a \$500,000 convertible promissory note ("Note") to ExpoWorld Ltd. The Note matures on January 10, 2021 and bears interest at the rate of 8% per annum, payable quarterly. The Note carries a conversion feature at the option of the holder, into common shares of the Company at a conversion price of \$0.10 per common share. The Note is secured by a general security interest in all present and future assets of the Company. On November 23, 2020, the Note was converted to 5,000,000 shares.

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On December 8, 2020, 187,500 warrants were exercised for cash proceeds of \$37,500.

On March 16, 2021, Canada Coal Inc. ("Canada Coal") and Ayurcann Inc. closed a "three-cornered amalgamation" under the provisions of the CBCA. As a result of the amalgamation, a further 43,219,332 shares were issued. Ayurcann is the continuing entity from the amalgamation.

On April 26, 2021, the Company issued 3,189,585 units ("Units") via a private placement, at a price of \$0.189 per Unit for total aggregate gross proceeds of \$602,831.72. Each Unit consisted of a common share in the capital of the Company ("Common Share") and one-half of one common share purchase warrant ("Warrant"), with each full Warrant entitling its holder to acquire one additional Common Share at an exercise price of \$0.38 per Common Share for a period of 36 months from the date of issuance. The warrants were ascribed a value of \$125,875. Broker warrants associated with the placement were ascribed a value of \$613.

On October 6, 2021, the Company closed a non-brokered private placement of 7,710,354 units at a price of \$0.18 per Unit for aggregate gross proceeds of \$1,387,863.72.

Each Unit consists of one common share in the capital of the Corporation and one Common Share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.22 for a period of three years. If, at any time after the Closing, the closing price of the Common Shares on the Canadian Securities Exchange (the "CSE") is at least \$0.70 for a minimum of ten consecutive trading days, the Corporation may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is at least thirty days following the date of such written notice.

In connection with the Private Placement, eligible finders received \$17,747.28 in cash and 98,594 broker warrants. Each Broker Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.22 for a period of thirty-six months from the Closing, subject to the Acceleration Provision. The warrants were ascribed a value of \$646,001. Broker warrants associated with the placement were ascribed a value of \$8,261.

OFF-BALANCE SHEET AND OTHER ARRANGEMENTS

At December 31, 2021, there were no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with International Accounting Standards 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The Company defines key management personnel as its President, Chief Executive Officer and Directors. Key management compensation for the three-month period ending December 31, 2021 comprised executive fees of 112,500 (December 31, 2020 – \$60,000. For the three months ending December 31, 2021, Share based executive payments comprised of \$391,624 (December 31, 2020 - \$Nil).

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For the six months ending December 31, 2021, executive fees comprised of \$195,000 (December 31, 2020 - \$115,385). Share based executive payments for six month period ending December 31, 2021 comprised of \$391,624 (December 31, 2020 – \$Nil)

As at December 31, 2021, there are no longer related party loan balances payable to the CEO and the COO (December 31 2020 - \$87,310, \$107,510, and \$61,050 to the President, CEO, and Corporation owned by the CEO, respectively). Interest incurred on related party balances payable to the CEO and COO are \$9,450 and \$9,450 respective for the six-month period ending December 31, 2021 and \$Nil for the three months ended December 31, 2021 (Six months ended Dec. 31, 2020 – Interest incurred on loans was \$8,249. Three months ended December 31, 2020 - \$4,128).

The Company recorded a management fee of \$690,191 for the three month period ending December 31, 2021 (850,191 for the six month period ending December 31, 2021) for services provided to its wholly- owned subsidiary, Ayurcann Inc. The same expense was recorded on the books of Ayurcann Inc. On the consolidation, the balances were netted out to zero per IFRS.

FINANCIAL INSTRUMENT RISKS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, convertible debt, due to related parties and long-term debt. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidityrisk and other market risk.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

The Company's accounts receivable consists of Harmonized Goods and Services Tax due fromthe Federal Government of Canada and amounts receivable from customers. The Company's maximum exposure to credit risk as at December 31, 2021 is \$2,477,103 (December 31, 2020 - \$956,982), representing trade and other receivables.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required.

When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues. As at December 31, 2021, the Company did not have any material overdue accounts.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities are due within the current operating period. The Company's accounts payable and accrued liabilities and convertible debt as due within the next operating period, except that convertible debt may be converted to common shares at the option of the holders prior to the maturity date. The Company manages its liquidityrisk through its

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operating budgets and financing activities.

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 is exposed to interest rate risk from its secured loans and convertible debentures. The Company's interest rates on these loans are fixed and the sensitivity of the Company's loss before tax to a reasonably possible change in market interest rates is considered minimal.

Other Market Risk

Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company is not exposed to significant currency risk as the parent entity and subsidiaries primarily transact in their functional currencies.

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BUSINESS RISK FACTORS

The Company is exposed to a number of "Risk Factors", which are summarized below:

- the Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability;
- uncertainty about the Company's ability to continue as a going concern;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- there are factors, which may prevent the Company from the realization of growth targets;
- the Company is currently in the expansion from early development stage;
- the Company may face significant competition from other market participants;
- the Company may be subject to additional regulatory burden resulting from its public listing on the CSE;
- there is no assurance that the Company will turn a profit;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;
- the Company may fail to successfully market and develop its brand.
- failure to Innovate;
- the Company may be unable to adequately protect its proprietary and intellectual property rights;
- intellectual Property Infringement;
- the Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights;
- the Company may become subject to litigation, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively as a business-to-business cannabis post-harvest processing centre and distributor of products;
- there is no assurance that the Company will secure strategic partnerships jurisdictions in which the Company considers important;
- failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- in certain circumstances, the Company's reputation could be damaged;
- no guarantee on the use of available funds by the Company;
- risks Related to the Company's securities;
- the Company does not anticipate paying dividends to common shareholders in the foreseeable future; and
- future sales of common shares by existing shareholders could reduce the market price of the common shares.

Other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although Ayurcann has attempted to identify important risks, uncertainties and factors that could cause actual actions, events or results to

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differ materially from those described in forward-looking statements, there may be other risks, uncertainties and factors that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements. Please see "Risks and Uncertainties" in the Company's annual MD&A for the year-ended June 30, 2020 and filed on Sedar on October 29, 2021 for a more detailed description.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date of this MDA, December 31, 2021 and June 30, 2021, the Company's issued and outstanding common shares, RSU's, warrants and options were:

	February 15, 2022	December 31, 2021	June 30, 2021
Common shares	121,717,817	121,717,817	104,597,633
Warrants	24,918,465	24,918,465	17,109,517
Stock options	3,113,833	3,113,833	3,113,833
Restricted Share Units	-	-	2,211,342
Fully diluted	149,750,115	149,750,115	127,032,325

Following the transaction with Canada Coal, the Company had 100,973,833 common shares outstanding, 15,506,961 warrants outstanding, and 1,408,733 options outstanding. The amount stated for warrants outstanding differs from the filing statement as a result of some warrant expiries in Canada Coal. The restated amounts after expiry extensions resulted in a total of 15,506,961 warrants outstanding at the time of the reverse take-over. During the fiscal, the following transactions occurred which increased the share capital of the company on a fully diluted basis:

April 2021 Private Placement of Units – 3,189,585 shares issued and 1,602,556 investor and broker warrants issued.

April 2021 Restricted Share Units and Option Grants – 1,705,100 Options and 2,647,557 Restricted Share Units issued. 434,215 Restricted Share Units vested right away which increased the common shares to 104,597,633 after the financing and conversion of the Restricted Share Units. Options outstanding increased to 3,113,833 outstanding.

October 2021 Private Placement of Units: 7,710,354 shares issued, and 7,710,354 investor & broker warrants issued.

October 2021 Restricted Share Unit Grant: 1,253,125 Restricted Share Units issued. 100% of the Restricted Share Units issued in October converted immediately to common shares. An Additional amount of 1,546,875 Restricted Share Units from April vested in October. The balance of common shares outstanding by October 15, 2021, was 115,107,987. Warrants outstanding balance totals 24,918,465. Options outstanding total 3,113,833. Restricted Share Units outstanding total 664,467. During the remainder of October 2021, the rest of the RSU's vested, adding to common shares a balance of 664,467.

On October 29, 2021, in connection with the completion of the Build-Out and further to the

Ayurcann Holdings Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three and six months ended December 31, 2021

(Expressed in Canadian dollars)

Company's press release dated November 25, 2020, the Company has provided Health Canada with notice that the Build-Out has been completed, triggering the second and final earn-out entitlement to original Ayurcann Inc. shareholders of an aggregate of 5,159,958 common shares of the Company. The Earn-Out payment was equal to the quotient of \$1,000,000 divided by the current market price. The market price, as originally agreed to, was determined as the greater of (i) \$0.05 and (ii) the ten (10) day volume weighted average trading price of the Common Shares on the Canadian Securities Exchange prior to the date of the Earn-Out being met, which equates to \$0.1938. This resulted in 120,932,413 shares outstanding as at the end of October 2021. There were no share issuances between October 31, 2021 and November 22, 2021.

In December 2021, the Company announced a private placement which increased each of the share and warrant counts by 7,710,354. There was also an additional 785,405 RSUs issued which were converted to common shares, bringing the total share count to 121,717,817 common shares. All other RSUs have been vested and converted to common shares.