AYURCANN

AYURCANN HOLDINGS CORP.

Management's Discussion and Analysis

For the years ended June 30, 2024, and 2023

This management's discussion and analysis (this "**MD&A**") covers the financial statements of Ayurcann Holdings Corp. (the "**Company**") as at June 30, 2024, and for the year ended. This MD&A should be read in conjunction with the audited consolidated annual financial statements and notes thereto for the years ended June 30, 2024, and 2023 (the "**Annual Financial Statements**") and the unaudited condensed interim consolidated financial statements for the three and nine months ended, including the notes thereto, as at and for the period ended March 31, 2024 (the "**March 2024 Financial Statements**"). The information contained in this MD&A is current as of October 28, 2024. All dollar amounts referred to in this MD&A are expressed in Canadian dollars, except where indicated otherwise.

The accompanying June 2024 Financial Statements have been prepared by management and are prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this MD&A has also been prepared by management and is consistent with the data contained in the March 2024 Financial Statements.

The Company's certifying officers are responsible for ensuring that the June 2024 Financial Statements and this MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the June 2024 Financial Statements and this MD&A fairly represent, in all material respects, the financial condition, result of operations and cash flows of the Company as of the date hereof.

The board of directors of the Company (the "**Board**") approves the June 2024 Financial Statements and this MD&A and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished mainly through the audit committee of the Company, which reviews and approves all financial reports before filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A, and in the documents incorporated by reference in this MD&A, constitute "forward-looking information" and "forward-looking statements" (together "**forward-looking statements**") within the meaning of applicable securities laws and are based on assumptions, expectations, estimates and projections as at the date of this MD&A. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology.

Forward-looking statements in this MD&A herein include, but are not limited to, statements with respect to:

- the Company's business objectives and milestones and the anticipated timing of, and costs in connection with, the execution or achievement of such objectives and milestones (including, without limitation proposed acquisitions),
- the Company's future growth prospects and intentions to pursue one or more viable business opportunities,
- the development of the Company's business and future activities following the date of this MD&A,
- expectations relating to market size and anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations,
- expectations with respect to economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally,
- the market for the Company's current and proposed product offerings, as well as the Company's ability to capture market share,
- the Company's strategic investments and capital expenditures, and related benefits,
- the distribution methods expected to be used by the Company to deliver its product offerings,
- the competitive landscape within which the Company operates and the Company's market share or reach,

- the performance of business operations and activities of the Company,
- the Company's ability to obtain, maintain, and renew or extend, applicable authorizations, including the timing and impact of the receipt thereof,
- the realization of cost savings, synergies or benefits from the Company's recent and proposed acquisitions, and the Company's ability to successfully integrate the operations of any business acquired within the Company's business,
- the Company's intention to devote resources to the protection of its intellectual property rights, including by seeking and obtaining registered protections and developing and implementing standard operating procedures,
- the Company's ability to generate cash flow from operations and from financing activities,
- future market prices, continued availability of capital and financing opportunities, and general economic, market or business conditions,
- the Company's anticipated revenues, cash flows from operations, operating expenses and consequent funding requirements,
- available funds and the principal purpose of those funds, and
- continued reliance on key individuals' experience and expertise.

Forward-looking statements are subject to certain risks and uncertainties. Although management believes that the expectations reflected in these forward-looking statements are reasonable in light of, among other things, its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, readers are cautioned not to place undue reliance on forward looking statements, as forward looking statements may prove to be incorrect. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements. Importantly, forward-looking statements contained in this MD&A and in documents incorporated by reference are based upon certain assumptions that management believes to be reasonable based on the information currently available to management, including, but not limited to, the assumptions that:

- current and future members of management will abide by the business objectives and strategies from time to time established by the Company,
- the Company will retain and supplement its Board and management, or otherwise engage consultants and advisors having knowledge of the industries (or segments thereof) within which the Company may from time to time participate,
- the Company will have sufficient working capital and the ability to obtain the financing required in order to develop and continue its business and operations,
- the Company will continue to attract, develop, motivate and retain highly qualified and skilled consultants and/or employees, as the case may be,
- no adverse changes will be made to the regulatory framework governing cannabis, taxes and all other applicable matters in the jurisdictions in which the Company conducts business and any other jurisdiction in which the Company may conduct business in the future,
- the Company will be able to generate cash flow from operations, including, where applicable, distribution and sale of cannabis products,
- the Company will be able to execute on its business strategy as anticipated,
- the Company will be able to meet the requirements necessary to obtain and/or maintain Authorizations required to conduct the business,
- general economic, financial, market, regulatory, and political conditions, will not negatively affect the Company or its business,
- the Company will be able to successfully compete in the cannabis industry,
- cannabis prices will not decline materially,
- the Company will be able to effectively manage anticipated and unanticipated costs,
- the Company will be able to maintain internal controls over financial reporting and disclosure, and procedures in order to ensure compliance with applicable laws,

- the Company will be able to conduct its operations in a safe, efficient and effective manner,
- general market conditions will be favourable with respect to the Company's future plans and goals,
- the Company will complete its proposed acquisitions,
- the Company will make meaningful improvements to its revenue profile,
- future market prices, continued availability of capital and financing opportunities, and general economic, market or business conditions,
- the Company will accurately assess and anticipate trends in its industry, and
- the Company will maintain a competitive position.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although management believes that the expectations reflected in, and assumptions underlying, such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. New factors emerge from time to time, and it is not possible for management to predict all those factors or to assess in advance the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Some of the risks that could cause results to differ materially from those expressed in forward-looking statements in this MD&A and in documents incorporated by reference herein include:

- the Company's inability to attract and retain qualified members of management to grow the business and its operations,
- unanticipated changes in economic and market conditions or in applicable laws,
- the impact of the publications of inaccurate or unfavourable research by securities analysts or other first parties,
- the Company's failure to complete future acquisitions or enter into strategic business relationships,
- interruptions or shortages in the supply of cannabis from time to time available to support the Company's operations from time to time,
- unanticipated changes in the cannabis industry in the jurisdictions within which the Company may from time to time conduct its business and operations, including the Company's inability to respond or adapt to such changes,
- the Company's inability to secure or maintain favourable lease arrangements or the required authorizations necessary to conduct the business and operations and meet its targets,
- risks relating to projections of the Company's operations,
- the Company's inability to effectively manage unanticipated costs and expenses, including costs and expenses associated with product recalls and judicial or administrative proceedings against the Company, and
- the Company inability to complete its proposed acquisitions.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of that date of this document and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

This MD&A contains forward-looking statements pertaining, without limitation, to the following: changes in general and administrative expenses; future business operations and activities and the timing thereof; the future tax liability of the Company; the estimated future contractual obligations of the Company; the future liquidity and financial capacity of the Company; and its ability to fund its working capital requirements and forecasted capital expenditures.

These forward-looking statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this MD&A. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: counterparty credit risk; access to capital; limitations on insurance; changes in environmental or legislation applicable to our operations, and our ability to comply with current and future environmental and other laws; changes in income tax laws or changes in tax laws and incentive programs relating to the cannabis industry; and the other factors discussed under "*Financial Instruments*" in this MD&A.

OVERVIEW

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 closed a three-cornered amalgamation with Ayurcann Inc. and 12487772 Canada Inc. (the "**RTO**"). In connection with completing the RTO, the Company delisted from the TSX Venture Exchange, listed on the Canadian Securities Exchange ("**CSE**") and changed its name to "Ayurcann Holdings Corp.".

The Company is a reporting issuer in the Provinces of Ontario, British Columbia and Alberta and is listed under the symbol "AYUR" on the CSE, under the symbol "AYURF" on the OTCQB, under the symbol "3ZQ0" on the Frankfurt Stock Exchange

The Company's head office and registered office is 1080 Brock Road, Pickering, Ontario L1W 3H3.

Ayurcann Holdings Corp, through its wholly owned subsidiary Ayurcann Inc, is a licensed producer under the Cannabis Act (Canada) focused on providing high quality cannabis products in verity of categories for the recreational and medical use in Canadian Market. Ayurcann Inc.'s head office and registered office is 1080 Brock Road, Pickering, Ontario L1W 3H3.

The Company operates a fully licensed 13,585 square foot state-of-the-art extraction and manufacturing facility based in Pickering, ON.

BUSINESS OVERVIEW

Description of the Business

The Company is a leading Canadian cannabis extraction company specializing in the processing and co-manufacturing of pharma grade cannabis to produce various derivative cannabis products in the medical and recreational markets. The Company focuses on the development of new product lines to enable exponential growth and exposure with a wide array of products in leading market categories.

The Company is focused on building a portfolio of leading brands in the Canadian market, including its flagship mainstream brand 'Fuego', value brand 'XPLOR' and mainstream brand 'Happy and Stoned' ("H&S").

Under its house brands Fuego, XPLOR and H&S, the Company has over 60 unique stock keeping units available for sale across Canada, with over 60% coverage of the addressable market The Company has direct supply agreements in place with the British Columbia Liquor Distribution Branch, Alberta Gaming, Liquor and Cannabis Commission, Ontario Cannabis Stores, Cannabis NB, and Yukon Liquor Corporation and sells directly to Manitoba Liquor & Lotteries. The Company also has distribution agreements with distributors in Saskatchewan who distribute the Company's products to provincial retailers

Additional information related to the Company is available on SEDAR at www.sedar.com.

Summary of Key Events during the year ended June 30, 2023

On June 21, 2022, the Company enters into a share purchase agreement with Tetra Oils Inc. and Joints and Hustle & Shake Inc. ("**Joints and Hustle**") to acquire Joints and Hustle, a company which holds assets comprising the Joints and H&S brands.

On July 28, 2022, pursuant to certain consulting agreements entered into between the Company and its acting directors, officers and consultants (together, "Management"), the Company and Management agreed that the aggregate quarterly management fee payment obligation in the amount of $83,750 (each, a "Quarterly Payment") will be settled in Common Shares going forward, beginning on September 30, 2022. Each Quarterly Payment is to be satisfied through the issuance of Common Shares calculated according to the greater of: (i) ten-day volume weighted average price of the Common Shares on the CSE ending on the quarter end date; (ii) the discounted market price pursuant to the policies of the CSE; and (iii) $0.05. The Common Shares will be subject to a four month and one day hold period pursuant to the polices of the CSE and applicable securities laws. On October 18, 2022, the Company issued 1,327,254 common shares in connection with the above agreement.

During the six-month period ended December 31, 2022, the Company repurchased 224,999 Common Shares at prices between $0.05-0.11 per Common Shares.

On July 28, 2022, the Company granted 1,226,350 restricted share units at a deemed price of $0.095 to certain directors, officers, employees, and consultants of the Company pursuant to the Company's restricted share unit plan. Each restricted share unit vested effective July 28, 2022, and expires July 28, 2022, and the restricted share units (and any Common Shares issuable upon redemption) are subject to a four month and one day hold period pursuant to the polices of the CSE and applicable securities laws.

On September 7, 2022, the Company closed the acquisition of Joints and Hustle. In connection with closing the acquisition, the Company issued 32,352,941 Common Shares to Tetra Oils Inc. Each Common Share was issued on the basis of a deemed price of $0.17 per Common Share and are subject to a statutory hold period of four months and one day and, pursuant to the terms of the share purchase agreement, (i) have been deposited into escrow and are to be released every six months in 25% allotments; and (ii) are subject to post-closing downward adjustments pursuant to the terms and conditions of the escrow agreement. Accordingly, Joints and Hustle is now a wholly owned subsidiary of the Company.

Since Joints and Hustle did not meet the definition of a business under IFRS 3 – Business Combinations, the acquisition was accounted for as a purchase of Joints and Hustle assets. The consideration paid was determined as equity-settled share-based payments under IFRS 2, at the fair value of the equity of the Company issued to the shareholders of Joints and Hustle on the date of closing as noted above. IFRS 2 requires the shares issued for the acquisition of the net assets of Joints and Hustle to be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated.

The following represents the preliminary fair value allocation to identifiable net assets acquired on September 7, 2022.

Intangible Assets	
Brand	$2,750,000
Fair Value of Consideration Paid	
Common Shares	$2,750,000

During fiscal 2024, the Company amortized the intangible asset by $550,000 (during fiscal 2023 – $446,027) based on its 5-year estimated life.

On January 10, 2023, the Company announced it had settled debt owing to 2388765 Ontario Inc. a company controlled by Igal Sudman, the Chief Executive Officer of the Company and 1000677847 Ontario Inc a company controlled by Roman Buzaker, the Chief Financial Officer of the Company in the amount of $60,000 (the "Transaction"). As part of the Transaction, 238 and IIPAC each converted $30,000 of their respective debt owed by the Company into 602,500 common shares in the capital of the Company ("Common Shares"), at a deemed price of $0.0631 per Common Share.

Summary of Key Events during the year ended June 30, 2024

On July 17, 2023, the Company issued 1,675,000 shares as aggregate quarterly management fee payment to its directors at a deemed price of $0.05 per Common Share.

On October 2, 2023, the Company issued 1,675,000 shares as aggregate quarterly management fee payment to its directors at a deemed price of $0.05 per Common Share.

In payment of fiscal 2023 management bonus, on January 5, 2024, the Company issued 30,240,000 shares in equal shares to each 2388765 Ontario Inc. a company controlled by Igal Sudman, the Chief Executive Officer of the Company and 1000677847 Ontario Inc a company controlled by Roman Buzaker, the Chief Financial Officer of the Company at a deemed price of $0.047 per Common Share.

On January 9, 2024, the Company issued 1,020,000 shares as aggregate quarterly management fee payment to its directors at a deemed price of $0.05 per Common Share.

On March 24, 2024, the Company renewed its lease of units 5, 6 and 7. The new lease expiration date is March 31, 2029.

Selected Annual Financial Information

The table below summarizes key operating data for the year ended June 30, 2024, and the previous two fiscal years:

Year ended	30/Jun/24	30/Jun/23	30/Jun/22
Net Revenues	$ 25,157,605	$ 12,491,839	$ 9,385,992
Cost of goods sold	(16,682,473)	(8,812,172)	(7,165,398)
Gross margin	8,475,132	3,679,667	2,220,594
Operating expenses	11,260,815	9,023,271	5,604,140
Adjusted EBITDA	198,213	(2,112,058)	(824,554)
Other costs (income)	1,181,053	(36,478)	39,809
Net loss and comprehensive loss	(3,966,735)	(5,307,127)	(3,087,908)
Loss per common share, basic and fully diliuted	(0.022)	(0.033)	(0.025)
Cash	$ 572,444	$ 971,959	$ 1,354,816
Working capital	(2,106,699)	(706,437)	3,926,879
Total assets	14,778,707	12,730,395	7,282,981
Current liabilities	13,528,236	9,981,106	2,168,099
Total long-term liabilities	714,591	56,774	220,896
Shareholders equity	535,879	2,692,516	4,893,986

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.

Selected Quarterly Financial Information

The following annual financial results for the three most recent years have been prepared in accordance with IFRS as listed. The information should be read in conjunction with the Annual Financial Statements and the June 2024 Financial Statements.

Three months ended	Assets	Liabilities	Net Loss	Net loss per share (Basic and Diluted)
30/Jun/24	$ 14,778,707	$ 14,242,828	$ (3,966,735)	(0.020)
30/Jun/23	12,730,395	10,037,880	(5,307,127)	(0.035)
30/Jun/22	7,282,981	2,388,995	(3,087,908)	(0.026)

All of the increase in Assets came from larger inventories (an increase of $2,085,519 year over year) needed to support higher sales volumes. Seventy-five percent of the increase in Liabilities was due to higher payables ($3,147,621 year over year) due in part to higher inventory purchases.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the year ended June 30, 2024, compared to prior year ended June 30, 2023

The Company reported a consolidated net loss and comprehensive loss of $3,966,735 or $0.022 loss per Common Share, for the year ended June 30, 2024, compared to the net loss and comprehensive loss of $5,307,127 or $0.035 loss per Common share for the year ended June 30, 2023.

Net revenues increased by 101% while cost of goods sold increased by 89% in fiscal 2024 year over year, as the Company focused on cost-efficient developing, manufacturing and promoting of its own brand vape and flower products and discontinued all non-core products and services. Gross margin increased by over 4.2% year over year, from 29.5% in fiscal 2023 to 33.7% in fiscal 2024.

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

For the year ended	30/Jun/24	30/Jun/23
Operating expenses		
Salaries and Wages	$ 2,533,382	$ 1,717,007
Office and General	1,903,140	1,655,931
Sales and Marketing	4,420,708	2,492,618
Professional Fees	964,124	820,836
Depreciation of Property and Equipment	250,051	5,829
Amortization of Intangible Assets	550,000	446,027
Share Based Payments	574,833	1,532,503
Bad Debt	64,577	352,520
Total Operating Expenses	**$ 11,260,815**	**$ 9,023,271**
Other Income/Expenses		
Finance costs	718,154	30,188
Other income/expenses	462,900	(66,666)
Total Other Income/Expenses	**1,181,053**	**(36,478)**

During the year ended June 30, 2024, G&A expenses increased to $11,260,815, compared to $9,023,271 during the prior year. Most of the increase in G&A is related to higher Sales & Marketing expenditure of $4,420,708, compared to $2,492,618 for the prior year (an increase of $1,928,090). This increases reflect continued ramping up of operations and marketing efforts to support natural growth of market share in the recreational markets across Canada. Also, adding headcount related to these operations drove additional salaries and wages expenses, at $2,533,382 in fiscal 2024 from $1,717,007 for the prior year (an increase of $816,375). Share Base Payments decreased by $957,670 from $1,532,503 in fiscal 2023 to $574,833. During the year ended June 30, 2024, the Company amortized the intangible asset (brand) by $550,000 based on its 5-year estimated life. Total accumulated amortization since inception was $996,027.

The prior comparable period had $352,520 in Bad Debt expenses. No such expense was incurred in the current year.

During fiscal 2024, the Company recorded inventory write-downs of $461,103.39. During fiscal 2023, there were no write downs of inventory.

Finance costs increased to $718,154 in the current year (from $30,188 in fiscal 2023), mostly due to interest expenses related to regulator, term loan and ROU asset.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying June 2024 Financial Statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

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.

As disclosed in Notes 14 and 15 of the June 2024 Financial Statements, cash and stock-based compensation of directors and key management personnel including the Chief Executive Officer and Chief Operating Officer of the Company for the years ended June 30, 2024, and 2023 was $907,750 and $2,293,367, respectively.

Director fees paid in shares of the Company for the year ended June 30, 2024, and 2023 was $251,250 and $1,675,492, respectively.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

All significant critical accounting estimates are fully disclosed in Note 3 of the Annual Financial Statements and Note 3 of the June 2024 Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2024, the Company had working capital of -$2,106,699. The working capital decreased by $1,400,262 year over year (-$706,437 as at June 30, 2023). The decrease in working capital was mainly due to $3,147,621 year-over-year increase in Accounts Payable, which was partially offset by year-over-year increases in Inventory of $2,085,519.

Out of total year-over-year decrease in Cash of $399,515, operating activities contributed $236,268 growing operations required an investment of $437,944 in property and equipment additions, and financing activities consumed $197,838.

Sources of financing and Common Share issuances during the year ended June 30, 2023, were as follows:

On September 7, 2022, as outlined in Note 4 of the March 2023 Financial Statements, the Company issued 32,352,941 Common Shares in connection with the acquisition of Joints and Hustle.

On October 17, 2022, the Company completed debt settlements with 2388765 Ontario Inc., a company controlled by Igal Sudman Chief Executive Officer of the Company ("238") and IIPAC Inc., a company controlled by Roman Buzaker, Chief Financial Officer of the Company ("IIPAC") in the aggregate amount of $60,000 (the "Debt Settlement"). As part of the Debt Settlement, 238 and IIPAC each converted $30,000 of debt owing by the Company into 475,435 Common Shares, at a deemed price of $0.0631 per Common Share.

On January 10, 2023, the Company announced it had settled debt owing to 2388765 Ontario Inc. a company controlled by Igal Sudman, the Chief Executive Officer of the Company ("238") and IIPAC Inc. a company controlled by Roman Buzaker, the Chief Financial Officer of the Company ("IIPAC") in the amount of $60,000 (the "Transaction"). As part of the Transaction, 238 and IIPAC each converted $30,000 of their respective debt owed by the Company into 602,500 common shares in the capital of the Company ("Common Shares"), at a deemed price of $0.0631 per Common Share.

During the year ended June 30, 2023, the Company issued 34,917,254 Common Shares upon the exercise of vested restricted share units.

On June 30, 2023, the Company declared noncash management bonus of $1,416,000 that was accrued for as at June 2023. The bonus was allocated in equal shares to 2388765 Ontario Inc a company controlled by Igal Sudman, the Chief Executive Officer of the Company ("238") and to 1000677847 Ontario Inc a company controlled by Roman Buzaker, the Chief Financial Officer of the Company.

During the year ended June 30, 2024, the Company issued 5,575,000 Common Shares.

On July 17, 2023, the Company issued 1,675,000 shares as aggregate quarterly management fee payment to its directors at a deemed price of $0.05 per Common Share.

On October 2, 2023, the Company issued 1,675,000 shares as aggregate quarterly management fee payment to its directors at a deemed price of $0.05 per Common Share.

On January 9, 2024, the Company issued 1,020,000 shares as aggregate quarterly management fee payment to its directors at a deemed price of $0.05 per Common Share.

On January 5, 2024, the Company issued 30,240,000 shares in payment of fiscal 2023 management bonus, in equal shares to each 2388765 Ontario Inc. a company controlled by Igal Sudman, the Chief Executive Officer of the Company and 1000677847 Ontario Inc a company controlled by Roman Buzaker, the Chief Financial Officer of the Company at a deemed price of $0.047 per Common Share.

On January 15, 2024, the Company issued 550,000 shares at a deemed price of $0.05 per Common Share.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

As outlined in Note 18 of the Annual Financial Statements the Company recognizes all financial instruments as follows:

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at June 30, 2024 and 2023, the Company has no financial instruments carried at fair value to classify in the fair value hierarchy.

As at June 30, 2024 and 2023, carrying amounts of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash and cash equivalents, and financial instruments included in amounts receivable is remote.

The Company's cash is held through large Canadian financial institutions.

The Company's accounts receivable consists of Harmonized Goods and Services Tax due from the Federal Government of Canada and amounts receivable from customers. The Company's maximum exposure to credit risk as at June 30, 2024 is $5,235,114 ($4,840,471 as at June 30, 2023), 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 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 June 30, 2024, the Company did not have any material overdue accounts.

(b) 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 are 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 liquidity risk through its operating budgets and financing activities.

The Company attempts to have sufficient liquidity to meet its obligations when due. As at June 30, 2024, the Company's cash and cash equivalents portion of the total working capital was $572,444 ($971,959 as at June 30, 2023) available to settle current liabilities of $13,528,236 ($9,981,106 as at June 30, 2023). The Company's accounts payable are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) 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.

(ii) Foreign Exchange Risk

While the Company's functional currency is the Canadian dollar, major purchases could be transacted in Canadian dollars or United States dollars. As at June 30, 2023, the Company does not hold foreign currency balances.

(iii) Price Risk

The Company is exposed to price risk with respect to cannabis prices. The Company closely monitors cannabis prices to determine the appropriate course of action to be taken by the Company.

(d) Sensitivity Analysis

The Company may hold balances in United States dollars that give rise to foreign exchange risk. Based on the management's knowledge and experience of the financial markets, the Company does not believe there will be any material movements because of changes in interest rates.

OFF-BALANCE SHEET ARRANGEMENTS

Other than as described in the Annual Financial Statements and June 2024 Financial Statements, the Company is not aware of any off-balance sheet arrangements.

COMMITMENTS AND CONTINGENCIES

Other than as described in the Annual Financial Statements and June 2024 Financial Statements, the Company has no additional commitment disclosure.

OUTSTANDING SHARE DATA

Common Shares, restricted share units, warrants and stock options of the Company which were outstanding as at June 30, 2024, June 30, 2023, and June 30, 2022 were as follows:

As at	30/Jun/24	30/Jun/23	30/Jun/22
Common shares	194,703,863	158,888,863	121,099,318
Warrants	7,808,948	9,411,504	15,289,504
Stock options	833,233	1,733,380	2,622,068
Restricted share units	-	-	-
Fully diluted	**203,346,044**	**170,033,747**	**138,768,889**

On August 6, 2024, 7,808,948 warrants with an average price of $0.22 originally granted on August 6, 2021, expired unexercised.

As of the date of this MD&A the Company has 194,703,863 Common Shares, 833,233 stock options, no warrants and no restricted share units outstanding.

PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the Company.

ACCOUNTING POLICIES, CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Company's June 2024 Financial Statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and other items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. Critical judgments and estimates represent estimates made by management that are, by their very nature, uncertain. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and other items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Summaries of the significant accounting policies applied, and significant judgments, estimates and assumptions made by management in the preparation of its financial statements are provided in Notes 2 and 3 to the 2023 Audited Financial Statements and Notes 2 and 3 to the March 2024 Financial Statements.

INTERNAL CONTROLS AND PROCEDURES

In connection with exemption orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the June 2023 Financial Statements and in the accompanying MD&A.

In contrast to the certificate that would be issued in accordance with the Canadian Securities Administrators' National Instrument 52-109, - *Certification Of Disclosure In Issuers' Annual And Interim Filings ("NI-52-109)* the Venture Issuer Basic Certification includes a "Note to Reader" stating that the Chief Executive Officer and Chief Financial Officer do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

Notwithstanding the filing of a Venture Issuer Basic Certificate, the Company makes significant efforts to maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports filed or submitted is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer of the Company, as appropriate, to allow timely decisions regarding required disclosure.

RISK FACTORS

The risks faced by the Company are described in the Company's Annual Management Discussion and analysis under the heading "Risk Factors" which is available for viewing and download on the Company's SEDAR profile at www.sedar.com. These business risks should be considered by interested parties when evaluating the Company's performance and its outlook.

SUBSEQUENT EVENTS:

On August 6, 2024, 7,808,948 warrants with an average price of $0.22 originally granted on August 6, 2021, expired unexercised.

On June 26, 2024, Ayurcann Holdings entered into a business combination with Arogo Capital Acquisition Corporation ("Arogo") (NASDAQ: AOGOU, AOGO, AOGOW), a special purpose acquisition company and its subsidiaries at a combined enterprise value estimated to be U.S. $210 million. Upon completion of the business combination, Ayurcann is expected to have on its balance sheet up to US$19.6 million in cash (assuming no redemptions by public stockholders of Arogo and before payment of transaction expenses and deferred underwriting fees) to continue their sustained revenue growth and growing market share.

ADDITIONAL INFORMATION

Other additional information relating to the Company may be found at www.sedar.com.

Toronto, Ontario

October 28, 2024