1CM Inc.

(Formerly, Leviathan Natural Products Inc.)

FORM 51-102FI

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2023

JULY 31, 2023

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2023

INTRODUCTION

The following management discussion and analysis provides a review of the financial results and condition of 1CM Inc. (formerly, Leviathan Natural Products Inc.) ("**1CM**" or the "**Company**") for the three and nine months ended May 31, 2023 (the "**MD&A**"). This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and nine months ended May 31, 2023 and the Company's audited consolidated financial statements for the year ended August 31, 2022. The consolidated financial statements for the above noted periods and the financial information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

This MD&A is prepared by management based on information available to management as at July 31, 2023. All amounts are expressed in Canadian dollars, unless otherwise noted.

Reference should also be made to the Company's filings with Canadian securities regulatory authorities, which are available at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain information regarding the Company that may constitute "*forward- looking information*" within the meaning of applicable securities laws. Forward-looking information and statements include all information and statements regarding the Company's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "*believe*", "*estimate*", "*expect*", "*intend*", "*anticipate*", "*foresee*", "*plan*", "*predict*", "*project*", "*aim*", "*seek*", "*strive*", "*potential*", "*continue*", "*target*", "*may*", "*might*", "*could*", "*should*", and similar expressions and variations thereof.

Forward-looking information and statements included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's continued intentions to execute strategic acquisitions extending across various markets in Canada and international markets to support the Company's retail cannabis, retail liquor, technology and proprietary branding strategies as opportunities arise; and
- The Company's plans and ability to execute on plans in relation to new product offerings and operations.

Forward-looking information and statements included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and market conditions;
- the Company's ability to execute on its business plan, and secure any licenses, permits, and authorizations which may from time to time become necessary to execute on its business plan;
- the Company's financial condition for the reasonably foreseeable future and its ability to carry out its development plans;
- the demand, and market opportunity, for the Company's product offerings;
- the Company's ability to establish, preserve and develop its brand, and attract and retain required personnel; and
- the impact of current and future social and economic conditions (including, not limited to, global pandemics) on the business and operations of the Company, and the Company's ability to capitalize on anticipated business opportunities.

Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements are based on our perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that we believe are appropriate in the circumstances. Such information and statements are, however, by their very nature, subject to inherent risks and uncertainties, of which many are beyond the control of the Company, and which give rise to the possibility that actual results could differ materially from our expectations expressed in, or implied by, such forward-looking information or forward-looking statements.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions that actual performance will be affected by several factors, many of which are beyond the Company's control, and that future events and results may vary substantially from what the Company currently foresees. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking information. The forward-looking statements contained in this document speak only as of the date of this document; in addition, the Company expressly disclaims any obligation to publicly update or alter its previously issued forward-looking information, unless required to do so under applicable securities law.

CORPORATE OVERVIEW

1CM is a publicly traded company, incorporated in the Province of Ontario and domiciled in Canada. The Company's registered office is located at 625 Cochrane Dr, Markham, ON, L3R 9R9 Suite 802, Markham, ON L3R 9R9. 1CM's common shares are traded on the Canadian Securities Exchange under the symbol "**EPIC**" and on the OTCQB under the symbol "**MILFF**".

1CM is a multi-jurisdictional cannabis company, focused on becoming a leader in the Cannabis industry. The Company is focused on expanding its current cannabis operations through organic growth and by the way of merger and acquisition transactions.

The Company's material activities during the past nine months were through its wholly-owned subsidiary One Cannabis Market Inc. ("**OCM**"), the wholly-owned subsidiary Tirthankar Limited, and related companies, T Cannabis NW Inc, Cost Cannabis Inc., and T Cann Mgmt Corp., (the "**Tirthankar Entities**"), the wholly-owned subsidiary Cost Cannabis (SK), and the wholly-owned subsidiary Cost Cannabis Inc. (BC), which wholly-owns Fresh Cannabis Co. and 1267842 B.C. Ltd.

See *Interest in Subsidiaries* for a complete list of the Company's operating and non-operating subsidiaries.

BUSINESS STRATEGY

1CM's business strategy involves consistently diversifying and expanding its retail operations, thereby allowing shareholders to benefit from its accretive growth. By capitalizing on the company's existing expertise and experience within the industry, 1CM endeavors to grow its presence in both Canadian and international markets, further enhancing its investments and delivering value to its current and prospective investors. The Company has been focused on expanding its retail cannabis presence and its liquor retail market presence.

In line with this strategic vision, the Company has been successfully executing on its business strategy through a series of acquisitions and letters of intent it has entered into. These acquisitions span various retail and technology markets, both in Canada and internationally, demonstrating the company's commitment to supporting its growth plans both organically and through acquisitions as opportunities present themselves. The Company has been able to successfully obtain multiple liquor retail license permits and continues to expand its retail cannabis presence.

By actively pursuing and integrating these acquisitions, 1CM has effectively expanded its footprint in the cannabis sector and reinforced its position as a key player in the industry. This ongoing execution of strategic acquisitions not only strengthens the company's operational capabilities but also creates a diverse and robust portfolio that further solidifies its presence and appeal to investors. In doing so, 1CM is well-positioned to capitalize on the growing opportunities in the global cannabis market while continuing to deliver value to its shareholders.

CORPORATE STRUCTURAL HISTORY AND BUSINESS UPDATES

The Company was originally incorporated as Gideon Capital Corp. on June 15, 2011 under the provisions of the *Business Corporations Act of Ontario* and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange corporate finance manual.

On December 31, 2013, the Company, 2396933 Ontario Inc. ("**2396933 Ontario**"), a wholly owned subsidiary of the Company and Bathurst Resources Corp. ("**Bathurs**t") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 Ontario and The Company issued one common share for each common share of Bathurst outstanding (the "**Transaction**"). The Transaction constituted a reverse take-over and the Company's Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, the Company filed articles of amendment to changed its name from Gideon Capital Corp. to Morgan Resources Corp.

From 2013 to 2016, the Company, as Morgan Resources Corp., was a mining exploration company with an option on certain volcanic-hosted sulphide properties in the Province of New Brunswick known as the Gloucester Project.

On December 22, 2017, the Company completed the acquisition of Jekyll + Hyde after the Company delisted from the NEX Board of the TSX Venture Exchange. The Company then initiated a three-cornered amalgamation of Jekyll + Hyde, Morgan Resources and Bathurst Resources Corp., a wholly owned subsidiary of Morgan Resources. Under the terms of the acquisition, the Company issued 12,166,667 common shares to the shareholders of Jekyll + Hyde.

On January 23, 2018, the Company commenced trading on the Canadian Securities Exchange under the ticker symbol CSE: JH.

On March 28, 2018, the Company files articles of amendment to change its name to Leviathan Cannabis Group Inc. On April 15, 2018, the Company's common shares began trading under the new name and the symbol CSE: EPIC.

On July 21, 2020, the Company amended it articles and changed its name to Leviathan Natural Products Inc. after receiving shareholder approval, by way of a special resolution, at the Company's Annual and Special Meeting of Shareholders held on June 23, 2020. The Company continues to trade under the symbol CSE: EPIC.

On October 25, 2021, the Company entered into a definitive agreement to acquire all the issued and outstanding shares of Tirthankar Ltd. and related companies, which is a cannabis retail operator with more than 10 retail stores. Details are noted below in *Acquisition of Tirthankar Entities.*

On March 7, 2022, Matthew Brace, David Jarvis and Martin J. Doane resigned from Issuer's board of directors and were replaced by Tanvi Bhandari, Rupalee Mehta and Lucas Leone, Tanvi Bhandari replaced Martin J. Doane as CEO; Harshil Chovatiya was named COO and replaced Luvlina Sanghera as Secretary; and Manish Z. Kshatriya replaced Jayne Beckwith as CFO.

On March 11, 2022, the Company issued 5,000,000 common shares at a price of $0.60 per common share for gross aggregate proceeds of $3,000,000. On May 5, 2022, the Company issued 3,333,333 common shares at a price of $0.60 per common share for gross proceeds of $2,000,000.

On March 21, 2022, the Company approved the grant of stock options to purchase an aggregate 2,000,000 common shares of the Issuer (the "Stock Options") to a director of the Company. The Stock Options are exercisable at a price of $0.82 per share until March 21, 2026. Upon issuance, 50% of the Stock Options will vest on March 21, 2023 and the remaining 50% vest on March 21, 2024.

On June 3, 2022 and in connection with the cancellation of 1,000,000 stock options, the Company granted 1,000,000 stock options to an officer at an exercise price of $0.95 per share. 50% of these stock options vest on June 3, 2023 while the remaining 50% of these stock options vest on June 3, 2024. These stock options expire two years from the date of vesting.

During the year ended August 31, 2022, 5,875,000 stock options exercisable at a price of $0.65 were forfeited and cancelled.

On August 31, 2022, the Company announced that the Board appointed Linda Marabeti Romano as the Company's Chief Financial Officer. Ms. Romano replaces Manish Z. Kshatriya, the Company's previous Chief Financial Officer who was appointed on March 7, 2022.

On September 7, 2022, the Company completed its name change from Leviathan Natural Products to 1CM Inc.

On October 31, 2022, the Company entered into Letter of Intent (LOI) with Veridia Canada Ltd. (the "Purchaser") regarding its possible sale of all of the issued and outstanding shares in the capital of LCG Holdings Inc. (Columbia).

On November 9, 2022 the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

On November 17, 2022, the Company entered into an asset purchase agreement with Veridia USA, LLC and completed the sale of its entire interest in the property located in Leviathan USA (Tennessee, USA) together with all buildings, structures, and equipment situated thereon and associated debt obligations attached to the buildings, structures, and equipment.

On January 20, 2023, the Company announced that it has entered into a strategic agreement with Greenline POS, a subsidiary of BLAZE Solutions Inc. This strategic agreement will allow 1CM to develop technologies collaboratively with Greenline's team over the next 3 years. The scope of collaboration also includes amongst other technologies, using Greenline's Loyalty platform as the source of truth for 1CM Customer Wallets, providing the infrastructure for a Loyalty Points based Cryptocurrency and NFTs which will have both utility and collectability.

On February 24, 2023, the Company appointed Harshil Chovatiya as Chief Financial Officer. Mr. Chovatiya replaces Linda Marabeti Romano, who had been serving as the Company's Chief Financial Officer since August 31, 2022.

On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc., and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.

On March 27, 2023, the Company announced that it entered into a business collaboration agreement with Herbidus Formulations Pvt Ltd. (the "Trost"). The scope of collaboration includes licensing 1CM Inc's brands to the Trost for its manufacturing of Cannabis Ayurvedic Herbal Cigarettes ("Rollen" or "pre-rolls"), and the establishment of 2 Ayurvedic Medicine Flagship Clinics. If Trost can achieve the milestones set out in the Business Collaboration Agreement, and pending all regulatory approval, 1CM Inc. will have the ability to purchase the Trost based on a predetermined valuation formula not to exceed an enterprise value of Rs 50,00,00,000 (Approximately CDN $8,337,815). The Company expects activities in relation to this arrangement to commence in the upcoming fiscal year.

On April 11, 2023, the Company announced that it entered into a letter of intent to acquire Nugget Data, a cannabis technology platform founded by industry veterans, in a move that will provide significant synergies between the two companies in the technology place.

On June 9, 2023, the Company announced a $5,000,000 non-brokered private placement to issue 3,333,333 common shares in the capital of the Company at a price of $1.50 per common share for total gross proceeds of up to $5,000,000.

On June 26, 2023, the Company announced that through its wholly-owned subsidiary, Cost Cannabis Inc., has won the Saskatchewan Liquor and Gaming Authority (SGLA) auctions for six retail liquor store permits in Regina, Saskatoon, Watrous, Creighton, Assiniboia, and Humboldt.

On June 29, 2023, the Company announced that it entered into a private retail operator agreement with Cannabis NB Ltd., a provincial crown corporation responsible for cannabis regulation in New Brunswick to open two retail cannabis stores. 1CM is the currently the only publicly traded company to operate cannabis retail stores in the province.

On July 13, 2023, the Company announced the grand opening of two new retail cannabis stores in the province of Alberta. This expansion marks the Company's entrance into the Alberta market, making it the fifth province in which the Company operates retail cannabis locations.

On July 26, 2023, the Company announced the opening if its first liquor retail store, located in Creighton, Saskatchewan.

On July 31, 2023, the Company announced the opening if its second liquor retail store located in Lloydminster, Alberta.

ACQUISITIONS AND DISPOSITIONS

Acquisition of One Cannabis Market Inc.

On June 9, 2022, the Company acquired all of the issued and outstanding shares of One Cannabis Market Inc. ("OCM") for a total consideration of 500,000 common shares of the Issuer (the "OCM Acquisition").

OCM is a technology company that provides solutions to consumers and business in dynamic markets. OCM's technology address challenges facing consumers seeking information in saturated markets and business looking for a single source software. In connection with the OCM Acquisition, the Company granted 500,000 stock options to an Officer of the Company at an exercise price of $1.10 per share, vesting over a two-year period. 250,000 of these stock options expire on June 9, 2025 while the remaining 250,000 stock options expire on June 9, 2026.

Acquisition of Tirthankar Entities

On August 31, 2022, the Company completed the definitive agreement (the "Tirthankar Agreement") to acquire all of the issued and outstanding shares of Tirthankar Ltd. and related companies (the "Tirthankar Entities"), which is a cannabis retail operator with more than 15 retail stores.

Pursuant to the Tirthankar Agreement, 1CM acquired all of the issued and outstanding shares of the Tirthankar Entities in consideration for $1.8 million cash and 15,750,000 common shares of 1CM. 1CM also issued 250,000 common shares to certain employees of the Tirthankar Entities as a retention bonus. All the common shares of 1CM issued under the Tirthankar Agreement are subject to contractual restrictions on trading.

In connection with the Tirthankar Agreement, the Company announced that Tanvi Bhandari, founder and senior officer of the Tirthankar Entities, was appointed to the Company's board of directors and as a CEO on March 7, 2022.

The Tirthankar Entities' stores operate under its retail brands "T CANNABIS" and "COST CANNABIS" offering a wide variety of cannabis brands and products, including flower, pre-rolls, concentrates, edibles, beverages, vapes, topicals, seeds, and accessories.

Acquisition of Fresh Cannabis Co.

On December 1, 2022, the Company completed the acquisition of Fresh Cannabis Co. Inc. ("Fresh Cannabis") for total cash consideration of $375,000 (the "Fresh Cannabis Acquisition"). Fresh Cannabis is a cannabis retail store operation located in British Columbia, Canada.

Acquisition of Greenery Cannabis Boutique Ltd.

On December 14, 2022, the Company completed the acquisition of 1267842 B.C. Ltd. (o/a Greenery Cannabis Boutique Ltd.) ("Greenery Cannabis") for total cash consideration of $70,000 (the "Greenery Cannabis Acquisition"). Greenery Cannabis is a cannabis retail store operation located in British Columbia, Canada.

Sale of Woodstock Biomed Inc.

On August 31, 2022, the Company completed the sale of its 100% interest in Woodstock Biomed Inc. ("Woodstock Biomed") for total consideration of $5,000,000 (the "Woodstock Sale"). The proceeds from the Woodstock Sale are intended to be used for general corporate purposes and working capital needs.

Leviathian US, Inc.

On July 25, 2019, the Company's subsidiary Leviathan US, Inc. purchased a 9.75-acre property with a 37,000 square foot vacant industrial building in Carthage, Tennessee, USA for cash of US$312,148 (the "**Tennessee Facility**").
During April 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000

On November 17, 2022, the Company finalized an asset purchase agreement with Veridia USA, LLC, disposing of its entire interest in the property situated in Leviathan USA (Tennessee US), along with all related assets, namely buildings, structures and equipment as well as associated payable balances and mortgages. The total consideration received for the disposition amounted to 3,332,875 (US $2.5 million).

LCG Holdings Inc. and Columbian Subsidiaries

In July 2022, the Company acquired the remaining 35% of LCG Holdings Inc. for cash consideration of $35, resulting in the Company having 100% ownership in LCG Holdings Inc., and its two related Columbian subsidiaries.

On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc., and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "**Columbian Assets**"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.

As a result of the Company's disposition of its interest in Columbia, the Company no longer has any operational risk from Columbia.

Canada Emergency Business Account Loan

As at May 31, 2023, the Company had a $60,000 (August 31, 2022 – $60,000) loan outstanding from the Canada Emergency Business Account ("CEBA"). The CEBA loan is an interest-free loan provided by the Canadian Government through the Company's bank in the context of the COVID-19 pandemic outbreak to finance operating costs. The CEBA loan had an initial repayment date of December 31, 2022 which was extended to December 31, 2023 on January 12, 2022. The repayment of the CEBA loan on or before December 31, 2023 will result in an aggregate forgiveness of $20,000 of the total $60,000 loan. If the CEBA loan is not repaid by December 31, 2023, it will automatically extend for three additional years with an interest rate of 5%.

RESULTS OF OPERATIONS

Summary of Quarterly Financial Information from continuing operations:

For the period ended	$ Q3FY23	$ Q2FY23	$ Q1FY23	$ Q4FY22
Revenues	8,703,297	7,693,225	7,406,188	343,855
Expenses	9,373,486	8,199,205	7,076,970	730,828
Net & Comprehensive Income (Loss)	(670,189)	(483,480)	161,871	(1,736,643)
Basic & Diluted Income (Loss) per Share	(0.01)	(0.01)	0.01	(0.02)

For the period ended	$ Q3FY22	$ Q2FY23	$ Q1FY22	$ Q4FY21
Revenues	145,795	213,235	139,606	180,422
Expenses	1,269,014	1,365,551	1,203,986	1,819,692
Net and Comprehensive Loss	(1,105,793)	(1,113,229)	(1,050,901)	(1,933,232)
Basic & Diluted Loss per Share	(0.01)	(0.01)	(0.01)	(0.02)

Overview of continuing operations

The operations for the three and nine months ended May 31, 2023 and 2022 are as follows:

Revenues

Sales for the three and nine months ended May 31, 2023 amounted to $8,703,297 and $23,802,710, respectively, as compared to $235,299 and $764,229, respectively for the three and nine months ended May 31, 2022. Cost of sales for the three and nine months ended May 31, 2023 amounted to $6,932,841 and $18,715,972, respectively, as compared to $279,355 and $770,142, respectively for the three and nine months ended May 31, 2022.

The significant increase quarter over quarter is due to the accretive revenue generated from the acquisition of the Tirthankar entities.

Expenses

Expenses from continuing operations for the three and nine months ended May 31, 2023 amounted to $2,463,145 and $5,956,196, respectively, as compared to $1,067,425 and $3,299,332, respectively for the three and nine months ended May 31, 2022. These expenses included:

Professional fees for the three and nine months ended May 31, 2023 amounted to $148,281 and $418,893, respectively, as compared to $76,932 and $244,173, respectively for the three and nine months ended May 31, 2022. Increase in professional fees was due to increased legal work associated with the business and asset acquisitions and due diligence associated with proposed transactions, along with overall increased business activity. Management expects continued increased professional fees in relation to contemplated transactions as noted above.

Salaries, wages and consulting fees for the three and nine months ended May 31, 2023 amounted to $575,129 and $1,931,088, respectively, as compared to $180,338 and $793,537, respectively for the three and nine months ended May 31, 2022. Salaries, wages and consulting fees have increased in the comparative periods as a result of retail expansion. Management expects higher levels of expenditure for fiscal 2023 as the business grows and requires additional personnel.

Office and general for the three and nine months ended May 31, 2023 amounted to $424,343 and $1,243,841, respectively, as compared to $51,742 and $173,608, respectively for the three and nine months ended May 31, 2022. Costs have significantly increased from the prior year due to increased work related to overall business activity increased associated with retail growth. Management expects these expenses continue to increase related to upcoming transactions.

Investor relations and fees for the three and nine months ended May 31, 2023 amounted to $12,828 and $44,408, respectively, as compared to $21,556 and $56,558, respectively for the three and nine months ended May 31, 2022. Management expects higher levels of expenditure in 2023.

Share-based compensation for the three and nine months ended May 31, 2023 amounted to $285,967 and $1,157,065, respectively, as compared to $130,241 and $216,914, respectively for the three and nine months ended May 31, 2022. Share-based compensation expense relates to the vesting of stock-options issued in fiscal 2022. Management plans to use share-based incentive compensation arrangements to recruit key persons as needed and expects higher levels of share-based compensation in 2023 as the business grows and requires additional skilled personnel.

Interest, net for the three and nine months ended May 31, 2023 amounted to $363,791 and $1,078,256, respectively, as compared to $483,656 and $1,416,830, respectively for the three and nine months ended May 31, 2022. Interest expense includes accretion of a discount due to the fair value of the cash flows of a modified loan. Interest has also increased as a result of increased interest on lease liability expenses. Management expects that interest expenses will continue to increase in future periods in relation to the interest and accretion on the $7.5 million revolving facility.

Net loss for the three and nine months ended May 31, 2023 amounted to $670,189 and $801,958, respectively, as compared to $1,111,481 and $3,305,245, respectively for the three and nine months ended May 31, 2022.

Net comprehensive loss for the three and nine months ended May 31, 2023 amounted to $647,399 and $969,350, respectively, as compared to $1,105,793 and $3,289,923, respectively for the three and nine months ended May 31, 2022.

TRENDS AND OTHER INFORMATION

The Company has limited financial resources. Consequently, Management secured a short-term revolving credit facility for up to $7,500,000 to fund the buildout of facilities in Tennessee and Colombia and to provide working capital to the Company. Outstanding drawdowns bear an interest charge 10% per annum from the date of each advance. The maturity date of the credit facility has been extended to December 31, 2023 (from October 15, 2021); interest payments are only to be payable on December 31 of each year during the term (from once every four months); and the interest payments due August 31, 2020, and December 31, 2020 and 2021, have been capitalized into the principal amount of the credit facility. The Company may at its discretion repay the balance of principal and / or interest owing at any time without penalty. There are no assurances that additional funding will be available for working capital purposes if the Company is not successful in its efforts to generate revenues and / or secure additional financing through other debt facilities or equity capital raises. As at August 31, 2022 the Company has taken a total draw of $8,211,648 (August 31, 2021 – $7,473,603) inclusive $738,045 of interest that was capitalized on December 31, 2021. During the nine months ended May 31, 2023, the Company repaid a significant portion of the Bridge Loan as a result of the sale of its assets held in Verdia USA, LLC of $7,332,875. As a result, the closing balance amounted to $1,163,866 as at May 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of approximately $1,074,896 as at May 31, 2023 (August 31, 2022 – $857,431). The Company had cash of $1,536,253 (August 31, 2022 – $2,236,949).

In order to realize on the Company's buildout and operation of cannabinoid processing facilities, the Company is intending to utilize the following sources of funding:

With respect to the $7.5 million Revolving Credit Facility, the facility would become immediately payable by the Company if the Company triggered an "event of default" unless waived by the Lender. Triggering events, from Management's perspective, are not considered onerous and are standard in similar types of credit facilities. Specific triggering events would include, (a) failure to pay interest on a due date; (b) the Company becomes insolvent or admits in writing that it is unable to pay its debts; (c) seeks any form of creditor protection; (d) initiates a corporate liquidation, winding up etc.; and (e) appointment of a receiver or its equivalent. The Revolving Credit Facility is not dependent upon any earnings per share, cash flow, or share price metrics.

On March 11, 2022, the Company issued 5,000,000 common shares at a price of $0.60 per common share for gross aggregate proceeds of $3,000,000. On April 28, 2022, the Company issued 3,333,333 common shares at a price of $0.60 per common share for gross aggregate proceeds of $2,000,000.

On November 9, 2022, the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

On November 17, 2022, the Company entered into an asset purchase agreement with Veridia USA, LLC and completed the sale of its entire interest in the property located in Leviathan USA (Tennessee US) together with all assets, namely buildings, structures and equipment situated thereon and the respective payable balances and mortgages attached to the assets. Consideration received for the disposition of these assets amounted to 3,332,875 (US $2.5 million). The net assets sold amounted to $1,899,914 (US $1,452,649), resulting in a gain on disposal of assets in the amount of $1,398,214 on the statement of operations and comprehensive loss.

On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc. (and its wholly owned subsidiaries, Grupo LCG SAS and Natural Origins SAS), and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds. The Company recorded a loss on this transaction in the amount of $93,000.

On June 9, 2023, the Company announced a $5,000,000 non-brokered private placement to issue 3,333,333 common shares in the capital of the Company at a price of $1.50 per common share for total gross proceeds of up to $5,000,000.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

None, refer to CORPORATE STRUCTURAL HISTORY AND BUSINESS UPDATES.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

SHARE CAPITAL OUTSTANDING	**August 31, 2022**	**May 31, 2023**	**July 31, 2023**
Shares	110,403,602	114,403,602	114,403,602
Options (a)	4,550,000	4,500,000	4,500,000
Warrants and other equity instruments (b)	-	-	-
(a)			
$0.60 options expiring Nov 2020-Aug 2022	-	-	-
$0.60 options expiring May 2021 – Feb 2023	50,000	-	-

$0.60 options expiring Mar 21, 2024	1,000,000	1,000,000	1,000,000
$0.65 options expiring August 27, 2024	-	-	-
$0.82 options expiring March 21, 2025	1,000,000	1,000,000	1,000,000
$0.82 options expiring March 21, 2026	1,000,000	1,000,000	1,000,000
$0.95 options expiring June 3, 2025	500,000	500,000	500,000
$0.95 options expiring June 3, 2026	500,000	500,000	500,000
$1.10 options expiring June 9, 2025	250,000	250,000	250,000
$1.10 options expiring June 9, 2026	250,000	250,000	250,000
Total	4,550,000	4,500,000	4,500,000

(b) There are no warrants or any other equity instruments aside from common shares and stock options outstanding as at August 31, 2022, May 31, 2023, and as at the date of this MD&A. The Company had 14,248,334 share purchase warrants which expired on December 31, 2021.

RELATED PARTY TRANSACTIONS

During the three and nine months ended May 31, 2023, the Company entered into transactions and had outstanding balances with various related parties. The details of the related party transactions are summarized as follows:

Compensation to Management, Directors, and other Key Personnel

The remuneration expense of directors and other members of key management personnel, or companies under their control, are as follows:

For the nine months ended May 31,		**2023**		**2022**
Salaries, consulting and benefits (a)	$	240,000	$	336,000
	$	**240,000**	**$**	**336,000**

For the three months ended May 31,		**2023**		**2022**
Salaries, consulting and benefits (a)	$	80,000	$	168,000
	$	**80,000**	**$**	**168,000**

(a) As at May 31, 2023, $32,000 (August 31, 2022 - $34,905) due to directors, officers and shareholders is included in accounts payable and accrued liabilities.

(b) In December 2021, the Company entered into loan agreements with two officers of the Company for $27,000 and $8,000. The loans bear interest at a rate of 10% per annum, payable on April 20, 2022, August 31, 2022 and on December 31, 2022. The $27,000 loan is due and payable in full on December 8, 2022 and the $8,000 loan is due and payable on December 23, 2022. The loans were repaid during the year (see Note 9(g)).

c) As per the terms of the Purchase agreement Tirthankar Entities will pay a fee of up to 1.5% of sales plus $60,000 per annum to a company owned by the CEO of the Company, Tanvi Bhandari.).

d) One Cannabis Market Inc. was majority owned by a company that was owned by an immediate family member of the CEO of the company, prior to its acquisition by the Company.

e) Tirthankar Limited and related companies were acquired from the current CEO of the Company. During the initial execution of the agreement Tanvi Bhandari was not CEO of the company but was appointed as CEO of the company on March 7, 2022 prior to the closing of the transaction.

f) Tirthankar Limited currently leases the properties located at Kenora, Cochrane, and Sioux Lookout from Smiths Falls Property Inc, a company that is wholly owned and controlled by the CEO of the Company.

INTEREST IN SUBSIDIARIES

The Company's condensed interim consolidated financial statements incorporate the activities of the Company's subsidiaries from the date the Company acquires control to the date control is relinquished.

The Company's direct and ultimate subsidiaries and relative ownership interests are as follows:

Subsidiary	Domicile	Ownership Interest – May 31, 2023	Ownership Interest – August 31, 2022	Date Control Acquired
Bathurst Resources Corp.	Canada	100%	100%	December 31, 2013
Jekyll and Hyde Brand Builders Inc.	Canada	100%	100%	December 22, 2017
Leviathan US, Inc. (100%) (i)	USA	100%	100%	April 15, 2019
LCG Holdings Inc. (100%) (ii)	Canada	0%	100%	August 1, 2019
Grupo LCG SAS (ii)	Colombia	0%	100%	August 21, 2019
Natural Origins SAS (ii)	Colombia	100%	100%	August 17, 2021
One Cannabis Market Inc.	Canada	100%	100%	June 9 2022
T Cannabis NW Inc.	Canada	100%	100%	August 31 2022
Tirthankar Limited	Canada	100 %	100 %	August 31 2022
T CANN MGMT CORP.	Canada	100 %	100 %	August 31 2022
Cost Cannabis Inc. (SK)	Canada	100%	100%	August 31, 2022
Cost Cannabis Inc. (BC)	Canada	100%	0%	December 1, 2022
Fresh Cannabis Co. Inc. (iii)	Canada	100%	0%	December 1, 2022
1267842 B.C. Ltd. (iv)	Canada	100%	0%	December 14, 2022

(i) During the year ended August 31, 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000.

(ii) The Company has established LCG Holdings Inc. as a business venture to cultivate hemp and manufacture cannabidiol ("CBD") isolate and other extracted products in the rich agricultural region of Republic of Colombia, South America. During the year ended August 31, 2022, the Company acquired the remaining 35% of LCG Holdings Inc. for $35. On March 10, 2023, the Company disposed of its interest in LCG Holdings Inc., and it's subsidiaries (Note 5), Grupo LCG SAS and Natural Orgins SAS, a wholly-owned subsidiary of Grupo LCG SAS.

(iii) Fresh Cannabis Co. Inc. is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

(iv) 1267842 B.C. Ltd. is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

RISKS AND UNCERTAINTIES

Risks Arising from Financial Instruments and Risk Management:

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company identifies, evaluates and, where appropriate, mitigates financial risks. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board is responsible to review the Company's risk management policies.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates equity prices and the wholesale and selling prices of cannabis will impact the Company's income or the value of its holdings or financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign exchange risk

The Company operates in Canada, the United States and Colombia. A portion of the Company's expenses are incurred in other countries primarily the United States dollars ("US dollar"). Foreign exchange risk arises because the cost of transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company has not entered any foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have a significant effect on the Company's results of operations, financial position or cash flows. As at May 31, 2023, the Company did not hedge its foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and there not currently subject to any significant interest rate risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company believes there is insignificant credit risk associated with its accounts receivable based on the nature of the counterparties.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs.

Liquidity and Funding Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. The Company manages its funding risk by forecasting its cash needs on a regular basis and continuously monitoring the stock price and other market conditions.

Colombia

Operating a business in Colombia, an emerging market, can pose significant challenges. Colombia has had a history of significant political violence since becoming a republic in 1819. In the last 50 years, the inequitable distribution of wealth has fueled "left vs. right" civil wars. This sectarian violence created a weakened government that allowed various drug cartels to impose their will over various sections of the country. While the government finally reached a peace agreement with the largest rebel group in 2016 and has actively reasserted legitimate civil control over the country there is no guarantee that Colombia will not return to its earlier state of political instability resulting in the breakdown of the rule of law. The Company no longer has any risk related to Columbia as a result of its disposal of its subsidiary with wholly-owned operations in Columbia.

Capital Management

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and to provide an adequate return to shareholders commensurate with the level of risk associated with an early-stage company.

The capital structure of the Company consists of cash, long-term debt and equity comprising, issued capital, contributed surplus, warrants, and stock options.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

Other Risks and Uncertainty

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control, which could have a material adverse effect upon the Company, its business and prospects. Investors should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not exhaustive. There may be risks and uncertainties not presently known to the Company or that the Company believes to be immaterial, which could adversely affect the Company and its business in the future.

Risks Related to the Company's Financial Condition

The Company has mainly relied on equity and debt financing to support operations and will continue to need significant amounts of additional capital. The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, and through equity and / or debt financing. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favorable terms. The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates. The availability of financing will be affected by the results of scientific and clinical research, the Company's ability to attain regulatory approvals, the market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, and other relevant commercial considerations. Any future equity financing could result in significant dilution to existing shareholders.

Risks Related to the Company's Businesses and Operations Regulatory

Changes to government policies, whether in Canada, the United States or Colombia, and the current regulatory framework is outside of the Company's control and hence, the Company is subject to any changes in the regulatory framework, which may cause the Company to adjust its operations or impact the Company's profit margins.

Limited Operating History

The Company's operations are in the early-stage business cycle, subject to the risks any early-stage business faces. The Company has incurred operating losses since commencing operations. The success, among other things, is dependent on profitability of operations, ability to raise funds when necessary, in a timely manner, and senior management's ability to execute on its strategy. The Company may incur losses in the future and may never achieve profitability.

Reliance on Management

The Company is reliant on senior management's ability to execute on its strategy. This exposes the Company to management's ability to perform, and as well the risk of management leaving the Company. To mitigate this risk, the Company has implemented incentive plans for all members of the senior management team.

Risks Relating to the Cannabis Industry Change in Law, Regulations and Guidelines

The cannabis industry in Canada, the hemp industry in the United States, and the cannabis industry in Colombia are all highly regulated at all levels of government (i.e. Federal, Provincial, State, Municipal) and are subject to a wide and onerous variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medicinal, adult recreational cannabis, and hemp oil / distillates.in Canada, the United States and Colombia. Changes in such laws, regulations and guidelines may cause adverse effects on the Company's operations. On February 24, 2016, the Federal Court of Canada released its decision in the case of Allard et al v. Canada, declaring that the MMPR, as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section7 of the Charter of Rights and Freedoms. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime, which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. On October 17, 2018, Canada legalized the cultivation and sale of adult recreational cannabis nationally introducing a new national cannabis reporting and tracking system launched concurrently with the coming into force of the national Cannabis Act. Beginning October 17, 2018, the Cannabis Tracking and Licensing System applies to all public and private parties licensed by Health Canada to sell medicinal and/or adult recreational cannabis under the various provincial regulations to consumers or other Federally licensed cannabis companies.

On December 12, 2018, Congress passed the U.S. Farm Bill and it became law on December 20, 2018. This legislation exempts hemp from the Controlled Substances Act and allows the import and export of hemp-derived products across U.S. state lines.

In 2016, Colombia proposed a legal framework for the regulated cultivation and manufacture of medical cannabis for domestic use and exportation. In 2017, President Juan Manual Santos signed into law, a regulatory framework that permitted individuals and businesses to engage in the cannabis industry through a licensing framework (4 qualifying licenses) for cannabis production.

Regulatory Risk

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada, and US and Colombian regulators, as enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of the Company's products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation, which may be required by government authorities. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operation and financial condition.

Unfavorable Publicity or Consumer Perception

The success of the medical and non-medical cannabis and hemp industries may be significantly influenced by the public's perception of cannabis' and hemp's medicinal applications. Cannabis is a controversial topic and there is no guarantee that future scientific research, publicity, regulations, medical and public opinion relating to medicinal and/or adult recreational cannabis or medicinal hemp will be favorable. The medical and non-medical cannabis and hemp industries are early-stage businesses, which are constantly evolving with no guarantee of viability. The market for medical and non-medical cannabis and hemp is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical and public opinions relating to the consumption of medical and non-medical cannabis and hemp may have a material adverse effect on operational results, consumer base and financial results.

Competition

The market for the medical and non-medical cannabis in Canada and medical hemp in the USA products appear to be sizeable. As a result, the Company expects significant competition from other companies both domestically and abroad. Many companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Should the size of the medical and non- medical cannabis and hemp markets increase as projected, the demand for products will increase as well, and in order for the Company to be competitive, it will need to invest significantly in research and development, marketing, production, distribution, expansion, new client identification and customer support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

Risks Relating to COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization in 2020. The situation continues to be dynamic with no visibility on the ultimate duration and magnitude of the impact on the economy presently. Consequently, the pandemic could affect the Company's ability to maintain operations, to obtain debt and equity financing, result in the impairment of investments, the impairment in the value of the Company's long-lived assets, or adversely affect the revenue or the profitability of ongoing operations.

Risks Relating to the Company's Common Shares

The Company has not paid any cash dividends on its common shares and, for the foreseeable future, the Company does not intend to pay any cash dividends on its common shares and therefore, its shareholders may not be able to receive a return on their shares unless they are able to sell their shares. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time-to- time. Any decision to pay dividends on the common shares of the Company will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

The market price and trading volume of the Company's common shares is volatile and may continue to be volatile in the future. Variations in earnings estimates by securities analysts and the market prices of the securities of competitors may also lead to fluctuations in the trading price of the common shares. In addition, the financial markets may experience significant price and volume fluctuations that affect the market price of the Company's common shares that are not related to the Company's operating performance. Broad market fluctuation and economic conditions generally, and in the cannabis and hemp sectors specifically, may adversely affect the market price of the Company's common shares.

The significant costs that the Company will incur as a result of being a public company in Canada could also adversely affect its business.

ADDITIONAL INFORMATION

(1) Additional information may be found on SEDAR at www.sedar.com;
(2) Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities authorized for issuance under equity compensation plans will be included in the information circular for the Company's next annual general meeting of security holders;
(3) Additional information relating to the Company can be requested via (717) 888-8889.