Management's Discussion and Analysis

Gaia Grow Corp.

For the nine months ended September 30, 2021

The following management discussion and analysis ("MD&A") should be read in conjunction with the consolidated interim financial statements and accompanying notes ("Financial Statements") of Gaia Grow Corp. (the "Company") for the nine months ended September 30, 2021. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

Introduction

The following discussion of performance and financial condition should be read in conjunction with the consolidated interim financial statements of Gaia Grow Corp. (the "Company" or "Gaia Grow") for the nine months ended September 30, 2021. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company's reporting currency is Canadian dollars unless otherwise stated. This Management's Discussion and Analysis ("MD&A") is dated November 10, 2021.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company's operations have not been significantly adversely affected by the COVID-19 pandemic. However, the Company cannot accurately predict the impact COVID-19 will have on its future operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

Major transactions

Gaia Grow Corp. (formerly Spirit Bear Capital Corp.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 8, 2011. The Company was listed on the TSX Venture Exchange ("TSX-V") until April 15, 2020 when it was subsequently delisted and commenced trading on the Canadian Securities Exchange ("CSE"). The Company's head and registered office is located at 10th Floor, 595 Howe Street, Vancouver, BC, Canada.

On July 23, 2019, the Company completed a reverse takeover transaction (the "RTO"), which was effected pursuant to an amalgamation agreement between Spirit Bear and Gaia Holdings Corp. (formerly Gaia Investments Inc.) ("Gaia Holdings"), a privately held arm's length company continued under the laws of the *Business Corporations Act* (British Columbia).

Pursuant to the RTO, the Company issued an aggregate of 120,000,000 common shares of the Company in exchange for all of the issued and outstanding shares of Gaia Holdings. Upon closing of the transaction, the shareholders of Gaia Holdings owned 80% of the common shares of the Company and, as a result, the transaction is considered a reverse acquisition of the Company by Gaia Holdings. The Company changed its year end from January 31st to December 31st in order to align the fiscal year period to that of Gaia Holdings.

Concurrent with the completion of the RTO, the Company completed a private placement financing of 44,076,969 common shares at a price of $0.10 per share for proceeds of $4,407,697. The Company paid finders' fees of $140,632.

Subsequent to the RTO, the Company is in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada.

On March 22, 2019, prior to the RTO, Gaia Holdings acquired all of the issued and outstanding common shares of Gaia Bio-Pharmaceuticals Inc. ("Gaia Bio"), a privately held arm's length company continued under the laws of the *Business Corporations Act* (Alberta), for the following consideration:

(a) $200,000 to the shareholders of Gaia Bio;
(b) the issuance of 8,400,000 common shares, at a fair value of $840,000, of the issued and outstanding common shares of Gaia Holdings;
(c) The shareholders of Gaia Bio may be entitled to an additional payment in the event the 8,400,000 common shares issued by the Company to acquire Gaia Bio are valued at less than $2,000,000 at any time during the sixty-day period following the date at which Gaia Bio receives a license to produce and sell cannabis by Health Canada under the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"). In such a case, an additional payment of $1,600,000 will be owing to the former shareholders of Gaia Bio, to be satisfied in cash or through the issuance of common shares of the Company based upon the greater of: (i) the thirty-day volume-weighted average trading price of the common shares of the Company on the Exchange at the time of issuance, and (ii) $0.10 per share. At December 31, 2019, the Company has not applied or received a license to sell cannabis from Health Canada under ACMPR.

On April 16, 2020, the common shares of the Company commenced trading on the Canadian Securities Exchange. In connection with completion of the listing, the common shares were delisted from the TSX Venture Exchange effective at the closing of markets on April 15, 2020.

On April 21, 2020, the Company entered into a share exchange agreement with Blackhawk Growth Corp. ("Blackhawk"), a public company with directors in common. Blackhawk is the owner of all of the issued and outstanding shares of 1202465 B.C. Ltd. ("Nelson Store") and Patriot Cannabis Brands Inc. ("Powell River Stores"), two private companies incorporated in British Columbia (the "target entities"). Pursuant to this agreement, the Company acquired all of the issued and outstanding shares of the target entities for the issuance of 30,000,000 common shares of the Company. In accordance with IFRS 3 *Business Combinations*, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition did not meet the definition of a business combination as the primary asset acquired was leases. The target entities had minimal assets, liabilities nor an integrated set of activities and assets that were capable of being conducted and managed to generate an economic return. Consequently, the transaction was recorded as an acquisition of an asset. The results of operations from the target entities were included in the consolidated financial statements since the date of acquisition.

The details of the consideration paid and the assets and liabilities of the target entities were as follows:

Consideration paid:	$ 1,050,000
Less: Value of net assets acquired	
Prepaids	10,056
Right-of-use assets	245,168
Lease liabilities	(245,168)
Net assets acquired	10,056
Excess of consideration over net assets acquired	$ 1,039,944

By virtue of acquiring shares of the target entities, the Company acquired leases to locations for the intent of potential future operation of cannabis retail stores in Nelson and Powell River, British Columbia. Upon acquisition of the target entities, the Company evaluated the impact of a remeasurement as new leases and the recording of an intangible asset or liability for any favourable or unfavourable terms of the leases. The cost of the acquisition, as a result, was allocated to the right-of-use asset and the excess of consideration was initially capitalized as a lease intangible. The Company could not substantiate recognition of a lease intangible or other type of asset at the date of acquisition and, as such, the Company recognized an impairment of the intangible of $1,039,944.
As a result of this acquisition, the Company is now also involved in cannabis retail sales.

Canna Stream Solutions Ltd. (the "CSS")

Pursuant to the Option to Purchase Agreement with CSS (note 1), the Company acquired all of the issued and outstanding shares of the target entities for the issuance of 12,500,000 common shares of the Company, at a fair value of $687,500.

In accordance with IFRS 3 *Business Combinations*, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition met the definition of a business combination. CSS had assets, liabilities and integrated set of activities and assets that were capable of being conducted and managed to generate an economic return. Consequently, the transaction was recorded as a business combination. The results of operations from the target entity were included in the consolidated financial statements since the date of acquisition.

The details of the consideration paid and the assets and liabilities of CSS were as follows:

Consideration paid:	$ 687,500
Less: Value of net assets acquired	
Cash	23,371
Receivable	57,138
Liabilities	(13,622)
Net assets acquired	66,887
Goodwill	$ 620,613

TruExtracts Inc. ("True")

Pursuant to the Share Exchange Agreement with True (note 1), the Company acquired all of the issued and outstanding shares of the target entities for the issuance of 30,000,000 common shares of the Company and 3,000,000 shares were issued to finders, at a fair value of $1,815,000.

In accordance with IFRS 3 *Business Combinations*, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition met the definition of a business combination. True had assets, liabilities and integrated set of activities and assets that were capable of being conducted and managed to generate an economic return. Consequently, the transaction was recorded as a business combination. The results of operations from the target entity were included in the consolidated financial statements since the date of acquisition.

The details of the consideration paid and the assets and liabilities of the target entities were as follows:

Consideration paid:	$ 1,815,000
Less: Value of net assets acquired	
Cash	19,631
Receivable	51,722
Prepaid	35,754
Leasehold improvements	215,349
Computer software	18,501
Payables	(132,456)
Right-of-use assets	1,056,194
Lease liabilities	(1,056,194)
Net assets acquired	208,501
Excess of consideration over net assets acquired	$ 1,606,499

Regenco Technology Inc. ("Regenco")

Pursuant to the Option to Purchase Agreement with Regenco (note 1), the Company acquired all of the issued and outstanding shares of the target entities for the issuance of 35,000,000 common shares of the Company, and 3,500,000 shares were issued to finders, at a fair value of $2,117,500.

In accordance with IFRS 3 *Business Combinations*, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition met the definition of a business combination. Regenco had assets, liabilities and integrated set of activities and assets that were capable of being conducted and managed to generate an economic return. Consequently, the transaction was recorded as a business combination. The results of operations from the target entity were included in the consolidated financial statements since the date of acquisition.

The details of the consideration paid and the assets and liabilities of CSS were as follows:

Consideration paid:	$ 2,117,500
Right-of-use assets	1,056,194
Lease liabilities	(1,056,194)
Net assets acquired	-
Goodwill	$ 2,117,500

On July 29, 2021, the Company closed an initial tranche of a non-brokered private placement for gross proceeds of $836,000. In connection with closing, the company has issued 16.72 million units at a price of five cents per unit. Each unit consists of one common share and one common share purchase warrant exercisable at a price of 5.5 cents until July 29, 2024.

On August 30, 2021, the Company closed the final tranche of its non-brokered private placement for additional gross proceeds of $232,500. When combined with the initial tranche of the offering in July 2021, the company raised $1,068,500 through the issuance of 21.37 million units at a price of five cents per unit. Each unit consists of one common share and one common share purchase warrant exercisable at a price of 5.5 cents. A total of 16.72 million warrants issued in connection with the initial tranche of the offering expire on July 29, 2024, and 4.65 million warrants issued in connection with the final tranche of offering expire on Aug. 30, 2024. All securities issued in the offering are subject to restrictions on resale for a period of four months and one day following issuance in accordance with applicable securities laws. In connection with closing of the offering, the Company paid a total of $33,775 and issued 675,500 warrants to certain arm's-length parties who have assisted by introducing subscribers to the company. The Company has settled outstanding indebtedness of $46,725 owing to an arm's-length creditor through the issuance of 934,500 common shares at a deemed price of five cents per share.

As at September 30, 2021, the Company had a working capital deficit of $64,534 (December 31, 2020 – working capital of $546,852) and accumulated shareholders deficit of $11,372,933 (December 31, 2020 - $9,697,120). During the nine months ended September 30, 2021, the Company incurred a net loss of $1,675,813 (September 30, 2020 - $1,842,240). The continuing operations of the Company are dependent upon its ability to continue to achieve profitable operations in the future, and raise additional funds as and when required. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Business Development

Manufacturing and marketing of hemp-based products

In the beginning of the summer of 2019 the Company purchased a plot of land located in Lamont County, Alberta for the purpose of growing hemp at a price of $190,000. Around the same time Gaia entered into a consulting agreement with Core Ag Inputs for a seven-month term in which Core AG Inputs provided a series of services involving agronomy, land preparation for farming hemp, crop optimization and oversight for the 2019 planting and harvest year. The team at Core AG Inputs also offers agronomy services to additional farmland that Gaia may bring under contract in future years.

Meanwhile the Company updated its investors on the planting progress. Seeds arrived in the second week of June and it was a very rainy spring – great conditions for seed germination. The process of fertilizing, seeding and rolling the expansive 1,494 acres in southern Alberta was spread over two weeks. Thanks to intermittent rains the crop started off well. Post-production of a drone fly-over video of the seeding process was underway and was uploaded on Gaia's website at www.GaiaGrow.com.
In September 2019 the Company announced that it had successfully grown 1,494 acres of hemp from seed and was finishing harvest and logistical plans for the end of the year. The contracted harvest team was an experienced group that works across North America with a variety of equipment and crops, and more specifically, had recent experience in working with various hemp crops across the continent.

In October 2019 the Company announced the completion of its inaugural 2019 hemp harvest from its Rockyview County, Alberta Fields. Multiple stages of harvest were completed, ensuring a whole-plant harvest and efficient separation of the various parts of the hemp plants for effective and efficient use by their intended offtake partners in different sales channels. Gaia's custom harvesting and hauling teams successfully deployed harvesting machinery, baling equipment, loaders and transport trucks to arrange and prepare the harvested product for sale to its end users. The multi-stage harvest included effectively passing over the approximately 1,500 acres of land several times to separate the harvest components. The inaugural hemp crop yielded almost 4,200 bales of hemp tips and 500 bales of fiber stalks. 1,950 of the bales of the tips were trucked to a secondary location for further processing.

The test results received from multiple labs came back with the most positive results:

- Cannabinoid Potency: Within the upper percentiles of the limits of X59 genetics
- Microbiology: Pass
- Pesticides (full Health Canada required spectrum): Pass
- Heavy Metals: Pass.

In January 2020 Gaia Grow announced that the potential CBD percentage from its biomass increased to just under 6% through a drying process known as milling. The Company was working to achieve this result using an exclusive third-party technology. With this technology, Gaia Grow can process between half and a full ton of biomass per hour and increase CBD quality in biomass by over 300%.

In addition, Gaia successfully delivered its first fibre biomass shipment of 21,220 pounds or 9,645 kilograms (one full truck) to an offtake partner, further demonstrating Gaia's ability to execute quickly for its partners.

In April 2020 Gaia Grow signed a Milling Agreement with Enagon Inc. Enagon is a privately held Alberta corporation which owns the milling technology. Milling is not a new process - it is a mechanical method of separating straw, hurd, shiv and CBD rich flower from hemp bales. Enagon's proprietary milling technology is high-capacity and consistently operates between 0.5 -1 tonne per hour and achieves a finished product with up to a 300% CBD increase. This method quickly and efficiently separates each revenue generating portion of the hemp bale and in doing so, maximizes the profitability of the entire crop. Pursuant to the terms of the agreement, Enagon will mill industrial hemp to be sold exclusively by Gaia to fibre suppliers and licensed processors of cannabis in Canada pursuant to Gaia's industrial hemp license. For industrial hemp supplied to Enagon by Gaia, the revenue for the sale of the milled product will be split 30% to Enagon and 70% to Gaia. For industrial hemp supplied by Enagon pursuant to Gaia's license, the revenue for the milled product will be split 70% to Enagon and 30% to Gaia. Gaia is responsible for all sales of milled hemp and the distribution of revenue from such sales. Any revenue generated by the sale of milled product produced from industrial hemp supplied by third parties will be split 50% to Enagon and 50% to Gaia. Each party will cover its own expenses from its own resources and cash flow and the industrial hemp will be milled at Enagon's milling facility located in Lacombe County, Alberta. In April 2021, the agreement with Enagon was terminated and the parties are currently reassessing the structure and the future plans for the hemp operations.

In March 2020 Gaia Grow reported that it signed an agreement with CannGroup Development Corp. ("CDC") for the sale of 15,000 kilograms of milled hemp powder to CannGroup for processing into CBD oil and distillate. On May 27, 2020 Gaia Grow Corp. announced the expansion of the companies have come to an agreement to expand their business relationship to allow for the addition of an exclusive-use extraction line in CDC's new subsidiary Site 2 license in Calgary. No sales have been completed to date as Gaia is still working on reconfiguring the processing facilities and improving the quality of extraction process

In June 2020 Gaia Grow Corp. successfully sourced and leased an industrial facility to expand its existing joint venture with Enagon Inc. for post-harvest bale breaking and milling in order to increase its production capacity of saleable milled hemp flower product. The lease of the industrially-zoned 4,500 square foot facility in Lacombe, Alberta started on June 18, 2020 and is for one year with rolls and extensions possible, providing flexibility to expand operations to another location if required after this first year. After reviewing many options of purchasing, building or leasing facilities over the past year, Gaia's management selected this new facility that had just recently come on the market as it offered the best mix of cost, location, size, upgraded power and utility access. The site was formerly the home of a pallet manufacturer that operated in the building for the past 24 years. It allows for large transportation vehicle access, has enough power for the foreseeable needs of the milling operation expansion, and also offers a large 1-acre lot which will allow for both unprocessed bale storage as well as rebaling of the fibre once separated from the flower and non-viable seed.

Upon taking possession, Gaia and Enagon have begun outfitting the facility with equipment and completing some minor renovations in order to achieve the proper floorplan and dust-management systems required to optimize bale breaking, milling operations, rebaling of separated hemp fibre, material handling and storage of finished product. All required permits have been received.

Due to a decline in hemp prices in the latter part of 2020, the Company determined that the value of its inventory of hemp biomass and CBD powder is impaired and recorded an impairment write-down of $3,206,335 in 2020 (2019 - $Nil). Due to minimal sales during the year ended December 31, 2020, the Company also recorded a provision for slow-moving inventory of $825,889 and an impairment write-down on equipment at Lacombe of $80,505 in 2020.

In 2020 and to today's date Gaia has been in negotiations with several groups seeking to purchase Gaia's product.

In June 2021 the Company entered into an agreement to purchase all issued and outstanding shares of TruExtracts (Calgary) Inc.("TRU"). TRU is one of Western Canada's largest cannabis and hemp processors. Their 12,500 square foot state of the art facility in Calgary has the ability to process with supercritical carbon dioxide CO2, ethanol, butane, and pentane and solventless extraction. The facility is also Health Canada licensed and fully operational and has an expansion capability of an additional 6,000 to 12,000 additional square feet. Services include toll processing, THC, CBD extractions and isolates, as well as white label service and cannabis THC and CBD products.

In June 2021 the Company entered into a definitive share purchase agreement (the "Purchase Agreement") with Regenco Technologies Inc. ("Regenco"), and each of the shareholders of Regenco. Regenco operates a licensed recreational cannabis retail store located in Squamish, British Columbia.

Pursuant to the terms of the Purchase Agreement, the Company intends to acquire all of the outstanding share capital of Regenco in consideration for 35,000,000 common shares of the Company to be issued to the existing shareholders of Regenco. In addition, the Company will be required to issue 3,500,000 common shares to an arms-length party in satisfaction of an obligation of Regenco to compensate a third party who assisted with facilitating the acquisition.

The acquisition of Regenco is not expected to constitute a fundamental change for the Company, nor will it result in a change of control of the Company, within the meaning of applicable securities laws and the policies of the Canadian Securities Exchange. Completion of the acquisition remains subject to delivery of customary closing materials and applicable filings with the Canadian Securities Exchange. The shareholders of Regenco include Pelsco Holdings Corp., and 1962800 Alberta Ltd., holding companies controlled by Frederick Pels and Marc Lowenstein, respectively. Messrs. Pels and Lowenstein are directors of the Company and have abstained from voting on all matters pertaining to approval of the acquisition of Regenco. If completed, Pelsco Holdings Corp., and 1962800 Alberta Ltd., would be entitled to receive a total of 4,987,500 Consideration Shares in consideration for their respective interests in Regenco. The acquisition of Regenco is not considered a related party transaction within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions.

In addition, Gaia entered into a definitive purchase agreement to acquire all of the issued and outstanding share capital of Canna Stream Solutions Ltd. ("CSS"). Pursuant to the terms of the purchase agreement, the Company intends to acquire CSS in consideration for the issuance of 12,500,000 common shares of the company to the existing shareholders of CSS.

CSS is developing critical technologies for storing, transportation and processing of cannabis waste (physical and chemical). Most notably, they have filed a US provisional patent application in the chemical extraction and fractionation of Cannabinoids and monoterpenes from cannabis flower and biomass utilizing their solvent system that is significantly more efficient than ethanol. This gives CSS the ability to significantly manage costs of high throughput processing and extraction of cannabis and Hemp biomass.

Utilizing CSS's patent-pending environmentally friendly solvent, the Company's wholly owned subsidiary, TruExtracts, will be able to process Gaia's CBD rich product more cost effectively, providing a significant competitive advantage.

Using CSS's environmentally green technologies and processes to prepare the non-CBD rich milled fibre product for "low volume, high dollar" end products to be sold to existing CSS industry partners who have unique plant-based product needs for their next level of finished goods manufacturing.

The Company is at arms-length from CSS, and each of its shareholders. The acquisition of CSS is not expected to constitute a fundamental change for the Company, nor will it result in a change of control of the Company, within the meaning of applicable securities laws and the policies of the Canadian Securities Exchange. Completion of the acquisition remains subject to delivery of customary closing materials and applicable filings with the Canadian Securities Exchange.

Founders of CSS are Doctors: Usukuma Ekuere, Krista Leicht, John Vidmar, and Behzad Ahvazi are the founders of CSS. Dr Ekuere has a PhD in Plant Genetics and an MBA focused on Tech Commercialization. He has extensive experience working with companies at a senior management level. Dr Leicht is a Canadian-trained and Alberta-licensed Medical Doctor and Psychiatrist, who brings over twenty years of Clinical experience to the team. Dr Vidmar has a PhD in Botany and has worked with several start-ups in the food and cannabis industries (as CEO, CSO, and Lead scientist). Dr. Behzad Ahvazi, is a chemist with over 25 years of experience with expertise in added value processing in plant materials. Dr Behzad Ahvazi has focused on green technologies for converting and processing biomass components from sustainable, renewable agricultural and forestry resources into creating value-added, novel bioproducts. He has held numerous positions in R&D departments for private and government research facilities and holds an Adjunct Professor position at the University of Alberta.

Cannabis retail sales

On April 21, 2020, the Company entered into a share exchange agreement with Blackhawk Growth Corp. ("Blackhawk"), a public company with directors in common. Blackhawk is the owner of all of the issued and outstanding shares of 1202465 B.C. Ltd. ("Nelson Store") and Patriot Cannabis Brands

Inc. ("Powell River Stores"), two private companies incorporated in British Columbia (the "target entities").

A license to operate a cannabis retail store for the Nelson Store, located at 306B Victoria Street in Nelson, British Columbia, has been previously issued by the Liquor & Cannabis Regulation Branch of British Columbia to CFPM, a company with a director and officer in common. This license is currently in the process of being transferred to 1202465 B.C. Ltd., which is now a subsidiary of Gaia Grow Corp. Subsequent to the share exchange agreement, the Company has applied for the Powell River Stores to operate licensed cannabis dispensaries at the premises located at Unit No. 3, 4296 Joyce Avenue and 6239 Walnut Street in Powell River, British Columbia.

In satisfaction of the purchase price, Gaia has issued 30,000,000 common shares to Blackhawk, at a $0.035 per common share. Prior to completion of the transaction, Blackhawk did not hold any securities of Gaia. Blackhawk now has ownership and control of a total of 30,000,000 common shares of Gaia representing approximately 12.9% of the issued and outstanding shares.

In October 2020, the Company announced opening of its Green Room's store. The store was opened through CFPM while Gaia is waiting for the license to be transferred over to Gaia. On October 1, 2020, the Company entered into an Agreement (the "Agreement") with CFPM Management Services Ltd. a company with a director in common. Pursuant to the Agreement, the Company is entitled to a fee for promotional services in the amount equal to net profits earned from business conducted at the Company's leased retail premise. To December 31, 2020, the Company has not earned nor recorded any such fees. General advances made to CFPM are non-refundable and, as such, the Company has recorded total advances of $50,268 in the statement of operations and comprehensive loss for nine months ended September 30, 2021. Advances designated for the use of inventory purchases by CFPM are to be settled upon the transfer of a cannabis retail license from CFPM to the Company. The total of such advances as of September 30, 2021 were $17,145 (December 31, 2020 - $23,591). To date, the application for transfer is in progress, however has not been completed.

SELECTED QUARTERLY FINANCIAL INFORMATION

Selected quarterly information

	Three-month period ended			
	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Net revenue	$ 6,678	$ -	$ 3,737	$ -
Net comprehensive loss	(963,677)	(472,660)	(239,476)	(4,362,397)
Basic and diluted – comprehensive loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.02)
	Three-month period ended			
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Net revenue	$ -	$ -	$ -	$ -
Net comprehensive gain (loss)	(198,860)	(1,377,950)	(265,431)	296,251

Basic and diluted – comprehensive (loss) per share	$	(0.00)	$	(0.01)	$	(0.00)	$	0.001

The net loss for the three months ended September 30, 2021 was $963,677 as compared to $472,660 for the previous quarter ended June 30, 2021. The loss was higher in the current period mainly due to increase in consulting fees recorded in acquired subsidiaries. In addition, the Company recorded $101,813 in depreciation expenses compared to $32,807 recorded during the previous quarter. The increase is due to leases and property and equipment acquired with the new subsidiaries. Payroll expense increased by $94,120. The increase relates to expenses recorded in acquired subsidiaries.

In addition, during the nine months ended September 30, 2021, the Company spent more in advances paid to CFPM for operation of the stores in subsidiaries. The Company incurred $113,993 in non-refundable advances in connection with the opening of Nelson cannabis retail store by Gaia through CFPM and operation of the store in 2021. These advances were spent on store leasehold improvements, set-up costs and payroll costs incurred in order to open the store and have it running while Gaia is waiting for the cannabis retail license to be transferred to its name. In the first quarter of fiscal 2021, Gaia spent only $50,268 on advances to CFPM due to higher revenues generated by the store which resulted in lower cost of operations and less costs incurred by Gaia.

RESULTS OF OPERATIONS

For the three months ended September 30, 2021 and 2020

During the three months ended September 30, 2021 the Company recorded a net loss and comprehensive loss of $963,677 which is more than the loss of $198,860 incurred during the three months ended September 30, 2020. The net loss and comprehensive loss incurred during the three months ended September 30, 2021 was mainly attributable to the following:

- Advertising and promotion expense during the three months ended September 30, 2021 was $2,113 as compared to $1,796 in the comparative period ended September 30, 2020. In the comparative period, the Company incurred advertising fees in connection with active campaigns related to business development and promotion. In the current period the Company has been working on its business development through consultants which resulted in higher consulting fees incurred in the period of $353,668 as compared to $10,000 in the comparative period ended September 30, 2020.

- Depreciation expenses on property and equipment, and ROU assets of $101,813 increased from $32,977 due to depreciation charged in the current period on the newly acquired property and equipment, and right-of-use assets recognized for the leases. Interest expense increased from $8,344 in 2020 to $59,501 in 2021 due to interest recorded on the related lease liabilities.

- Directors' fee of $70,000 in 2021 increased from $51,000 in the comparative period in 2020. Administrative fees increased by $47,003, from $24,024 in 2020 to $71,027 in 2021 due to increase in activities and operations in newly acquired subsidiaries.

- Professional fees increased from $38,225 in 2020 to $50,500 in 2021 as the Company incurred additional legal fees in the comparative period in connection with the acquisition of new subsidiaries.

- Payroll expense increased by $123,765, from $nil in 2020 to $123,765 in 2021. The increase relates to expenses recorded in acquired subsidiaries.

For the nine months ended September 30, 2021

During the nine months ended September 30, 2021 the Company recorded a net loss and comprehensive loss of $1,675,813 which is lower than the loss of $1,842,240 incurred during the nine months ended September 30, 2020. The net loss and comprehensive loss incurred during the three months ended September 30, 2021 was mainly attributable to the following:

- Advertising and promotion expense during the nine months ended September 30, 2021 was only $9,519 as compared to $141,173 in the comparative period ended September 30, 2020. In the comparative period, the Company incurred advertising fees in connection with active campaigns related to business development and promotion. In the current period the Company has been working on its business development through consultants which resulted in higher consulting fees incurred in the period of $423,918 while there was only $10,987 in consulting expense recorded during the nine months ended September 30, 2020.

- Depreciation expenses on property and equipment, and ROU assets of $152,318 increased from $32,977 due to depreciation charged in the current period on the newly acquired property and equipment, and right-of-use assets recognized for the leases. Interest expense increased from $9,158 in 2020 to $95,053 in 2021 due to interest recorded on the related lease liabilities.

- Directors' fee of $163,500 in 2021 increased from $148,500 in the comparative period in 2020. Administrative fees increased by $72,044, from $59,220 in 2020 to $131,264 in 2021 due to increase in activities and operations in newly acquired subsidiaries.

- Insurance expense increased from $37,704 to $50,127 due to additional insurance paid for the cannabis retail operations in 2021.

- Professional fees of $189,266 in 2021 remained consistent with $184,282 in 2020.

- Repair and maintenance expense increased from $14,297 to $19,018 in the current period.

Liquidity and Capital Resources

At September 30, 2021, the Company has $346,356 (December 31, 2020 - $774,754) of cash to settle current liabilities of $640,429 (December 31, 2020 - $337,512).

During the nine months ended September 30, 2021, the Company experienced cash outflows of $1,309,669 (2020 – $645,470) from operating activities. The cash outflows were higher in the comparative period mainly due to the non-cash adjustment for acquisition of subsidiary of $1,050,000 in the comparative period in 2020.

Net cash generated from financing activities was $918,719 (2020 – used $34,194). The increase is mainly due to the shares issued for cash through the private placement during the nine months ended September 30, 2021.

Net cash used in investing activities was $37,448 (2020 – $80,337) due to the subsidiary purchasing equipment during the period.

Overall, cash decreased by $428,398 during the nine months ended September 30, 2021 as compared to $760,001 in the comparative period due to more cash generated on financing activities in the current period as noted above.

The Company is not subject to any externally imposed capital requirements. The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. As a young growth company, issuance of equity has been the primary source of capital to date. Debt and/or equity financing may be pursued in the future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on debt or sell assets to reduce debt. While management plans to generate revenues and to continue financing the Company through the issuances of additional equity securities or debt instruments, there can be no assurance that enough revenue or financing will occur to meet our cash needs for the next 12 months. The ability to achieve the projected future operating results is based on several assumptions which involve significant judgments and estimates, which cannot be assured. If the Company is unable to achieve the projected operating results, the Company's liquidity could be adversely impacted, and the Company may need to seek additional sources of financing. Operating results could adversely affect our ability to raise additional capital to fund operations and there is no assurance that sufficient debt or equity financing will be available, on acceptable terms, or in a timely basis.

Related Party Transactions

During the nine months ended September 30, 2021 and 2020, the Company recorded $163,500 (2020 - $97,500) in directors fees paid or payable to directors of the Company.

On October 1, 2020, the Company entered into an Agreement (the "Agreement") with CFPM Management Services Ltd. a company with a director in common. Pursuant to the Agreement, the Company is entitled to a fee for promotional services in the amount equal to net profits earned from business conducted at the Company's leased retail premise. To December 31, 2020 and June 30, 2021, the Company has not earned nor recorded any such fees. General advances made to CFPM are non-refundable and, as such, the Company has recorded total advances of $82,994 in the statement of operations and comprehensive loss for the nine months ended September 30, 2021 (2019 - $Nil). Advances designated for the use of inventory purchases by CFPM are to be settled upon the transfer of a cannabis retail license from CFPM to the Company. The total of such advances at June 30, 2021 was $17,145 (December 31, 2020 - $23,591). To December 31, 2020 and to date, the application for transfer is in progress, however has not been completed.

During the year ended December 31, 2020, the Company entered into a Share Exchange Agreement with Blackhawk, a public company with directors in common, for the acquisition of all of the issued and outstanding shares of the target entities.

As at September 30, 2021 and December 31, 2020, $12,476 is due from a company with a director in common and included in receivables.

Outstanding Share Data

Authorized: Unlimited number of common shares without par value.

The Company issued 338,806,481 common shares as at September 30, 2021. On October 12, 2021, the Company announced that is has closed the first tranche of the placement and made an initial issuance of 2,480,000 shares. Therefore, the Company had 341,286,481 shares issued and outstanding as at date of this MD&A.

Stock Options

The Company adopted a Stock Option Plan (the "Stock Option Plan") pursuant to which it can grant options to directors, officers and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

No stock options were granted during the nine months ended September 30, 2021 or the fiscal year ended December 31, 2020.

The movement in the Company's stock options for the year ended December 31, 2020 and nine months ended September 30, 2021 are as follows:

	Number of options	Exercise price
Outstanding and exercisable, December 31, 2020	3,850,000	$ 0.10
Granted	-	0.10
Outstanding and exercisable, September 30, 2021	3,850,000	$ 0.10

As at September 30, 2021, the Company has the following stock options outstanding:

Number of options outstanding and exercisable	Exercise price	Expiry date
3,850,000	$0.10	August 28, 2024

Warrants

On July 29, 2021, the Company issued 16,720,000 warrants exercisable at a price of 5.5 cents expiring on July 29, 2024, in connection with the initial tranche of the private placement. The Company also issued 350,000 warrants to the finder.

On August 30, 2021, the Company. issued the additional 4,650,000 warrants exercisable at a price of 5.5 cents and expiring on August 30, 2024. The Company also issued 675,500 warrants to the finder.

The movement in the Company's warrants for the year ended December 31, 2020 and nine months ended September 30, 2021 are as follows:

	Number of warrants	Exercise price
Outstanding and exercisable, December 31, 2020	-	$ -
Granted	22,045,000	0.055
Outstanding and exercisable, September 30, 2021	22,045,000	$ 0.055

Number of warrants outstanding and exercisable	Exercise price	Expiry date	Weighted average life
	$		
17,070,000	0.055	July 29, 2024	2.83 years
4,975,000	0.055	August 30, 2024	2.92 years
22,045,000	0.055		2.85 years

Subsequent to the period ended September 30, 2021, on October 12, 2021, the Company issued 4,800,000 warrants exercisable in connection with the placement of its commons shares to New Life Scineces Capital, LLC. As such, the Company had 26,485,000 warrants as at date of this MD&A.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, trade payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The preparation of the consolidated financial statements requires management to make judgments regarding going concern of the Company as discussed in Note 1 in the consolidated interim financial statements for the nine months ended September 30, 2021.

The following are the estimates and assumptions made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Significant judgments are as follows:

Going concern

The preparation of the consolidated financial statements requires management to make judgments regarding going concern of the Company.

Business acquisitions

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

Significant areas requiring the use of estimates relate to the following:

Inventory

In determining final inventory values, the Company estimates spoiled or expired inventory as well as future selling price in determining net realizable value.

Share-based payments

In determining the fair value of options and related expenses, the Company makes such estimates as the expected life of the option, the volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures.

Recognition and valuation of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of Management. In the preparation of these statements' estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

Risk Factors

The Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development.

There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell the common shares.

The hemp industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering the Company's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect Gaia Bio's ability to obtain equity financing in the future or, if obtained, to do so on terms favorable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

Industry and Hemp Product Manufacturing Risk

Hemp product manufacturing is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's commercial efforts will be successful. At present, Gaia Bio has not begun production.

The Company may be subject to risks that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Gaia Bio attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its management team.

Commodity Prices

Gaia Bio is in the business of hemp products, the market prices of which can fluctuate widely. Hemp prices ultimately depend on demand in the end markets for which hemp products are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, trends in demand and government regulation. In the course of its current operations, the Company does not enter into price hedging programs.

Environmental

Cultivation projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which Gaia Bio operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Reliance upon Key Personnel

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when commodity prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that Gaia Grow will be able to attract and retain such personnel at any time. Gaia Grow does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

Insurance

Gaia Grow's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of operations is not generally available to Gaia Grow or to other companies in the commodity industry on acceptable terms. The Company might also become subject to liability for hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Requirements to Obtain Government Permits

Government approvals and permits are currently required in connection with Gaia Grow's activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed Gaia Bio's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned activities.

Joint Ventures

From time to time Gaia Grow may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company mitigated these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

Outlook

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance they will be able to do so in the future. The financial results and discussion do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Caution Regarding Forward Looking Statements

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially, from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.