CHEMESIS INTERNATIONAL INC.
(the "Company")

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2022

This Management Discussion and Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the condensed consolidated interim financial statements and accompanying notes for the three and nine months ended March 31, 2022, and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars, the reporting and functional currency of the Company, unless otherwise indicated.

DATE

This MD&A is prepared as of May 30, 2022.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the Company's operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. This MD&A should be read in conjunction with the risk factors described in the *Risk Factors* section of this MD&A. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

DESCRIPTION OF BUSINESS

The Company was initially incorporated as a wholly-owned subsidiary of International Zeolite Corp. On February 17, 2017, the Company entered into the vend-in agreement with International Zeolite Corp., pursuant to which the Company issued 5,653,676 Shares measured at a fair value of $0.0032 per Share to International Zeolite Corp., in exchange for International Zeolite Corp.'s 100% interest in Canadian Mining of Arizona Inc., a company incorporated under the laws of the State of Arizona. The Company and International Zeolite Corp. subsequently entered into an arrangement agreement dated February 17, 2017, pursuant to which the Company and Canadian Mining of Arizona Inc. were spun out of International Zeolite Corp. The arrangement was approved by the shareholders of International Zeolite Corp. on April 28, 2017 and by the Supreme Court of British Columbia on May 1, 2017. In connection with the arrangement, the Company applied to list its Shares on the TSX Venture Exchange. All conditions of the arrangement were completed as of May 30, 2017, and Shares of the Company began trading on the TSX Venture Exchange on June 5, 2017 under the symbol "CNG".

On July 17, 2018, the Company completed a reverse takeover transaction ("RTO") with 1145411 BC Ltd. ("1145411") under the terms of a share purchase agreement among the Company, 1145411, and certain shareholders of 1145411 dated July 16, 2018, pursuant to which the Company acquired all of the issued and outstanding shares of 1145411 in exchange for 1,604,008 Shares (on a post-consolidation basis) of the Company measured at a fair value of $6.10 per

Share. 1145411 held 100% of the issued and outstanding capital stock of Bonhomie Labs LLC, a company which had operations in the cannabis industry in the United States of America, which in turn held, at the time, 51% of the issued and outstanding capital stock of SAP Global Inc., a company which had operations in the cannabis industry in the United States of America. Pursuant to the RTO, the Company changed its name from Canadian Mining Corp. to Chemesis International Inc. and de-listed from TSX Venture Exchange on July 17, 2018 and listed its Shares on the Canadian Securities Exchange ("CSE").

On July 20, 2018, the Company acquired certain licensed rights from SAP Global Inc. in exchange for 66,464 Shares measured at a fair value of $5.50 per Share (on a post-consolidation basis) and $110,000. Such rights included the brand name, trade name, and trademarks together with all of the patents, patent applications, and inventions.

On August 21, 2018, the Company acquired 100% of the issued and outstanding capital stock of Desert Zen LLC, a company which had operations in the cannabis industry in the United States of America, in exchange for $262,782 in cash and 65,250 Shares measured at a fair value of $5.25 per Share (on a post-consolidation basis).

On October 12, 2018, the Company acquired certain licensed rights from Rapid Dose Therapeutics Inc. ("RDT"), a Canadian bio-technology company which provides proprietary drug delivery technologies, providing the Company with rights to produce, distribute and sell RDT's QuickStrip oral fast-dissolving drug delivery system in cannabis markets in California, in exchange for $130,570 in cash and 17,356 Shares measured at a fair value of $10.80 per Share (on a post-consolidation basis).

On November 30, 2018, the Company acquired 80% of the issued and outstanding capital stock of Natural Ventures Puerto Rico, a company which had operations in the cannabis industry in the United States of America, in exchange for $3,724,280 in cash and 223,525 Shares measured at a fair value of $8.40 per Share (on a post-consolidation basis).

On January 11, 2019, the Company, pursuant to the terms of a share purchase agreement, acquired 100% of the issued and outstanding capital stock of La Finca Interacviva-Arachna MED SAS, a company which had hemp and CBD cultivation operations in Colombia, in exchange for which the Company assumed a promissory note of $5,500,000 and issued 748,000 Shares measured at a fair value of $9.66 per Share (on a post-consolidation basis) to the former shareholders of La Finca Interacviva-Arachna MED SAS.

On February 1, 2019, the Company completed a plan of arrangement under the Business Corporations Act (British Columbia) under the terms of an arrangement agreement with IMC International Mining Corp. ("IMC"), pursuant to which the Company spun out its various interests in mineral claims located in Yavapai Country, Arizona, into IMC. Upon completion of the arrangement, IMC owned 100% of the mineral claims located in Yavapai Country, Arizona. As a result of the arrangement, Shareholders of the Company received one-twentieth of one common share of IMC for every Share held as of December 9, 2018.

On April 1, 2019, the Company, pursuant to a share exchange agreement, acquired 19.9% equity stake in GSRX Industries Inc., a company which owned and operated cannabis dispensaries and other licensed cannabis businesses in the United States of America through various of its partially and wholly owned subsidiaries. Pursuant to the terms of the share exchange agreement, GSRX Industries Inc. issued 11,666,998 common shares to the Company in exchange for 729,187 Shares measured at a fair value of $17.74 per Share (on a post-consolidated basis). GSRX Industries Inc. also granted a pre-emptive right to the Company in order for it to maintain its ownership percentage.

On May 24, 2019, the Company acquired 60% of the issued and outstanding capital stock of Kieley Growth Management LLC, a company which had cannabis dispensary operations in California, United States of America, in exchange for which the Company acquired a non-interest-bearing promissory note of $1,346,800 due on May 24, 2020 and issued 67,231 Shares measured at a fair value of $13.09 per Share (on a post-consolidation basis) to the shareholders of Kieley Growth Management LLC.

On July 2019, the Company increased its ownership in SAP Global Inc. from 51% to 100% in exchange for the issuance of 100,000 Shares measured at a fair value of $17.80 per Share (on a post-consolidation basis) to the former shareholders of SAP Global Inc.

On August 28, 2019, the Company, pursuant to various share exchange agreements with certain shareholders of GSRX Industries Inc., acquired: (i) 42,634,124 common shares of GSRX Industries Inc. in exchange for 1,488,071 Shares measured at a fair value of $5.67 per Share (on a post-consolidation basis); and (ii) 1,000 preferred shares of GSRX Industries Inc. in exchange for 400,000 Shares of the Company measured at a fair value of $5.67 per Share (on a post-consolidation basis). Immediately after the transaction, the Company held a 66.39% common share interest and a 100% preferred share interest in GSRX Industries Inc.

On December 20, 2019, the Company completed a stock consolidation on the basis of one (1) post-consolidation Share for each ten (10) pre-Consolidation Shares.

On January 23, 2020, the Company closed a private placement of 13,506,030 units of the Company at a price of $0.370 per unit for total proceeds of $5,000,000. Each unit was comprised of one Share and one Share purchase warrant, which was exercisable for one Share at a price of $0.405 per Share for a period of 24 months.

On April 27, 2020, the Company entered into an arrangement agreement with its wholly-owned subsidiary, 1247262 B.C. Ltd., to spin-out La Finca Interacviva-Arachna MED SAS into 1247262 B.C. Ltd. However, during the year ended June 30, 2021, the Company entered into negotiations to dispose of 100% of its equity interest in La Finca Interacviva-Arachna MED SAS in exchange for the Company paying USD $100,000 to dispose of its liabilities. Such negotiations are ongoing.

In July 2020, the Company completed a non-brokered private placement of 5,235,300 units of the Company for total proceeds of $2,617,650, at a price of $0.50 per unit. Each unit consisted of one Share and one Share purchase warrant, which is exercisable for one Share at a price of $1.00 per Share for a period of 24 months.

Due to the declining cannabis market in the United States of America, as well as difficulties in securing the necessary licenses to continue its business in the production, distribution and sale of cannabis and cannabis related products (which, in part, were due to the COVID-19 global pandemic), in November 2020, the Company entered into sale agreements with Puerto Rico Industrial Commercial Holdings Biotech Corp. for the sale of substantially all the operating assets held by the Company's 80%-owned Puerto Rican subsidiary, Natural Ventures Puerto Rico, and substantially all of the Puerto Rican assets of Project 1493 LLC, a wholly-owned Puerto Rican subsidiary of the Company's 66%-owned American subsidiary, GSRX Industries Inc.

Specifically, on November 11, 2020, GSRX Industries Inc.'s subsidiary, Project 1493 LLC entered into an asset purchase agreement with Puerto Rico Industrial Commercial Holdings Biotech Corp. to sell and transfer all of Project 1493 LLC's operating assets in Puerto Rico in consideration for US$3,993,333 cash. Additionally, Puerto Rico Industrial Commercial Holdings Biotech Corp. assumed all of Project 1493 LLC's liabilities in respect of the assets sold and the leases assumed.

Further, on November 13, 2020, Natural Ventures Puerto Rico entered into a sales agreement with Puerto Rico Industrial Commercial Holdings Biotech Corp. to sell and transfer all of Natural Ventures Puerto Rico's operating assets in Puerto Rico in consideration for US$550,000 cash. On November 17, 2020, the Company transferred all of Natural Ventures Puerto Rico's licenses and operations to Puerto Rico Industrial Commercial Holdings Biotech Corp. On November 27, 2020, the Company withdrew its membership interest in Natural Ventures Puerto Rico in substance transferring them to the Edgar Montero, the CEO of the Company, who then transferred the membership interests to Puerto Rico Industrial Commercial Holdings Biotech Corp.

On January 19, 2021, the Company completed a non-brokered private placement of 3,687,419 units for total proceeds of $1,200,000, at a price of $0.325 per unit. Each unit consisted of one Share and one Share purchase warrant, which is exercisable for one Share at a price of USD$0.34 per Share for a period of 24 months.

On November 29, 2021, the Company completed a private placement for gross proceeds of $1,247,200 through the issuance of 10,393,335 units at a price of $0.12 per unit. Each unit consisted of one Share and one Share purchase warrant, which is exercisable for one Share at a price of $0.15 per Share for a period of 24 months.

On January 11, 2022, the British Columbia Securities Commission ("BCSC") issued a Cease Trade Order ("CTO") to the Company for failure to file its annual audited financial statements and management discussion and analysis for the year ended June 30, 2021 and its interim financial statements and management discussion and analysis for the three months ended September 30, 2021 (the "Documents"). The Company filed the Documents on March 25, 2022 and the BCSC issued a revocation order on March 29, 2022.

The Company previously operated in the cannabis industry. The Company intends to change its business to mineral exploration and development with a focus on identifying, evaluating and acquiring interests in mineral properties in North America. The Company has identified its first acquisition of an interest in a mineral property in British Columbia, Canada. Refer to Section 4 - The Business of the Meeting - 1. Change of Business and Option to Acquire a Mineral Property - D. - Terms of the Option Agreement for the Rose Property and Section 4 - The Business of the Meeting - 1. Change of Business and Option to Acquire a Mineral Property - E - Description of the Property below for more. In addition to this mineral property, the Company is also reviewing other mineral properties in North America for possible acquisitions in the future.

The Company's change in focus to mineral exploration and development will constitute a Change of Business ("COB") as defined by Policy 8 of the CSE. Under CSE Policy 8, a proposed COB is subject to a complete review by the CSE, and final approval of a COB is subject to a number of conditions, including shareholder approval and delivery of documentation required by the CSE. The completion of the COB is also subject to the closing of the Equity Financing (as defined below) and securing the Loan Facility (as defined below). Following completion of the COB, it is anticipated that the Company will be listed on the CSE as a Mining Issuer under the name “Core Battery Metals Corp.” and the ticker symbol “CORX”.

COVID-19

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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business.

KEY BUSINESS ACTIVITIES

Chemesis International Inc. (“Chemesis” or “the Company”) was incorporated under the Business Corporations Act of British Columbia on April 26, 2013. Chemesis’ registered records office is Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C3E8 and the corporate head office is at Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C3E8. The Company trades on the Canadian Securities Exchange (“CSE”) under the symbol CSI, on the OTC markets under the symbol CADMF, and on the Frankfurt Stock Exchange under the symbol CWAA.

The Company is pursuing a change in business under of the CSE. See Transactions in Progress.

During the nine months ended March 31, 2022, the Company entered into an option agreement with Geomap Exploration Inc.(“Geomap”), a privately-owned BC company, to acquire up to 100% interest in the Rose Property which is located in the Kamloops Mining Division in British Columbia. As such, the Company is in the process of completing a Change of Business (“COB”) as defined by Policy 8 of the CSE. Upon completion of the COB, the Company will rename itself as Core Battery Metals Corp, under the ticker “CORX”. See Note 5.

During the year ended June 30, 2021, the company entered into sale agreements with Puerto Rico Industrial Commercial Holdings Biotech Corp, for the sale of the Company’s partially-owned subsidiary Natural Ventures Puerto Rico and all of the Puerto Rican assets of Project 1493, GSRX’s wholly-owned subsidiary. Further, during the nine months ended March 31, 2022, the Company was in active negotiations with a seller to dispose of 100% of the shares of La Finca. Accordingly, the related assets and liabilities have been presented separately on the statement of financial position as at March 31, 2022 and June 30, 2021. Additionally, the sum of the post-tax loss of the discontinued operations and post-tax gain or loss recognized on the measurement to fair value less cost to sell or fair value adjustments on the disposal of the assets has been presented as a single amount on the face of the statement of comprehensive income. See Note 6.

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 affected by the COVID-19 global pandemic.

Subsidiaries and their activities

GSRX now has minimal operations and is seeking new opportunities and strategic acquisitions.

During the nine months ended March 31, 2022, the Company entered into an agreement to sell substantially all of the assets of the Green Spirit Mendocino, LLC for USD $200,000.

During the nine months ended March 31, 2022, the Company entered into negotiations with an arm’s length party to dispose of the Company’s remaining ownership of GSRX, being 54,301,122 common shares and 1,000 preferred shares of GSRX. The company is in active negotiations with the counterparty, however the net assets of the GSRX disposal group were written down to $nil.

During the year ended June 30, 2021, the Company entered into negotiations to dispose of 100% of its equity interest in La Finca and as at December 31, 2021, its assets and liabilities were classified as held for sale. This is due to the difficulties causing costly delays in obtaining the requisite licensing for distribution and commercialization of its hemp operations.

The Company started Vending Co. in fiscal 2021 which held CBD distribution vending machines. The Company was unable to secure large retail contracts and now looks to liquidate its operations and sell the assets. The assets of Vending Co. are currently recognized within assets held for sale.

Business acquisitions

None to report during the period ended March 31, 2022.

TRANSACTIONS IN PROGRESS

Vendco
The Company is in the process of winding up the operations of La Finca and Vending Co. and looks to complete this before the end of the year.

Subsequent to March 31, 2022, the Company applied to the CSE for the following, subject to shareholder approval (the "Arrangement"):

Change of Business
As part of the Arrangement, the Company is in the process of completing a Change of Business ("COB") as defined by Policy 8 of the CSE, subject to shareholder approval. The special meeting of the shareholders is scheduled for June 21, 2022. Upon completion of the COB, the Company will rename itself as Core Battery Metals Corp, under the ticker "CORX". See Notes 1, 5 and 17 of the consolidated financial statements.

Share consolidation
As part of the Arrangement, subject to shareholder approval, the Company applied to have its common shares consolidated on a basis of one post-consolidation common share for two pre-consolidation common shares.

Loan facility
As part of the Arrangement, the Company applied to obtain an unsecured loan facility of up to $1,000,000 at an interest rate of 10$ and have a maturity date one year from closing.

Equity financing
As part of the Arrangement, the Company also intends to raise up to $1,000,000 by way of a private placement through the issuance of approximately 6.7 million units at $0.15, each unit consisting of one common share and one common share purchase warrant exercisable at $0.25 for two years.

Rose exploration and evaluation property
During the three months ended March 31, 2022, the Company entered into a property option agreement with Geomap Explorations Inc, a privately-owned B.C. company to acquire up to 100% interest in the Rose Property, located in Kamloops Mining Division, B.C for consideration as follows:

- Cash payments of $170,000 to be made on the following dates:
    - $80,000 10 days after the effective date of the agreement:
    - $30,000 one year after the effective date
    - $50,000 two years after the effective date
- Issuing 800,000 common shares on the following dates:
    - 250,000 common shares 10 days after the effective date of the agreement
    - 250,000 common shares one year after the effective date
    - 300,000 common shares two years after the effective date of the agreement; and
- Incurring exploration expenditures as follows:
    - $110,000 one year after the effective date; and
    - $250,000 two years after the effective date.

Shares issued pursuant to this agreement are subject to escrow terms, whereby one quarter of the shares issued will vest every three months.

Once the title to the property is granted to the Company, the Company will grant a 3% Net Smelter Royalty("NSR") on commercial production on the property to Geomap. Chemesis has an irrevocable option to acquire one third of the NSR for $1,000,000.

This transaction is subject to the approval of the shareholders and approval of change of business by the CSE.

OVERALL PERFORMANCE

The net assets of the Company decreased from $(103,133) at June 30, 2021 to $(1,905,076) at March 31, 2022. The most significant assets at March 31, 2022 include: cash of $195,915 (June 30, 2021 - $1,719,845), current assets held for sale of $914,245 (June 30, 2021 - $345,257), note receivable of $nil (June 30, 2021 - $1,227,281), and amounts receivable of $229,939 (June 30, 2021 - $201,964).

The Company's primary liabilities at March 31, 2022 consist primarily of accounts payable and accrued liabilities of $1,834,352 (June 30, 2021 - $2,187,347), current liabilities held for sale of $1,087,951 (June 30, 2021 - $150,549), derivative liability of $190,838 (June 30, 2021 - $1,185,923), and convertible debt of $132,719 (June 30, 2021 - $129,382).

Cash decreased by $1,523,930 primarily due to cash used in operating activities of $1,484,856, cash used in discontinued operating activities of $1,294,856 offset by financing activities which raised $1,255,655.

HIGHLIGHTS

On October 29, 2021, the Company announced anticipated delays in filing the Company's annual financial statements. On January 11, 2022, the Company's obtained a Management Cease Trade Order ("MCTO") and the Company's stock was suspended from trading. On March 25, 2022, the Company filed its audited annual financial statements, and on March 29, 2022, the Company succeeded in obtaining a revocation of the MCTO and re-commenced trading.

On November 16, 2021, the Company announced a non-brokered private placement of up to $1,300,000 or up to 10,833,333 units (the "Units"). Each Unit will be comprised of one common share and one common share purchase warrant (the "Warrants"). Each Warrant will be exercisable for one common share at a price of $0.15 for a period of 24 months.

On November 29, 2021, the Company announced that is has closed a non-brokered private placement issuing an aggregate of 10,393,335 units ("Units") at a price of $0.12 per Unit for gross proceeds of $1,247,200. Each Unit consists of one common share in the capital of the Company ("Share") and one common share purchase warrant ("Warrant") exercisable at $0.15 for 24 months from the date of issuance into an additional Share. Proceeds from the sale of the Units will be used for general working capital.

On April 19, 2022, the Company announced that the Company is pursuing a Change of Business as defined by the Policy 8 of the CSE, and is subject to review by the CSE. Further, the Company entered into the Rose Property Agreement (See Transactions in Progress).

Additionally on April 19, 2022, the Company also announced that Brian Thurston (Director) will stepping down and replaced by Mark Fields.

Mr. Fields has over 35 years industry experience in the mineral exploration and development. Mr. Fields has broad experience in overseeing mineral properties from exploration to production. Mr. Fields served as a geologist and business manager for the Rio Tinto Group (1991-1997), where he was involved in all aspects of Rio Tinto's Canadian exploration activities and was intimately involved in advancing the Diavik diamond project from various exploration stages to feasibility studies. Mr. Fields also served as the Corporate Affairs Manager for La Teko Resources Ltd. (1997-1999), where he oversaw corporate planning and reporting and project evaluation until the company accepted a $44 million take-over offer from Kinross Gold Corporation. Mr. Fields was the Vice President (1999-2001) and a director (1999-2009) of Copper Ridge Explorations Inc., where he was responsible for directing geological programs, project evaluations and continuous disclosure obligations of the company. Mr. Fields received the E.A. Scholz award in 2012 from the Association for Mineral Exploration BC for excellence in mine development for his key role in developing the Willow Creek metallurgical coal mine during his time at Pine Valley Mining Corporation as Executive Vice President (2001-2005). Mr. Fields has extensive public company experience as he has served as: a director (2010-present) and President and CEO (2017-present) of Discovery Harbour Resources Corp.; a director (2016-present) of Nickel Creek Platinum Corp.; a director of Geodex Minerals Ltd. (2009-2017); a director (2006-2013) and President and CEO (2012-2013) of Prime Meridian Resources Corp.; and a director of Bluestone Resources Inc. (2006-2012).

DISCUSSION OF OPERATIONS

The following highlights the key operating expenditures during the three and nine months ended March 31, 2022, compared to the three and nine months ended March 31, 2022:

For the nine months ended March 31, 2022

During the nine months ended March 31, 2022, the Company incurred a net loss from continuing operations of $475,053 (March 31, 2021 - $728,228). The net loss from continuing operations for the nine months ended March 31, 2022 consists primarily of the following:

- Revenues were $13,919 (2021 - $nil) derived primarily from CBD vending machine sales. The Company terminated these operations in Q3 2022.

- Advertising and marketing of $7,500 (2021 - $4,153,502) consists of advertising and marketing campaigns to increase market awareness and brand generation activities. The expense decreased as a result of reduced advertising and marketing campaigns and related expenditures;

- Consulting and payroll of $223,393 (2021 - $210,182) consists primarily of services used in operational and corporate activities. This expense has increased reflecting the services used for operational and corporate activities during the period as the Company shifts its focus to mineral exploration activities.

- Management fees of $402,750 (2021 - $518,250) consists primarily of services used in corporate activities and reflects the changing needs of the Company. Management fees decreased following the Company's shift in operations and related management. Much of management have stopped charging fees during the change of business to a mineral property exploration business.

- Professional fees of $660,885 (December 31, 2020 - $1,044,977) consists primarily of the fees incurred for corporate and operational activities. The reduction reflects the decrease in operating activities and volume of legal support needed;

- Depreciation of $nil (2021 - $49,387) as a result of all of the Company's tangible and intangible assets primarily being disposed of or written off at the end of previous year end and as a result, there was no expense in the current period.

- Interest expense of $15,581 (2021 - $42,692) consists primarily of the accretion and amortization of the debt component of convertible debt and decreased due to the decrease in such debt in the current year by way of settlements.

- Change in fair value of derivative (other income) of $995,084 (2021 - $nil) consists primarily of the fair value adjustment on the Company's embedded derivative liability.

During the nine months ended March 31, 2022, the Company incurred a comprehensive net loss from continuing operations of $475,053 (2021 - $8,944,206). The difference arises due to operation costs which are not incurred in the current year due to decreased level of activity.

For the three months ended December 31, 2021

During the three months ended June 30, 2022, the Company incurred a net loss from continuing operations of $464,718 (2021 - $5,623,238) The net loss for the three months ended December 31, 2021 consists primarily of the following:

- Revenues were $nil (2021 - $13,919) derived primarily from CBD vending machine sales. The Company discontinued this operation during the current year.

- Advertising and marketing of $nil (2021 - $775,589) consists of advertising and marketing campaigns to increase market awareness and brand generation activities. The expense decreased as a result of reduced advertising and marketing campaigns and related expenditures;

- Consulting and payroll of $34,632 (2021 - 228,214) consists primarily of services used in operational and corporate activities. This expense has decreased reflecting the services used for operational and corporate activities during the period as the Company shifts its focus from having multiple operations in many different jurisdictions;

- Management fees of $186,836 (2021 - $129,857) consists primarily of services used in corporate activities and reflects the changing needs of the Company.

- Professional fees of $485,335(2021 - $406,635) consists primarily of the fees incurred for corporate and operational activities. The increase reflects the decrease in operating activities and volume of legal support needed;

- Change in fair value of derivative (other income) of $51,114 $(50,547) (2021 - $nil) consists primarily of the fair value adjustment on the Company's embedded derivative liability.

During the three months ended December 31, 2021, the Company incurred a comprehensive net loss of $9,084,401 (2021 - $2,412,363).

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed interim quarters:

	Quarter Ended March 31, 2022	Quarter Ended December 31, 2021 $	Quarter Ended September 30, 2021 $	Quarter Ended June 30, 2021 $
Revenue	-	6,959	6,960	27,838
Operating Expense	(517,527)	(648,108)	(294,489)	(740,468)
Net loss	(484,246)	(704,577)	698,970	(1,856,804)
Comprehensive income (loss)*	(484,246)	(704,577)	698,970	(1,856,804)
Basic and diluted loss per share, basic and diluted	(0.01)	(0.01)	0.01	(0.03)

*Income during the quarter ended September 30, 2021 was due to a gain on derivative liability.

	Quarter Ended March 31, 2021 $	Quarter Ended December 31, 2020 $	Quarter Ended September 30, 2020 $	Quarter Ended June 30, 2020 $
Revenue	-	-	-	180,895
Operating Expense	(5,205,476)	(1,633,530)	(1,644,746)	(3,829,031)
Net loss	(4,480,323)	(1,562,505)	(1,831,946)	(324,266)
Comprehensive loss	(4,480,323)	(1,562,505)	(1,831,946)	(283,015)
Basic and diluted loss per share, basic and diluted	(0.08)	(0.04)	(0.05)	(0.00)

In the quarter ended March 31, 2020, the Company's licenses in Puerto Rico were reinstated and the Company was deemed an essential service in Puerto Rico. This resulted in a recovery in revenues and operational activities resulting in revenues of $4,529,524. In the quarter ended June 30, 2020, the Company earned revenues of $3,919,025. Following the subsequent disposition transactions of the Company's Puerto Rican operations, all related assets, liabilities and result of operations have been disclosed in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*. As such there were no revenues earned by Chemesis as operations were limited to non Puerto Rico related activities for the quarters ended September 30, 2020 and December 31, 2020. Revenues began to generate from the newly rolled out kiosk vending machines during the quarters ended March 31, 2021 and June 30, 2021 but as result of the market conditions and inability to secure large contracts, there were no significant revenues during the quarter ended September 30, 2021 and March 31, 2022.

SEGMENTED REPORTING

The Company currently has one operating segment.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company had cash of $195,915 and $229,939 in amounts receivable. The Company had a working capital deficit of $1,905,761 (June 30, 2021 – $1,330,414).

During the nine months ended March 31, 2022:

a. The Company received cash of $1,247,200 pursuant to private placements.

If additional funds are required, the Company plans to raise capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

Operating Activities

The Company used cash of $1,484,856 in operating activities from continuing operations during the nine months ended March 31, 2022.

Investing Activities

The Company had no investing activities during the nine months ended March 31, 2022.

Financing Activities

The Company received cash of $1,255,655 from financing activities during the nine months ended March 31, 2022. Financing activities primarily consisted of $1,247,200 received from private placements.

CHANGES IN ACCOUNTING POLICIES

With the exception of the recently adopted accounting policies, the management discussion and analysis has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended June 30, 2021, filed March 25, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company. Management compensation transactions for the nine months ended March 31, 2022 and 2021 is summarized as follows:

	2021	**2020**
Management fees	$ 402,750	$ 518,250
Share-based payments	-	-

Total	**$**	**402,750**	**$**	**518,250**

As at March 31, 2022, $862,523 (June 30, 2020 - $647,083) is owed to directors and officers of the Company for unpaid fees and expenses paid on behalf of the Company.

During the nine months ended March 31, 2022, the Company accrued $nil (2020 - $162,000) included in management fees to the CEO and Director of the Company pursuant to CEO and director services provided.

During the nine months ended March 31, 2022, the Company accrued $112,500 (2020 - $75,000) included in management fees to the CFO of the Company pursuant to CFO services provided.

During the nine months ended March 31, 2022, the Company accrued $150,000 (2020 - $162,000) included in management fees to a director of the Company pursuant to director services provided.

During the year ended June 30, 2020, the Company accrued $131,250 (2020 - $50,625) included in management fees to a director of the Company pursuant to President and Director services provided.

During the nine months ended March 31, 2022, the Company paid $9,000 (2020 - $18,000) included in consulting fees to the Corporate Secretary and Director and of the Company pursuant to corporate secretary and director services provided.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 3 of the Company's consolidated financial statements for the nine months ended March 31, 2022.

SUBSEQUENT EVENTS

See Transactions in Progress.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

Common shares issued and outstanding as at March 11, 2022 are 66,826,135 (December 31, 2021 – 55,329,613).

Share Purchase Warrants

As at May 30, 2022, the Company had 20,045,340 (December 31, 2021 – 17,484,000) share purchase warrants outstanding with expiry dates as follows:

Expiry date	Warrants		Exercise Price
December 21, 2023	31,250	$	15.00
January 21, 2024	38,460		24.50
March 1, 2024	105,000		25.00
May 30, 2024	18.918		25.00
May 30, 2024	37,837		25.00
June 13, 2024	5,405		25.00
May 19, 2022	1,220,000		1.00
May 20, 2022	1,272,500		1.00
July 3, 2022	2,542,800		1.00
July 24, 2022	692,416		0.85
January 18, 2023	3,687,419		0.34
November 29, 2023	10,393,335		0.15
Balance, March 31, 2022	**20,045,340**	**$**	**0.72**

Stock Options

As at May 30, 2022, the Company had 3,795,000 (December 31, 2021 – 3,795,000) options outstanding with expiry dates as follows:

		Outstanding and exercisable		
Expiry date	**Options**		**Exercise price**	**Remaining contractual life (years)**
January 12, 2025	2,295,000	$	0.90	2.78
January 12, 2026	1,500,000		0.89	3.78
Balance, December 31, 2021	**3,795,000**	**$**	**0.90**	3.18

Restricted Share Rights

As at March 11, 2022, the Company had 3,375,000 (December 31, 2021 – 3,375,000) restricted share rights outstanding and exercisable.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the factors set out below. However, the risks and uncertainties set out in this MD&A are not exhaustive. New risk factors may emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business performance, condition, operations or strategies and plans.

Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares of the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

The Company will require additional financing to fund its operations to the point where it is generating positive cash flows. Continued negative cash flow may restrict the Company's ability to pursue its business objectives.
Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an

increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that any such financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Key Personnel

Another risk associated with the production and sale of recreational cannabis is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

Certain directors or officers of the Company are also directors, officers, shareholders and/or promoters of other reporting and non-reporting issuers. Such associations may give rise to conflicts of interest from time to time. The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. Conflicts of interest, if any, will be subject to, and will be resolved in accordance with, the procedures and remedies under the *Business Corporations Act* (British Columbia).

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Reliance on Key Inputs

The Company's business is dependent on a number of key inputs including raw materials and supplies relating to its growing operations including electricity, water, and other utilities. Any significant interruption or negative change in the availability or pricing of the supply chain for these key inputs could materially impact the Company's operations, financial condition, and operating results.

The Company's Products

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Company can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Company.

Shareholders and investors should further consider, among other factors, the Company's prospects for success in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, and they may result in material delays in the operation of The Company's business. The Company may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company's business to the point of having to cease operations and could impair the value of the Company's common shares to the point investors may lose their entire investment.

The Company has committed, and expects to continue to commit, significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Company cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that The Company may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Company's business, financial condition and results of operations.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by the U.S. Food and Drug Administration, the California or Puerto Rico Department of Public Health, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Liability

The Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Liquidity

The Company cannot predict at what prices the Company will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

Sales of Substantial Amounts of the Shares May Have an Adverse Effect on the Market Price of the Shares

Sales of substantial amounts of the common shares of the Company, or the availability of such securities for sale, could adversely affect the prevailing market prices for the common shares. A decline in the market prices of the common shares of the Company could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

Volatile Market Price for the Shares

The market price for the common shares of the Company may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Company's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company will operate;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding common shares of the Company;
- sales or perceived sales of additional common shares of the Company;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares of the Company may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares of the Company may be materially adversely affected.

The Business is Dependent on Laws Pertaining to the Marijuana Industry

Continued development of the marijuana industry is dependent upon continued legislative authorization of the use and cultivation of marijuana at the Federal and State level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of marijuana, which would negatively impact the proposed business.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States (including Puerto Rico), the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The Company Will Be an Entrant Engaging in a New Industry

The recreational cannabis industry is fairly new. There can be no assurance that an active and liquid market for common shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Changes in Laws

Changes to any of the laws, rules, regulations or policies to which the Company is subject could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Unfavourable Publicity or Consumer Perception

Proposed management of the Company believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Company's proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

The Company has Limited Operating History

The Company has limited operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. For example, the adult use marijuana industry is a relatively new industry which, as a whole may not succeed, particularly should the federal government of the United States decide to prosecute various parties under federal law. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Losses

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company 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.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Reporting Issuer's shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.

Shelf Life of Inventory

The Company holds finished goods in inventory with a shelf life. The Company has a typical inventory turnover that varies and as a result, inventory may reach its expiration date and no longer be available for sale. As a result, inventory may have to be written down and could have a material adverse effect on the Company's business, financial condition, and results of operations.

Dividends

To date, the Company has not paid any dividends on its outstanding securities and the Company does not expect to do so in the foreseeable future. Any decision to pay dividends on Company's shares will be made by the Board of Directors.

Speculative investment

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described above and the other information filed with the Canadian securities regulators before investing in the Company's common shares. The risks described are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of these risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose all of their investment.

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

Loss of Interest in Properties

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company, including the Qualifying Property.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.

The Company intends to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

Because the Company's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on the Company's current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to the Company's properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at http://www.sedar.com.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.