BEVCANNA ENTERPRISES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the twelve months ended December 31, 2023 and 2022

Prepared as of April 29, 2024

INTRODUCTION

The following management's discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for BevCanna Enterprises Inc. (the "Company") and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023 and notes thereto. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

As used in this MD&A and unless otherwise indicated, the terms "we", "us", "our", and "Company" refer to BevCanna Enterprises Inc. Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. The words "aim," "anticipate," "believe," "continue," "could," "expect," "intend," "likely", "may," "optimistic," "plan," "potential", "predict", "should," "would," and other similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on material factors and assumptions made by our Company in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate in the circumstances, including but not limited to:

- the Company's expectations regarding its consolidated revenue, expenses and operations;
- the Company's anticipated cash needs, its needs for additional financing;
- the Company's intention to develop its business and its operations;
- expectations with respect to future production costs and capacity;
- the grant and impact of any licence or supplemental licence to conduct activities with cannabis or any amendments thereof;
- expectations with respect to the future growth of its adult-use recreational cannabis products; and
- the Company's competitive position and the regulatory environment in which the Company operates.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those indicated in these statements, including, but not limited to:

- uncertainty with respect to the conflict between United States federal and state laws;

- uncertainty over whether the market will continue to support the Company's products;
- the Company's limited operating history;
- potential or actual conflicts of interest;
- the risk the Company is unable to obtain additional financing to achieve its business objectives and execute its strategy on satisfactory terms, or at all;
- uncertainty about the Company's ability to continue as a going concern; and
- changes in general economic or political conditions.

The forward-looking statements contained in this MD&A reflect our views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

DESCRIPTION OF BUSINESS

The Company is a diversified lifestyle and wellness consumer packaged goods company. Its wholly-owned subsidiaries focus on developing, manufacturing and distributing lifestyle and wellness consumer packaged goods for in-house brands and white-label clients via a multichannel sales network.

The Company owns and operates an approximately 40,000 sq. ft. beverage manufacturing plant through its wholly-owned subsidiary Naturo Group. The Company owns a naturally alkaline spring water aquifer located on site. Naturo Group also owns approximately 308-acres of prime agricultural land, and 5-acres of industrial zoned land on the same property. Through Naturo Group, the Company manufactures and markets the TRACE brand of Blackwater and alkaline waters, concentrates and shots to retailers and online across Canada. It also offers custom beverage manufacturing on a private label basis.

The Company, through its wholly-owned subsidiary Naturally Pure Therapy Products Corp. ("Pure Therapy"), plans to sell a range of proprietary nutraceutical health products on its e-commerce platform in the United States. Product segments cover life longevity, heart health, sleep health, brain support, beauty, general wellness, and natural slimming. With an extensive catalogue of premium-grade proprietary formulations, all products under the Pure Therapy umbrella are manufactured in GMP-certified facilities and independently tested for purity.

In 2023, the Company ceased its cannabis beverage and solvent-less extract operations, previously conducted by its wholly-owned subsidiaries, BevCanna Operating Corp. and Embark Health Inc. Consequently, the licenses issued by Health Canada for these activities were surrendered during the same year. Furthermore, the Company's majority owned subsidiary, Naturo Springs filed for voluntary bankruptcy in 2023.

OVERALL PERFORMANCE

The Company has not yet achieved profitable operations as it is still progressing in its commercialization. The Company's future performance depends on, among other things: (i) launching products with a healthy margin while staying competitive; (ii) broadening distribution into international markets; (iii) improving risk diversification by expanding the Company's business portfolio through M&A activities; and (iv) maintaining tight cost controls over production and administrative spending.

Management Changes

On June 21st 2023, Bruce Dawson-Scully became the President of the Company.

On June 21st 2023, Melise Panetta, resigned as President of the Company.

On July 19th 2023, Douglas Mason resigned from the Board of Directors.

On January 3, 2024, Bruce Dawson-Scully resigned as President of the Company.

On January 4, 2024, William MacDonald resigned from the Board of Directors.

OUTLOOK

The Company is strategically shifting its focus towards higher-margin business segments to meet the growing demand for better-for-you products. As part of this strategy, the Company has discontinued its cannabis operations. This realignment will enable renewed emphasis on traditional business segments, particularly its premium water and nutraceutical operations. Anticipating revenue growth and improved profit margins in these sectors, the Company is pursuing a more robust and sustainable financial outlook. Strategic initiatives include:

1. **Naturo Group Enterprises Inc. (“Naturo Group”):**

The Company's wholly-owned subsidiary Naturo Group maintains a steadfast focus on nurturing its supply agreement with the **BC Ministry of Forests**, and private label manufacturing partnerships within Canada, with notable organizations like, **London Drugs**, and **7-Eleven Canada.** Naturo Group is committed to expanding its product portfolio and distribution network for **TRACE** Blackwater, alkaline water and nutraceuticals, both domestically and internationally. In particular, Naturo Group has been pursuing opportunities in the Southeast Asia market, with a focus in China through strategic supply arrangements.

Naturo Group is undergoing a rebranding initiative for **TRACE** ready-to-drink beverage formats in North America and Southeast Asia, focusing on highlighting functionality. The branding of **TRACE Blackwater and TRACE ALKALINE77** positions the product as a premium and functional water, elevating it from the prevailing "low-cost" water alternatives in the market.

Naturo Group has secured import approvals in two major consumer markets for bottled water globally, namely Mexico and China. Furthermore, it has entered into a supply arrangement in China with Rocky Mountain Water (Shanghai) Ltd. (“**Rocky Mountain**”), a Shanghai-based company established in 2015. Rocky Mountain specializes in promoting wellness through premium beverage distribution and offers a diverse product range, including functional beverages, alkaline water, and more, prioritizing quality and health-conscious choices. Leveraging a strong distribution network that includes direct-to-consumer online sales and tastemaker bricks-and-mortar locations, Rocky Mountain has positioned itself as a prominent distributor in China.

Naturo Group has secured purchase orders for **TRACE Blackwater** in China totaling $3,500,000 within the first twelve months from the initial shipment, with a forecasted gross margin of 60%. The supply arrangement and purchase orders highlight Naturo Group's strategic expansion efforts and commitment to expanding into key markets, particularly in China, while meeting the demands of health-conscious consumers.

2. **Naturally Pure Therapy Products Corp. (“Pure Therapy”):**

The Company's wholly-owned subsidiary Pure Therapy is strategically repositioning its e-commerce business to transition to a high-margin direct-to-consumer model. Leveraging Pure Therapy’s e-commerce expertise, it plans to enhance customer acquisition and retention strategies providing enhanced customer lifecycles and boosting overall profitability. The anticipated launch of the new direct-to-consumer e-commerce platform is set for late 2024.

E-Commerce Competitive Advantage

The leadership team at Pure Therapy has been at the forefront of innovation in the e-commerce natural health products sector since 2009. Pure Therapy’s strategic advantage lies in direct relationships with GMP Certified manufacturing facilities, providing it with control over the entire supply chain and distribution process. Pure Therapy boasts a comprehensive suite of marketing collateral, encompassing landing pages, e-commerce sites, and both paid and organic marketing efforts. Additionally, Pure Therapy has cultivated a substantial network of health and lifestyle influencers, enhancing its reach and impact in the market. Furthermore, Pure Therapy excels in merchandising product packages to meet consumer demands, particularly through well-received subscription offerings.

Product Segment Focus

Pure Therapy is strategically focusing on diverse product segments to meet demand for health-conscious consumers, including:

- Life Longevity and Heart Health
- Sleep Health

- Brain Support, Anxiety (i.e., nootropics, adaptogens, etc.)
- Beauty
- General Health and Wellness (i.e., fulvic and humic, etc.)
- Responsible and Natural Slimming

Summary

BevCanna has worked on enhancing operational efficiency, refining its business plan to concentrate on high-margin business segments, and expanding its presence in the world of branded products and finished-goods manufacturing. This strategic focus positions the Company to increase revenue growth in 2024 and beyond, improve cost efficiencies, and become a competitive player in the consumer-packaged goods industry. Looking ahead, management continues to believe in the tremendous potential of the consumer-packaged goods industry and is optimistic about the long-term prospects for the Company and its shareholders.

SELECTED FINANCIAL INFORMATION

	Year ended December 31, 2023 (Audited) $	**Year ended December 31, 2022 (Audited) $**
Total revenues	749,536	1,378,126
Net loss from continued operations	(7,543,867)	(5,964,188)
Net loss from discontinued operations	(5,000,849)	(11,017,291)
Net loss	(12,544,716)	(16,981,479)
Loss per share (basic and diluted)	(1.08)	(0.14)
Cash (used in) provided by operating activities	(1,207,187)	140,073

Statements of Financial Position	**As at December 31, 2023 (Audited) $**	**At December 31, 2022 (Audited) $**
Assets		
Current assets	794,952	2,750,497
Non-current assets	12,274,309	19,048,772
Total assets	13,069,261	21,799,269
Liabilities		
Current liabilities	17,152,509	15,131,226
Non-current liabilities	230,000	230,000
Total liabilities	17,382,509	15,361,226
Total shareholders’ equity	(4,313,248)	6,438,043
Total liabilities and shareholders’ equity	13,069,261	21,799,269

DISCUSSION OF OPERATIONS

For the twelve months ended December 31, 2023

Revenue

For the twelve months ended December 31, 2023, the Company's continuing operations generated its revenue through its conventional beverage subsidiary, Naturo Group.

The revenue generated from continuing operations was $749,536 for the twelve-month period ended December 31, 2023, of which $723,787 was the cost of sales, generating a gross profit of $25,749. Conversely, the twelve months period ended December 31, 2022 generated revenue of $1,378,126, of which $1,517,527 was cost of sales, generating a gross loss of $139,401. The revenue decline in 2023 compared to 2022 was mainly attributed to slow eCommerce sales, which were impacted by capital constraints stemming from the previously imposed CTO.

The revenue generated from Pure Therapy was $nil for the twelve-month period ended December 31, 2023, compared to $530,133 for the twelve-month period ended December 31, 2022, of which $507,813 was the cost of sales, generating a gross profit of $22,320. The decline in revenue for the twelve-month period ended December 31, 2023, occurred as a result of the Company’s decision to wind down Pure Therapy’s low net margin affiliate marketing business model, in order to replace it with a higher-margin direct-to-consumer (“DTC”) approach. Revamped product offerings are anticipated to launch in late 2024. These changes are expected to lead to improved profit margins, long-term revenue growth, enhanced market competitiveness, and a gradual recovery in revenues as the DTC model gains traction and new products are introduced.

	Twelve months ended December 31, 2023 (Audited) $	**Twelve months ended December 31, 2022 (Audited) $**
Total revenues	749,536	1,378,126
Cost of products and services	(723,787)	(1,517,527)
Gross profit	25,749	(139,401)

Net Loss

During the twelve month period ended December 31, 2023, the Company recorded a gross profit from continuing operations of $25,749, administrative expenses of $5,853,277, accretion expenses of $27,712, financing costs of $1,013,774, foreign exchange gain of $15,984, other losses of $54,614, impairment of Property, Plant and Equipment of $1,251,467, impairment of prepaids & deposits of $342,247, impairment of inventory of $78,281, loss on disposal of assets of $297,059 and gain from debt settlement of $1,332,831. This resulted in a net loss from continuing operations of $7,543,867. The main factors that contributed to the loss in the period were amortization of $663,490, management fees of $637,500, plant operation and office expenses of $878,640, professional fees of $2,485,906, and salary expenses of $269,865.

The gross profit improved from a loss of $139,401 during the twelve-month period ended December 31, 2022 to a profit of $25,749 during the twelve-month period ended December 31, 2023. This increase is attributed to the elimination of one-time charges, specifically a customer disputed credit and the use of inventory to resolve a vendor debt.

During the twelve-month period ended December 31, 2023, there was a net loss from continuing operations of $7,543,867, compared to a net loss from continuing operations of $5,964,188 during the twelve-month period ended December 31, 2022 which can be largely ascribed to several key factors:

- Impairment charge of Property, Plant and Equipment increased from $nil during the twelve-month period ended December 31, 2022, to $1,251,467 during the twelve-month period ended December 31, 2023. This increase is attributed to the voluntary bankruptcy of the Company’s majority-owned subsidiary, Naturo Springs.

- Impairment charge of Prepaids & Deposits increased from $nil during the twelve -month period ended December 31, 2022, to $342,247 during the twelve -month period ended December 31, 2023. This increase is attributed to cancelled equipment orders associated with the voluntary bankruptcy of Naturo Springs.

- Professional fees increased from $1,721,635 during the twelve-month period ended December 31, 2022, to $2,485,906 during the twelve-month period ended December 31, 2023. This increase is largely attributed to the startup costs associated with operations in China and the appointment of a new President.

- Financing costs increased from $294,873 during the twelve-month period ended December 31, 2022, to $1,013,774 during the twelve-month period ended December 31, 2023. This increase is attributed to increased financing activity, with a substantial portion of the increase resulting from a one-time non-cash settlement of outstanding purchase order factoring balances.

- Gain on debt settlement increased from $319,857 during the twelve-month period ended December 31, 2022, to $1,332,831 during the twelve-month period ended December 31, 2023.

- Investor relations expenses decreased from $199,910 during the twelve-month period ended December 31, 2022, to $20,700 during the twelve-month period ended December 31, 2023. This decrease is due to the suspension of investor relations activities during the previously imposed CTO.

- Marketing expenses decreased from $252,476 during the twelve-month period ended December 31, 2022, to $100,399 during the twelve-month period ended December 31, 2023. This decrease is be attributed to scaled-back marketing efforts, aligned with cost reduction strategies.

- Share based payments decreased from $229,724 during the twelve-month period ended December 31, 2022, to $nil during the twelve-month period ended December 31, 2023. This decrease is attributed to the absence of share issuances, a result of the previously imposed CTO.

The following factors contributed to the Company's net losses:

1. **Operating Expenses**

The Company's working capital was constrained by the limitations of the previously imposed CTO on capital raising activities. These constraints resulted in higher less-than-truckload shipping costs and reduced quantity of purchase orders for materials, collectively leading to a significant decrease in operating margins.

2. **Production Limitations**

The issuance of the previously imposed CTO presented substantial obstacles in raising capital to support investments to scale-up production and support product marketing initiatives. Consequently, the Company had to secure short-term purchase order factoring at a high interest rate to maintain a minimum level of production.

Strategic Shift for Sustainable Growth

In response to these challenges, the Company is strategically realigning its business model to prioritize high net-margin opportunities and reduce operating expenses. The forward-looking strategy encompasses:

- Naturo Group expanding its white label and private label business: The Company aims to boost profitability by expanding its white label and private label businesses to leverage higher-margin products and circumvent retailer listing fees.

- Pure Therapy launching direct-to-consumer e-commerce model: The Company plans to launch its direct-to-consumer e-commerce model with an array of proprietary nutraceutical product offerings which enables opportunities for higher profit margins and increased control over sales strategies.

- Southeast Asia distribution focus: Naturo Group has entered into an alliance with Rocky Mountain Water (Shanghai) Ltd. in China, known for premium beverage distribution, securing TRACE Blackwater purchase orders totaling $3,500,000 in the first twelve months from initial shipment, reflecting estimated gross margin of 60%. This alliance aligns with Naturo Group's strategic expansion into key markets, notably China, to meet the preferences of health-conscious consumers.

These initiatives are designed to augment revenue, uphold healthy margins, and curtail operational expenses, ultimately positioning the Company to achieve breakeven at a lower revenue threshold moving forward.

Three months ended December 31, 2023

Revenue

For the three-month period ended December 31, 2023, the Company generated its revenue from continuing operations as follows:

The revenue generated from Naturo Group was $42,132 for the three-month period ended December 31, 2023, of which ($40,394) was the cost of sales, generating a gross profit of $82,526. Conversely, the three-month period ended December 31, 2022 generated revenue of $172,123, of which $251,172 was cost of sales, generating a gross loss of $79,049. The decrease in revenue is primarily due to a major seasonal contract with the BC Ministry of Forests concluding earlier in 2023 than in 2022.

The revenue from Pure Therapy was $nil for the three-month period ended December 31, 2023, and $nil for the three-month period ended December 31, 2022.

	Three months ended December 31, 2023 (Audited) $	**Three months ended December 31, 2022 (Audited) $**
Total revenues	42,132	172,123
Cost of products and services	40,394	(251,172)
Gross profit	82,526	(79,049)

Net Loss

During the three month period ended December 31, 2023, the Company recorded a gross profit from continuing operations of $82,526 and recorded administrative expenses of $1,669,247, financing costs of $749,174, foreign exchange gain of $10,788, other gains of $86,719, impairment of Property, plant and equipment of $1,251,467, impairment of Prepaids & Deposits of $342,247, impairment of inventory of $78,281, loss on disposal of assets of $$297,059 and a gain on debt settlement of $1,332,594. This resulted in a net loss of $2,564,865. The main factors that contributed to the loss in the period were amortization of $141,010, management fees of $157,500, plant operation and office expenses of $167,980, professional fees of $794,343, and salary expenses of $106,520.

The gross profit from continuing operations increased from $79,049 loss during the three-month period ended December 31, 2022 to $82,526 gross profit from continuing operations during the three-month period ended December 31, 2023. This increase is mainly due to a one-time reclass of $269,242 from cost of revenue to net loss of discontinued operations.

During the three-month period ended December 31, 2023, there was a net loss of $2,874,865 from continued operations, compared to a net loss of $1,373,505 from continued operations during the three-month period ended December 31, 2022 which can be largely ascribed to several key factors on a net basis:

- Impairment charge of Property, Plant and Equipment increased from $nil during the three-month period ended December 31, 2022, to $1,251,467 during the three-month period ended December 31, 2023. This increase is attributed to the voluntary bankruptcy of the Company's majority-owned subsidiary, Naturo Springs.

- Impairment charge of Prepaids & Deposits increased from $nil during the three-month period ended December 31, 2022, to $342,247 during the three-month period ended December 31, 2023. This increase is attributed to cancelled equipment orders associated with the voluntary bankruptcy of Naturo Springs.

- Depreciation expenses decreased from $428,435 during the three-month period ended December 31, 2022, to $141,010 during the three-month period ended December 31, 2023. This reduction is primarily attributed to a write-down in fixed assets.

- Finance costs increased from $59,663 during the three-month period ended December 31, 2022, to $749,174 during the three-month period ended December 31, 2023. This increase is attributed to increased financing activity, with a substantial portion of the increase resulting from a one-time non-cash settlement of outstanding purchase order factoring balances.

- Legal fees increased from $53,538 during the three-month period ended December 31, 2022, to $177,107 during the three-month period ended December 31, 2023. This increase is primarily attributed to heightened general legal activities, driven by increased legal settlement actions and correspondence related to the revocation of the CTO.

- Professional fees increased from $321,237 during the three-month period ended December 31, 2022, to $794,343 during the three-month period ended December 31, 2023. This increase is predominantly associated with the establishment of strategic alliances and fees associated to the prior auditor.

The factors from a general perspective that are driving an ongoing net loss during the three-month period ended December 31, 2023, can be attributed to the same root causes that affected the twelve-month period ended December 31, 2023.

SUMMARY OF QUARTERLY RESULTS

The following table provides a summary of the previous eight quarters of the Company's financial performance:

	Q4 2023	**Q3 2023**	**Q2 2023**	**Q1 2023**
Total revenues	42,132	336,907	332,552	37,945
Income (loss) from discontinued operations	(5,024,875)	199,734	(140,930)	(34,778)
Loss	(7,899,740)	(1,697,045)	(1,352,984)	(1,594,947)
Loss per share (basic and diluted)	(0.68)	(0.02)	(0.01)	(0.01)
	Q4 2022	**Q3 2022**	**Q2 2022**	**Q1 2022**
Total revenues	172,123	286,946	485,669	433,388
Loss from discontinued operations	(7,991,643)	(951,658)	(1,057,418)	(1,016,573)
Loss	(9,365,148)	(2,508,942)	(2,832,260)	(2,275,129)
Loss per share (basic and diluted)	(0.08)	(0.01)	(0.01)	(0.01)

The following trends have been evident over the past 8 quarters:

1. **Pure Therapy Contribution and Transition**

Pure Therapy's revenue performance underwent a shift in 2022. While the Company made a substantial contribution to its revenue in 2021, Pure Therapy experienced $4,395 revenue in the third quarter of 2022. Revenue has remained nominal thereafter. This decline was primarily attributed to the Company's strategic decision to gradually phase out the affiliate marketing model. This move was driven by the model's challenges, which included low net margins and the intricacies associated with the audit process. The Company is actively engaged in a transition effort to revitalize this division. The focus of this transition is to relaunch this division with a direct-to-consumer business model with an emphasis on achieving higher net margins and simplifying the accounting processes.

2. Seasonal Beverage Business

The beverage segment experiences seasonality, with peak sales occurring in the summer, while Q4 and Q1 traditionally yield lower sales. Despite this pattern, beverage sales have remained steady.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As at December 31, 2023, the Company had working capital deficiency of $16,357,557 (cash and non-cash) (December 31, 2022 - $12,380,729). Management intends to satisfy the working capital deficiency through debt for equity settlements with its creditors, debt financing, equity financing, debt restructuring, and/or its operational revenues. Management will continue to diligently monitor and adjust the capital budget based on expected cash flows from capital raising, accounts receivable financings, option and warrant exercising, and operational revenues, and as such management believes the Company will have sufficient resources to fund its future operations and expansion plan.

Cash used in Operating Activities

During the twelve months ended December 31, 2023, the Company had cash used in operating activities of $1,207,187 (2022 – received $140,073).

Cash used in Investing Activities

During the twelve months ended December 31, 2023, the Company used $6,300 (2022 – $245,008) in cash from investing activities. The $6,300 used was for purchasing equipment.

Cash provided by Financing Activities

During the twelve months ended December 31, 2023, the Company received net proceeds of $1,213,937 (2022 - $7,500) in cash from financing activities. The $1,213,937 proceeds was for promissory notes and mortgage advance loans.

Future Capital Requirements

The Company will need to continue to raise capital, to support its working capital commitments. The Company has limited capital resources and must rely upon the sale of equity securities, share for debt securities, and/or long-term convertible or standard debt, or the exercise of options and warrants for cash required for working capital purposes, for acquisitions and to fund the administration of the Company. The Company is not yet at the stage where it is able to self-fund and it must continue to rely upon the sales of its equity and debt securities to raise capital, which may result in material dilution to existing shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company or at all.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the twelve months ended December 31, 2023 or as of the date of this report.

TRANSACTIONS BETWEEN RELATED PARTIES

During the twelve months ended December 30, 2023 and 2022, the Company incurred the following related party transactions:

Twelve months ended,	December 31, 2023 $	December 30, 2022 $
Management and Consulting fees		
Chief Financial Officer (“CFO”) and Chief Strategic Officer (“CSO”)	240,000	240,000
Chief Executive Officer (“CEO”)	305,000	357,659
President	300,000	-
Former President	113,335	200,004
Former President	194,599	180,808

Directors	97,289	120,000
Company controlled by individual related to CEO	152,500	164,040
Company controlled by individual related to Former President	52,500	-
Individual related to CEO	53,258	54,571
Share-based payments		
CFO & CSO	-	155,177
Former President	-	6,950
	1,508,480	1,479,209

Related Party Balances:

As at December 31, 2023, the following amounts were included in accounts payable and accrued liabilities in relation to transactions with related parties, which were non-interest bearing, unsecured and due on demand:

As at December 31,	2023 $	2022 $
Accounts payable and accrued liabilities:		
Chief Financial Officer (“CFO”) and Chief Strategic Officer (“CSO”)	462.000	210,000
Chief Executive Officer (“CEO”) *(i)*	616,114	333,898
President	339,000	-
Former President	105,921	67,003
Former President	76,552	78,500
Directors	228,403	123,250
Company controlled by individual related to CEO	343,961	196,512
Individual related to CEO *(ii)*	139,955	142,404
Subtotal	**2,311,906**	**1,156,567**
Convertible Debenture		
Directors	57,917	**-**
Subtotal	**57,917**	**-**
Short- term loans		
Company controlled by individual related to CEO	203,160	203,160
Individual related to CEO *(ii)*	169,300	169,300
Subtotal	**372,460**	**372,460**
Due to related parties		
Chief Executive Officer (“CEO”)	47,541	110,958
Company controlled by individual related to CEO	5,000	5,000
Subtotal	**52,541**	**115,958**
Total	**2,794,824**	**1,639,985**

(i) The CEO also provided a shareholder loan to the company of $100,000 in 2022. During the period ended December 31, 2032, a partial repayment of $52,459 was made on this loan.

(ii) Two individuals related to the CEO each provided $125,000 USD in purchase order factoring to the Company for productions. The financing fee is $25,000 USD each. $25,000 USD principal was repaid during 2022. At end of December 31, 2022, $275,000 USD was still outstanding.

Convertible debenture

BevCanna Debentures

On April 14, 2020, the Company completed a non-brokered financing of $630,000 by issuing convertible debentures (“Debentures”). The Debentures accrue interest at the rate of 8% per annum payable semi-annually and mature on April 14, 2023. The Debentures are convertible to common shares of the Company at $0.75 per share.

The holders of the Debentures are entitled to convert the unpaid principal and interest into common shares of the Company at a conversion price of $0.75 per share. If at any time the daily weighted average trading price of the Company's shares is greater than $1.00 for the preceding 10 days, the Company will have the option to convert the outstanding principal amount at the price of $0.75 per share.

The initial liability component of the Debentures was calculated at the present value of interest payments and expected return using an effective interest rate of 16% per annum. The equity component was determined using the residual method whereby, the fair value of the equity component is arrived at by deducting the amount determined separately for the liability from the face value of the instrument. As a result, the fair value of the conversion feature was determined to be $118,252 and was recognized into the equity reserve of the Company.

On February 8, 2021, the Company completed an early redemption for $115,000 of the debenture and paid $124,532 towards the outstanding principal and accrued interest. On the same date, the Company converted $15,000 of the debentures into 20,000 common shares. The Company reclassified $3,754 from equity reserves to share capital related to this conversion.

On December 31, 2023, $28,603 accrued interest remains outstanding for the BevCanna Debenture.

Naturo Group Debenture

On January 27, 2021, Naturo Group completed a debt settlement with an individual related to the CEO of the Company (Note 15) by issuing a convertible debenture for $1,505,021 with an interest bearing at 10% per annum, payable monthly and maturing in 24 months. The debenture is convertible to common shares of the Company at $0.40 per share at any time at the discretion of the debenture holder. Upon assumption by the Company on the Acquisition Date, the convertible debenture was valued at $1,468,373 (Note 11).

On June 28, 2021, the Company entered into a debenture amendment and cancellation agreement with the related party to settle the $1,505,020 in the convertible debenture plus a $500,000 payable for finance charge, with a receivable of $2,005,020 from the CEO of the Company. There was $nil gain or loss on the settlement of these balances.

Upon the settlement, the convertible debenture has an outstanding balance of $1,525,459 for the principal and accrued interest. Following the settlement, the excess $20,439 accrued interest payable was paid during the year ended December 31, 2023.

The total value of the outstanding debenture as at December 31, 2023, is $605,959.

	$
Balance, December 31, 2021	461,408
Addition	50,000
Accretion expense	45,553
Finance charge	42,916
Finance charge payment	(20,000)
Balance, December 31, 2022	579,877
Accretion expense	27,599
Finance charge	(1,517)
Balance, December 31, 2023	605,959

FINANCIAL INSTRUMENTS

The Company is exposed to a number of financial instrument risks related to changes in interest rates, collection of accounts receivable, settlement of liabilities, foreign currency exchange rates and management of cash from a liquidity perspective. The Company manages these risks through internal risk management policies. The Company's risk management activities are designed to mitigate possible adverse effects on the Company's performance, having regard for the size and scope of the Company's operations, with a primary focus on the preservation of capital. Many of the Company's strategies are based on historical patterns and correlations and management's expectations of future events. However, these strategies may not be fully effective in all market environments or against all types of risks. Unexpected market developments may affect risk management strategies during this time, and unanticipated developments could impact the Company's strategies in the future. If any of the variety of instruments and strategies utilized is not effective, the Company may incur losses. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. The Company limits its exposure to undue credit risk from cash and cash equivalents by holding them with high credit quality financial institutions located in Canada. The Company manages its exposure to credit risk by assessing the associated risk of default prior to accepting new customers, monitoring the level of accounts receivable attributable to each customer, the length of time taken for amounts to be settled, and maintaining reserves for potential credit losses. Once items are identified as being past due, contact is made with the respective company to determine the reason for the delay in payment and to establish an agreement to rectify the breach of contractual terms. Management does not believe that there is significant credit risk arising from any of the current customer base. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts. The Company's fixed-rate debt structure effectively minimizes interest rate risk. Furthermore, the current risk associated with foreign currency fluctuations has been significantly reduced as a result of winding down its US-based affiliate marketing e-commerce business.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Actual results could differ from these estimates.

Estimates and Judgements

The following are the key assumptions estimates and judgments that have a significant risk of resulting in a material adjustment to the Company's financial statements:

Property, Plant, Equipment, and Intangible Assets

The Company makes estimates on the useful lives when determining depreciation of property and equipment and the amortization of intangible assets are dependent on estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and useful lives of assets.

Share-Based Payments

The Company uses the Black-Scholes Option Pricing Model to value options and warrants granted during the year. The model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates of expected interest rate, volatility, and terms that are subjective and may not be representative of actual.

Income Taxes

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Business Combinations

In an acquisition that constitutes a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. Estimates are applied in the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The valuations are linked closely to the assumptions made by management regarding revenue growth rates, expected operating cashflows, discount rates and earnings multiples.

Going Concern

The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Impairment Testing

The Company's assets are aggregated into cash-generating units ("CGU" or "CGUs") for the purpose of calculating impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The Company evaluates CGU at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when assessing whether there are indications of impairment for the Company's intangible assets and goodwill. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider various factors such as economic and market conditions, revenue growth rates, discount rates, future capital expenditures, expected operating margin changes, and future use of these assets.

Disclosure of Outstanding Security Data

The Company has one class of shares outstanding, being common shares. As of the date of this report, 4,827,270 (December 31, 2023 – 1,617,243, as adjusted for the February 23, 204 reverse stock split) common shares were issued and outstanding as fully paid and non-assessable shares, of which 217,100 common shares were held in treasury.

On February 23, 2024, the Company completed a 1-for-20 reverse stock split of its common shares. This is to streamline its capital structure and bolster share price attractiveness for investors.

As of the date of this report, the Company had 1,750 stock options outstanding (December 31, 2023 – 3,000).

As of the date of this report, the Company had nil common share purchase warrants outstanding (December 31, 2023 – 527,924).

SUBSEQUENT EVENTS

Secured Promissory Note Financing

Subsequent to December 31, 2023, Naturo Group secured $1,062,065 through subscriptions for Secured Promissory Notes with various subscribers. The notes expire in one year and have maturity dates between January 29 to April 26, 2025, accruing interest at 15% per annum. The total interest payable is deducted from the principal amount in advance on the closing date.

Shares for Debt Settlement

Subsequent to December 31, 2023, the Company settled $2,909,633 in debts owed to various vendors, consultants, and related parties by issuing 29,096,332 common shares (1,454,816 common shares, as adjusted for the 1:20 reverse stock split), of which $1,229,055 was settled with related parties. The fair value of the shares is $2,036,743, resulting in a recognized gain on debt settlement of $872,890.

Subsequent to December 31, 2023, the Company settled $1,930,743 in debts owed to various vendors, consultants, and related parties by issuing 1,755,209 common shares, of which $383,233 was settled with related parties. The fair value of the shares is $2,545,053, resulting in a recognized loss on debt settlement of $637,555.

USE OF PROCEEDS FROM FINANCING

Use of Proceeds	
Category	**Amount**
Proceeds	1,420,000
Consultants	(139,743)
Financing	(298,020)
Legal	(34,301)
Operations	(732,307)
Payroll	(215,629)

RISKS AND UNCERTAINTIES

The following information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected.

Regulatory Risks

The Company operates in a highly regulated industry and is in a market that is very competitive and evolving rapidly. The Company's ability to grow, store and sell cannabis in Canada is dependent on the Licences from Health Canada and the need to maintain the Licences in good standing. Failure to comply with the requirements of the Licences or any failure to maintain these Licences would have a material adverse impact on the business, financial condition, and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company’s control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company’s earnings and could make future capital investments or the Company’s operations uneconomical. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Change in Laws, Regulations and Guidelines

The Company's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations.

Limited Operating History

The Company was incorporated in 2017. The Company is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. 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.

History of Net Losses

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

Negative Operating Cash Flow

The Company did not generate operating revenue and historically has had negative cash flow from operating activities. It is anticipated that the Company will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

a) increasing the Company's vulnerability to general adverse economic and industry conditions;

b) limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and

c) limiting the Company's flexibility in planning for, or reacting to, changes in its business and the industry.

Size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data

Because the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact on its financial results.

Restrictions on Sales Activities

The cannabis industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Company's ability to conduct sales and marketing activities and could have a material adverse effect on the Company's business, operating results or financial condition.

The Company's business strategy is constantly evolving

The Company's business strategy involves constantly seeking new opportunities in the cannabis industry. In the pursuit and execution of such opportunities, the Company may fail to select appropriate investment candidates and/or fail to negotiate beneficial or advantageous contractual arrangements. The Company cannot provide assurance that it can complete any investment or business arrangement that it pursues or is pursuing, on favourable terms, or that any investments or business arrangements completed will ultimately benefit the Company.

Failure to integrate acquired business and realize benefits from acquisitions

The Company may grow by acquiring other businesses. The consummation and integration of any acquired business, product or other assets into the Company may be complex and time-consuming and, if such businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Company's business strategy as anticipated, expose the Company to increased competition or other challenges with respect to the Company's products or geographic markets, and expose the Company to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Company acquires cannabis businesses, it may obtain the rights to applications for licences as well as licences; however, the procurement of such applications for licences and licences generally will be subject to governmental and regulatory approval. There are no guarantees that the Company will successfully consummate such acquisitions, and even if the Company consummates such acquisitions, the procurement of applications for licences may never result in the grant of a licence by any state or local governmental or regulatory agency and the transfer of any rights to licences may never be approved by the applicable state and/or local governmental or regulatory agency.

Additional Financing

The building and operation of the Company's proposed facilities and businesses are capital intensive. In order to execute the anticipated growth strategy, the Company will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further 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 the Shares. 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.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. The demand for products may increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Unfavorable Publicity or Consumer Perception

The Company believes the cannabis is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of 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 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 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 cannabis in general, or the Company's products specifically, or associating the consumption of 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.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, 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 manufacture and sale of the Company's products 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 Company's 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.

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 finished 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 Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of the Company. In particular, certain of the directors and officers of the Company are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of the Company. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such for other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Risk Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The success of the Company will be largely dependent upon the performance of its key officers, consultants, and employees. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Pandemics

Currently there is no impact to the Company's operations from the COVID-19 pandemic, although any future strains that result in further restrictions or lockdowns in the future may adversely affect the Company's operations.

OTHER MD&A REQUIREMENTS

Additional information related to the Company can be found on SEDAR+ at www.sedarplus.ca