

**THE GUMMY PROJECT INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE SIX MONTHS ENDED MARCH 31, 2023**

This management's discussion and analysis ("MD&A") discusses the activities and financial position of The Gummy Project Inc. (Formerly Potent Ventures Inc.) (the "Company") for the period ended December 31, 2022. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the six-month period ended March 31, 2023, and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in United States Dollars unless otherwise stated. For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the Company, please see "Risk Factors". Additional information can be accessed through the SEDAR website at www.sedar.com. The Company trades on the CSE under the symbol GUMY. This report is dated – May 4, 2023.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward- looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

DESCRIPTION OF BUSINESS

We are a growing community of individuals and organizations who believe small contributions can add up to something big. We sell low sugar, plant based gummy products while raising money (and awareness) to support endangered keystone species. We are the only "better for you" candy company that is built to support our planet's most precious species and ecosystems, while educating our future generations on the steps we must take today, to ensure a viable tomorrow.



KEY DEVELOPMENTS DURING THE PERIOD ENDED

The Gummy Project Continues Strategic Expansion in US with Purchase Order from 5-Star Luxury Four Seasons Hotel Seattle to Become Supplier of Gummy Products for Guest Room Mini-Bars.

On October 12, 2022, the Company announced that it had received a purchase order from the 5-star luxury Four Seasons Hotel Seattle to become a supplier of gummies for each of the hotel's 147 guest room mini-bars. The purchase order was received from the Four Seasons Hotel Seattle on October 10, 2022. The Four Seasons Hotel Seattle is the only hotel in Washington State to be awarded the highest rating for providing extraordinary experiences with flawless service and the finest amenities, which will now include Watermelon Sharks.

10-1 Share consolidation

On November 2, 2022, the Company consolidated its common shares on a 10-1 basis.

Issue of shares for service

The Company issued 285,714 common shares at a value of \$0.035 per share for services provided.

Issue of stock options

The Company granted 2,300,000 stock options exercisable at a price of \$0.06 for a period of 5 years. Additionally, 1,664,800 stock options were cancelled by the Company.

Warrant repricing

The Company amended the exercise price of 7,261,700 warrants (previously exercisable at \$0.575 to \$0.50) to all be exercisable at \$0.05.

The Gummy Project Officially Launches in U.S. Market with Ecommerce Site and Nationwide Shipping

On December 6, 2022, the Company launched its U.S. ecommerce website at www.shopgummies.com. It is a similar website to the Canadian version but with U.S. products.

The Gummy Project Enters State of Texas with Purchase Order from 5-star Luxury Hotel Located in Austin, Texas

On December 7, 2022, the Company announced that it had received a purchase order for its Peachy Bees and Watermelon Sharks from a 5-star luxury hotel located in Austin, Texas.



SELECTED FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The following table sets out selected financial information with respect to the Company's financial statements for the six-month periods ended March 31, 2023, and 2022. The following should be read in conjunction with the condensed consolidated interim financial statements for the period ended March 31, 2023, as well as the audited financial statements for the years ended September 30, 2022, and 2021.

Summary of Operations	March 31, 2023	March 31, 2021
Revenue	\$ 48,897	\$ -
Cost of goods sold	43,866	-
Gross margin	5,031	-
Gross margin %	10%	0%
Total expenses	346,023	773,842
Net loss for the period	(303,539)	(892,377)
Basic and diluted loss per share - continuing operations	(0.03)	(0.10)
Basic and diluted loss per share - discontinued operations	-	-

Balance Sheet Summary	March 31, 2023	September 30 2022
Current assets	\$ 132,381	\$ 238,125
Total assets	132,381	258,593
Current liabilities	189,807	116,475
Non-current liabilities	189,807	116,475
Total liabilities	189,807	116,475
Working capital	(57,426)	121,650

Revenue for the period ended March 31, 2023, was \$48,897 (2021 - \$Nil). The revenues for 2022 were generated from its two gummy products: the Watermelon Sharks and Peachy Bees. Gross margin was \$5,031 or 10%.

During the period ended March 31, 2023, total expenses were \$346,023 compared to \$773,842 in the prior year. General and administrative expenses were \$175,529 compared to \$607,799, a decrease of \$152,824 which was attributed to decreased corporate activity as the change of business and new line of gummy products began in the prior year. Share-based compensation was \$102,575 (2021 - \$Nil), as there were new options granted during the period and valued based on the Black-Scholes option pricing model.

Working capital decreased primarily due to cash used in operations of \$19,232 and an increase in accounts payable and accrued liabilities of \$83,164.



Summary of significant Balance Sheet items

The primary factors affecting the changes to the balance sheet items were as follows:

- Receivables of \$19,424 related to trade receivables from the sale of low sugar gummies.
- GST of \$10,124 was recorded on the balance sheet and represented the ITCs receivable from CRA net of amounts received during the period.
- Cash used in operations was \$19,216 compared to \$778,736 in the comparative period of 2022.
- Accounts payable increased to \$189,807 from \$106,643, an increase of \$83,164 primarily related to the accrual of consulting fees to the former CEO.

Discussion of quarter results – three-month period ended December 31, 2022

During the three-month period ended March 31, 2023, the Company incurred a net loss of \$24,520 or \$0.00 per share (2022 - \$566,085 or \$0.05 per share). The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Revenue for the period was \$10,220 compared to \$Nil for the prior comparative period. The revenues for 2022 were generated from its two gummy products: the Watermelon Sharks and Peachy Bees.
- Cost of goods sold were \$8,787 (2022 - \$Nil) which resulted in gross margin of \$1,433 (2021 - \$Nil).
- General and administration expenses decreased to \$66,758 from \$341,204 in the prior year. The decrease was attributed to timing of corporate activity and reduced funding available during the period.
- Advertising, marketing, and brand development costs decreased to \$5,346 from \$73,750 in the comparative period. The Company began to work on various branding and advertising activities in relation to the new corporate image and product line, the Gummy Project in the prior period.
- Office expense and general administration decreased to \$3,016 from \$59,852 in the comparative period. The Company began to implement cost cutting initiatives during the period which resulted in lower G&A expense.
- Management fees of \$50,320 (2022 - \$58,799) related to management and director fees. The decrease of was due to changes in amounts paid to directors and officers.
- Consulting fees of \$4,060 (2022 - \$129,684) related to operations and business development in the prior comparative period and were discontinued in the current period.
- Professional fees of \$1,563 (2022 - \$122,237) was primarily related to legal and accounting for ongoing operations and decreased due to the completion of the change of business which was completed in June 2022.
- The Company recorded a gain on forgiveness of debt of \$53,136 in relation to the forgiveness of debt by the CFO of the Company.



Discussion of quarter results – six-month period ended December 31, 2022

During the six-month period ended March 31, 2023, the Company incurred a net loss of \$303,539 or \$0.03 per share (2022 - \$892,377 or \$0.10 per share). The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Revenue for the period was \$48,897 compared to \$Nil for the prior comparative period. The revenues for 2022 were generated from its two gummy products: the Watermelon Sharks and Peachy Bees.
- Cost of goods sold were \$43,866 (2022 - \$Nil) which resulted in gross margin of \$5,031 (2021 - \$Nil).
- General and administration expenses decreased to \$175,529 from \$607,799 in the prior year. The decrease was attributed to timing of corporate activity and reduced funding available during the period.
- Advertising, marketing, and brand development costs decreased to \$22,446 from \$85,976 in the comparative period. The Company began to work on various branding and advertising activities in relation to the new corporate image and product line, the Gummy Project in the prior period.
- Office expense and general administration decreased to \$8,101 from \$88,952 in the comparative period. The Company began to implement cost cutting initiatives during the period which resulted in lower G&A expense.
- Management fees of \$124,770 (2022 - \$135,045) related to management and director fees. The decrease of was due to changes in amounts paid to directors and officers.
- Consulting fees of \$4,299 (2022 – \$254,808) related to operations and business development in the prior comparative period and were discontinued in the current period.
- Professional fees of \$55,457 (2022 – \$153,434) was primarily related to legal and accounting for ongoing operations and decreased due to the completion of the change of business which was completed in June 2022.
- The Company recorded a gain on forgiveness of debt of \$53,136 in relation to the forgiveness of debt by the CFO of the Company.



SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in United States Dollars:

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Revenue	\$ 10,220	\$ 38,677	\$ 38,555	\$ 9,637
Net loss	(24,801)	(278,738)	(254,767)	(536,151)
Basic and diluted loss per share	(0.00)	(0.02)	(0.02)	(0.04)
Weighted average shares outstanding	12,250,109	12,250,109	12,250,109	12,250,109

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Revenue	\$ -	\$ -	\$ 625	\$ 1,529
Net loss	(518,466)	(373,911)	(272,948)	(581,572)
Basic and diluted loss per share	(0.05)	(0.04)	(0.03)	(0.07)
Weighted average shares outstanding	10,251,477	9,490,893	8,156,609	8,156,561

Quarter ended March 31, 2023: The Company reported revenue of \$10,220, from the sale of low sugar plant-based gummies (tasty). Net loss of \$24,801 was primarily attributed to general and administrative expenses of \$66,758, professional fees of \$1,563, offset by a gain on forgiveness of debt of \$53,136.

Quarter ended December 31, 2022: The Company reported revenue of \$38,677, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of \$278,738 was primarily attributed to general and administrative expenses of \$108,771, professional fees of \$53,894, and stock-based compensation of \$102,575.

Quarter ended September 30, 2022: The Company reported revenue of \$38,555, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of \$254,767 was primarily attributed to general and administrative expense of \$183,407, and professional fees of \$28,752.

Quarter ended June 30, 2022: The Company reported revenue of \$9,637, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of \$536,151 was primarily attributed to general and administrative expense of \$423,932, and professional fees of \$108,089.

Quarter ended March 31, 2022: The Company reported revenue of \$Nil, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of \$518,466 was primarily attributed to general and administrative expense of \$341,204, and professional fees of \$122,237.

Quarter ended December 31, 2021: The Company reported revenue of \$Nil, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of \$373,911 was primarily attributed to general and administrative expense of \$266,595, and professional fees of \$31,997.

Quarter ended September 30, 2021: The Company reported revenue of \$625 as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of \$272,948 was primarily attributed to general and administrative expense of \$154,934, professional fees of \$22,400, impairment of inventory of \$16,011, and impairment of inventory deposit of \$99,988.

Quarter ended June 30, 2021: The Company reported revenue of \$1,529 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of \$581,572 was attributed to general and administrative expense of \$230,524, professional fees of \$29,723, and share-based compensation of \$294,667.



LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its liquidity and capital structure is to generate sufficient cash to fund the Company's operating, acquisition, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital.

As at March 31, 2023, the Company had working capital deficit of \$57,426 (September 30, 2022 – working capital of \$121,650). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company does not sufficient working capital to settle current liabilities and is seeking alternative sources of financing to meet its short term obligations.

The table below highlights the Company's cash flows during the years ended:

Net cash provided by (used in)	March 31, 2023	March 31, 2022
Operating activities	\$ (19,216)	\$ (778,736)
Investing activities	-	-
Financing activities	(7,517)	706,466
Effect of exchange rate on cash	624	59,731
Cash, beginning	31,162	716,801
Cash, end	5,053	704,262

As at March 31, 2023, the Company's total liabilities were \$189,807 (September 30, 2022 - \$116,475).

The Company has minimal cash flow from operations and will require additional capital to expand its operations to achieve profitable scale of operations. The Company has minimal financial obligations currently and expects its liquidity to be sufficient for the following year.

There are no sources of financing arranged but not yet used by the Company. There are no commitments for capital expenditures.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	March 31, 2023	Date of MD&A
Common shares	12,250,109	12,250,109
Warrants	7,411,607	7,411,607
Stock options	2,424,400	2,424,400

The Company has an unlimited number of common shares authorized for issuance.

USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

See Note 3 to the consolidated financial statements for the years ended September 30, 2022 and 2021.



OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the period ended March 31, 2023, and 2022, the Company entered the following key management transactions:

Key Management Remuneration:	March 31, 2023	March 31, 2022
	\$	\$
Charlie Lamb - CEO, Director	68,634	38,748
Robert Payment - CFO, Director	53,136	29,998
Brian Keane - Director	4,000	7,500
Michael Hopkinson - Director	1,844	-
Anthony Gindin - CMO	8,856	-
Total	136,470	76,246

Share-based compensation of \$17,839 (2022 -\$Nil) was related to director and officers. Accounts payable or accrued liabilities owing to related parties was \$86,627 (September 30, 2022 - \$27,543). Robert Payment forgave debt of CAD \$72,000 during the period ended March 31, 2023.

PROPOSED TRANSACTIONS

None.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting policies

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.



SUBSEQUENT EVENTS

Subsequent to March 31, 2023, the Company completed the following transactions:

None.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and investments are carried at fair value using a level 1 fair value measurement. The recorded values of trade receivables, accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and trade receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. As of March 31, 2023, the Company had \$19,424 trade receivables with reputable customers.

The Company's maximum credit risk exposure is equivalent to the carrying value of cash and the trade receivables.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company's financial liabilities consist of accounts payable and accrued liabilities