Form 51-102-F1

SWEET POISON SPIRITS INC.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended April 30, 2024

Directors and Officers as at August 23, 2024

Directors:

Robert Eadie
Gary Arca
Gina Pala
Tanya Lutzke

Officers:

President & CEO – Robert Eadie
CFO & Corporate Secretary – Gary Arca

Contact Name: Robert Eadie

Contact e-mail: readie@sweetpoisonspirits.com

Form 51-102-F1

SWEET POISON SPIRITS INC.

MANAGEMENT 'S DISCUSSION & ANALYSIS
For the year ended April 30, 2024

1.1 Date of This Report

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Sweet Poison Spirits Inc. (the "Company") for the year ended April 30, 2024. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the consolidated financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on www.sedarplus.ca

This MD&A is prepared as of August 23, 2024.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Description of Business

In prior years, the Company was in the business of growing, processing, packaging and selling cannabidiol and related hemp based products in Italy through its wholly owned Italian subsidiary, Hemp For Health H4H S.R.L,("H4Hsrl"). **See *Note 1 – Corporate Information* of the April 30, 2024 consolidated financial statements for disclosure of a "Change of Business ("COB")**, whereby the Company changed its business from growing and processing hemp into CBD products to mining for cryptocurrencies.

The Company continues to monitor the pricing of cryptocurrencies, with a view to start its mining operations should it become profitable. To date, the Company has not commenced operation of the mining rigs as they would not be profitable at the current value of related cryptocurrencies. As at April 30, 2024, the rigs remain unpacked in warehouse storage in the United States.

On November 3, 2022, the Company signed a Product Distribution Agreement (the Distribution Agreement") with Sweet Poison Spirits S de RL de CV, a Mexican company headquartered in Guadalajara, Mexico, and Sweet Poison Spirits LLC, a California limited liability corporation headquartered in San Diego, California (collectively, "Sweet Poison"). The Distribution Agreement granted the Company the worldwide distribution rights to Sweet Poison's premium Tequila and Mezcal products under the "Sweet Poison" brand names for an initial period of ten years, renewable for a further ten years and beyond.

The Company changed its name from Yellow Stem Tech Inc. to Sweet Poison Spirits Inc. thereafter and, on June 1, 2023, the Company's common shares commenced trading on the CSE under the trading symbol "SPS".

See ***Section 1.3* – Discussion of Acquisitions, Operations and Financial Condition – *Termination of Sweet Poison Agreements***, for subsequent termination of the Sweet Poison distribution rights and option.

Selected Annual Information

The highlights of financial data for the Company's three most recently completed year-ends, which are calculated in accordance with IFRS Accounting Standards ("IFRS"), are as follows:

	April 30, 2024 $	**April 30, 2023** $	**April 30, 2022** $
(a) Total expenses	(250,192)	(302,908)	(672,525)
(b) Net loss	(301,826)	(954,126)	(588,670)
(c) Income (loss) per share–basic and diluted	(0.04)	(0.16)	(0.20)
(d) Total assets	36,008	245,592	953,966
(e) Total long-term liabilities	Nil	Nil	Nil
(f) Cash dividends declared per share	Nil	Nil	Nil

1.3 Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the April 30, 2024 consolidated financial statements of the Company and notes attached thereto.

Recent Events

Acquisition of Knightswood Holdings Ltd.

On March 1, 2024 the Company acquired all the issued and outstanding shares of Knightswood Holdings Ltd. ("Knightswood") from an unrelated party for $10. Knightswood is in the business of providing its subsidiaries a qualified investment, as defined in the Income Tax Act (Canada), for their debentures or debt securities.

The Company has recognized the Investment as a financial asset under *IFRS 9 – Financial Instruments* measured at fair value of $10, being the market value on the date the Company purchased Knightswood. Subsequently, the Investment in Knightswood will be measured at fair value with any changes recorded through profit or loss ("FVTPL").

On March 1, 2024, the Company entered into an Agreement with ELCYC Holdings Ltd. and Stephen McCoach (collectively the "Operator") for the sole management of Knightswood to be undertaken by the Operator (the "Knightswood Agreement"). The Knightswood Agreement has a term of five years expiring February 28, 2029 but may be terminated earlier either by mutual agreement or providing a 60-day written notice to the other party. Upon termination, the Company will transfer all the shares of Knightswood to the Operator for $10.

Under the Knightswood Agreement, the Operator is solely responsible for managing the business operations and financial affairs, making decisions and setting out policies of Knightswood. In return, the Operator is entitled to all the cash surplus in Knightswood after paying a fixed annual fee of $50,000 to the Company for holding the shares of Knightswood (the "Fixed Fee"). The Fixed Fee is due in four equal instalments at the end of each calendar quarter and paid by Knightswood directly to the Company. For the year ended April 30, 2024, the Company reported $8,333 in other income and $8,750 of deferred income on the Consolidated Statements of Financial Position. No amounts were outstanding from Knightswood at April 30, 2024.

Furthermore, the Company will not commit its management or resources and is under no obligation to advance funds to or cover the expenses of Knightswood. Conversely, the Company does not have any right to any variable financial returns from the activities of Knightswood other than the Fixed Fee. The Company also has no rights, power, ability or obligation to direct the activities of Knightswood or be involved in any of the daily affairs, decision making, management or activities of Knightswood. As such, the financial results and position of Knightswood are not consolidated with the consolidated financial statements of the Company pursuant to the definition of control under IFRS.

Termination of Sweet Poison Agreements

On November 14, 2023, the Product Distribution Agreement entered into with Sweet Poison Spirits S. De R.L. de C.V. and Sweet Poison Spirits LLC (collectively, "Sweet Poison"), and the Share Purchase Option Agreement with the shareholders of Sweet Poison (collectively, the "Agreements") were terminated. As a result of the termination of the Agreements, the Company cancelled the 625,000 common shares (the "Shares) issued to the shareholders of Sweet Poison, and 62,500 common shares issued to the shareholders of Sweet Poison in lieu of finders fees. The Company has recorded a net write down of $121,080 being the value of the distribution rights of $112,500 less accumulated amortization of $6,650 and other receivable of $15,230.

Environmental Protection

The operation of our business has no extraordinary environmental protection requirements. As a result, the Company does not anticipate that any environmental regulations or controls will materially affect the business.

1.4 Results of Operations

The loss and comprehensive loss for the year ended April 30, 2024, is $301,826 and for the comparative year ended April 30, 2023, there was a loss and comprehensive loss of $954,126:

For the year ended April 30,		*2024*		*2023*		*Variance*
Expenses						
Amortization and depreciation	**$**	**7,480**	$	1,014	$	6,466
Audit and accounting		**64,539**		61,248		3,291
Foreign exchange loss (gain)		**(656)**		2,462		(3,118)
Legal and corporate services		**21,658**		38,373		(16,715)
Management and consulting fees		**116,000**		66,000		50,000
Office, rent and administration		**16,511**		32,070		(15,559)
Shareholder communications and marketing		**3,352**		31,557		(28,205)
Transfer agent and filing fees		**20,718**		29,378		(8,660)
Travel and accommodations		**590**		40,806		(40,216)
Total Expenses		**(250,192)**		**(302,908)**		52,716
Other items:						
Other income	**$**	**8,333**	$	-	$	8,333
Gain on debt settlements		**152,131**		-		152,131
Write down of subscriptions receivable		**(10,000)**		-		(10,000)
Write down of other receivable and distribution rights		**(121,080)**		-		(121,080)
Write down of data centre equipment		**(81,018)**		(571,178)		490,160
Write down of prepaid expenses		**-**		(80,040)		80,040
Total Other items		**(51,634)**		**(651,218)**		599,584
Total loss and comprehensive loss for the period	**$**	**(301,826)**	**$**	**(954,126)**	$	652,300

During the year ended April 30, 2024, the Company incurred legal expenses of $21,658, transfer agent fees of $20,718, shareholder communication and marketing expenses of $3,352, travel expenses of $590 and accounting expenses of $64,539. These costs are lower than in the comparative period ended April 30, 2023 mainly due to a lack of funding and lower activity over fiscal 2024.

1.5 Debt Settlements, Principal Purposes & Milestones

Consolidation

On May 1, 2023, the Company's outstanding common shares were consolidated on the basis of two existing shares for one new share. On January 8, 2024, the Company's outstanding common shares were consolidated on the basis of four existing shares for one new share. Prior to the consolidations, the Company's authorized share capital was an unlimited number of common shares without par value, of which 52,201,501 shares were issued and outstanding. Subsequent to the consolidations and the share issuances noted below under "Debt Settlements", there were 9,846,088 common shares outstanding.

During the year ended April 30, 2024, 1,561,875 warrants exercisable at $0.80 per share expired unexercised. During the year ended April 30, 2023, 37,813 warrants exercisable at $4.80 per share expired unexercised.

Enigma

During the year ended April 30, 2023, the Company engaged Enigma Data Technologies LLC of the mining rigs to set-up, host and operate the cryptocurrency mining activities in exchange for 333,500 shares of the Company. The shares were valued at $0.24, or $80,040, the fair market value on June 29, 2022, the date of issue.

Sweet Poison

During the year ended April 30, 2023, the Company issued to the shareholders of Sweet Poison 625,000 common shares (the "Shares") valued at fair value on date of issue of $60,000, in consideration of the rights and licences granted by Sweet Poison. The Company paid Finder's fees of 10% in the form of shares valued at fair value on date of issue of $7,500. On November 14, 2023, the Company cancelled all shares issued to the shareholders of Sweet Poison, as a result, of the termination of the agreements with Sweet Poison (see ***Section 1.3*** **– Discussion of Acquisitions, Operations and Financial Condition –** ***Termination of Sweet Poison Agreements***).

Debt Settlements

On May 1, 2023, the Company arranged to settle certain outstanding debt with officers and directors in the aggregate amount of $452,270 through the issuance of 1,130,675 shares at a deemed price of $0.40, when the fair value price of the Company's shares were $0.24 per share. As a result, the Company recorded a gain on debt settlement of $180,908 in the Company's profit or loss for the year ended April 30, 2024. Included in these amounts was $373,520 in funds advanced by the CEO which were outstanding since November 2021 and had been recognized as an unsecured non-interest bearing loan. The remaining amounts represent unpaid management fees.

On January 8, 2024, the Company arranged to settle outstanding debt with various creditors, including officers and directors and companies controlled by officers and directors, in the aggregate amount of $143,885 through the issuance of 2,877,708 shares at a deemed price of $0.05, when the fair value price of the Company's shares were $0.06 per share. As a result, the Company recorded a loss on debt settlement of $28,777 in the Company's profit or loss for the year ended April 30, 2024.

1.6 Summary of Quarterly Results

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

	Q4 30-Apr-24	Q3 31-Jan-24	Q2 31-Oct-23	Q1 31-Jul-23
Income (loss) for period	$ (355,636)	$ (64,164)	$ (142,717)	$ 260,691
Per share – basic and diluted	$ (0.04)	$ (0.01)	$ (0.02)	$ 0.03
	Q4 30-Apr-23	**Q3 31-Jan-23**	**Q2 31-Oct-22**	**Q1 31-Jul-22**
Loss for period	$ (278,480)	$ (475,462)	$ (107,693)	$ (92,491)
Per share – basic and diluted	$ (0.05)	$ (0.08)	$ (0.02)	$ (0.02)

Discussion

The Company reports a loss of $355,636 for the quarter ending April 30, 2024 compared to a loss of $278,480 in the comparative quarter ended April 30, 2023. For more detailed discussion on the quarterly financial results for the quarter ended April 30, 2024, please refer to ***Sections 1.4 under "Results of Operations".***

1.7 Liquidity and Capital Resources

As at April 30, 2024, the Company had $11,702 (April 30, 2023 - $312) in cash, working capital deficit of $191,634 and no long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

The Company's working capital will not meet corporate, development, administrative and property obligations for the coming year. As a result, the Company will require additional financing and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern (see ***Section 1.5 – Debt Settlements, Principal Purposes & Milestones)***.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

1.10 Transactions with Related Parties

The following is a summary of charges incurred by the Company with related parties during the year ended April 30, 2024 and 2023:

Year ended April 30,		**2024**		2023
Audit and accounting	**$**	**3,250**	$	29,870
Directors fees		**50,000**		-
Management fees		**66,000**		66,000
Legal and corporate		**-**		26,150
Office and administrative expense		**14,625**		27,000
Shareholder communication		**(7,000)**		-
Total	**$**	**126,875**	$	149,020

During the year ended April 30, 2024, the Company incurred fees and operational expenses totalling $126,875 (April 30, 2023 – $149,020) from companies controlled by an officer and director of the Company and by other officers and directors. As of April 30, 2024, the Company had amounts and advances payable to officers and directors, and companies with directors in common of $65,804 (April 30, 2023 – $462,229).

On May 1, 2023, the Company arranged to settle certain outstanding debt with the CEO and a director of the Company, in the aggregate amount of $452,270 through the issuance of 1,130,675 shares at a deemed price of $0.40 when the fair value price of the Company's shares were $0.24 per share (the "May 1, 2023 Debt Settlement").

On January 8, 2024, the Company arranged to settle outstanding debt with various creditors, including officers and directors and companies controlled by officers and directors, in the aggregate amount of $131,285 through the issuance of 2,625,708 shares at a deemed price of $0.05, when the fair value price of the Company's shares were $0.06 per share (the "January 1, 2024 Debt Settlement").

1.10 Critical Accounting Estimates

a) Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking into account the consideration of the various factors discussed in Note 2 of the consolidated financial statements for the year ended April 30, 2024.

b) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences applicable to the Company. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recuperated.

c) Carrying Value of Data Centre Equipment

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes. When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired or the impairment charge reduced with the impact recorded in profit or loss.

As at April 30, 2024, none of the Company's Siacoin mining rigs had been placed into operations and, as such, have not been amortized. Once operations have begun, the rigs will be amortized accordingly.

Non-financial assets are subject to impairment tests at the end of each reporting period and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. During the years ended April 30, 2023 and April 30, 2024, the Company determined that an impairment on its data centre equipment was required due to the decrease in the fair market value of identical equipment, not yet put into service, as a result of the significant reduction in the applicable cryptocurrencies. The Company recorded an impairment loss of $81,018 (US$60,000) for the year ended April 30, 2024 (April 30, 2023 - $571,178 (US$450,000)). As at April 30, 2024, the mining rigs were valued at $20,619 (US$15,000) (April 30, 2023 - $101,715 (US$75,000).

d) Stock based compensation

The inputs used in calculating the fair value for stock-based compensation expense included in profit and loss and stock-based share issuance costs included in shareholders' equity. The stock-based compensation expense is estimated using Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly sensitive assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimate forfeiture rate.

e) Shares for debt

The valuation of shares issued in non-cash transactions, including the settlement of debt. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

1.11 Changes in Accounting Policies

a) New Accounting Standards and Amendments

The Company adopted the following amendments to accounting standards, which are effective for annual reporting periods beginning on or after May 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Certain pronouncements were issued by the IASB but are not yet effective as at April 30, 2024.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*.

IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company intends to adopt these standards when they become effective but does not expect these amendments to have a material effect on its financial statements.

1.12 Financial and Other Instruments

As at April 30, 2024, the Company's financial instruments consist of cash, amounts receivable, investment, advances payable, and trade and other payables.

The fair value of the Company's cash, amounts receivable, investment, advances payable, and trade and other payables approximates their carrying value, which is the amount on the consolidated statements of financial position, due to their short-term maturities or ability of prompt liquidation.

a) Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At April 30, 2024, US dollar amounts were converted at a rate of $1.37 Canadian dollars to $1 US dollar and Euro were converted at a rate of $1.47 Canadian dollars to 1 Euro. A 10% increase or decrease in the US dollar exchange rate may increase or decrease loss for the period by approximately $10. A 10% increase or decrease in the EUR$ exchange may increase or decrease loss for the period by approximately $2,939.

b) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of April 30, 2024. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

c) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at April 30, 2024 is $11,702 (April 30, 2023 - $312). As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

d) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Additional cash requirements could be met with the issuance of additional share capital; however there is no assurance the Company will be able to raise funds in this manner in the future. As at April 30, 2024, the Company was holding cash of $11,702 (April 30, 2023 - $312).

1.13 Disclosure of Outstanding Share Capital as at August 23, 2024:

	Number		Book Value
Common Shares	9,821,088	$	5,454,169

1.14 Approval

The Board of Directors, upon the recommendation of the Audit Committee, has approved the disclosure contained in this MD&A.

Suite 750 – 580 Hornby Street, Box 113, Vancouver, British Columbia, Canada V6C 3B6
Telephone: (604) 602-4935 Fax: (604) 602-4936