



New Leaf Ventures, Inc.

Management Discussion and Analysis

For the Three and Nine-Month Periods Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") of the financial condition and results of New Leaf Ventures Inc. (the "Company" or "New Leaf") is provided to assist our readers to assess our financial condition, material changes in our financial condition and our financial performance, including our liquidity and capital resources, for the nine-month period ended September 30, 2022 compared with the nine-months ended September 30, 2021. The information in this MD&A is current as of November 29, 2022 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine-month periods ended September 30, 2022, and 2021. All dollar figures included therein and in the following amended MD&A are quoted in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This discussion contains "forward-looking statements" that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Such forward-looking statements include, among others, statements relating to the provision of consulting services, real property, intellectual property and equipment for lease and enhanced ancillary services to the License Holder (as defined below) and completion of additional financings.

This MD&A contains forward-looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. For a description of the assumptions upon which the forward-looking statements are based, along with a description of the risk factors that could cause such forward-looking statements to vary, refer to the MD&A for the year ended December 31, 2021, as well as the risk factors described under the heading "Risks and Uncertainties".

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. Except as required by applicable law, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COMPANY OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on September 4, 2018. During the year ended December 31, 2020, New Leaf successfully closed transactions that included its public listing on the Canadian Securities Exchange under the symbol "NLV" and two offerings that raised aggregate gross proceeds of approximately \$1.9M. Concurrently, the Company completed an acquisition transaction for 100% of the shares of New Leaf USA Inc. (and its subsidiaries) which provides certain administrative services and back-office functions, marketing, physical and intellectual property, production equipment and related services to a Washington-based Tier 3 Producer/Processor (the "License Holder") focused on industrial-scale agronomy, processing, packaging, and distributing cannabis and cannabis related products.

During the quarter ended September 30, 2022, New Leaf, through its subsidiaries in the US (collectively referred to as "NL USA"), continued normal course operations and continue to provide services to the License Holder as

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

mentioned previously. Throughout the fiscal year the Company commenced several programs to develop new IP, formulations, equipment upgrades and process efficiencies. To date these efforts have included:

Product Brand Updates

- Continued development of the Goodies brand intended as umbrella branding for the license holder's edible product lines.
- The Company is in final phase of development and branding of a new beverage line. This will be a low dose THC and CBD craft beverage. This product line will be sold in the legal THC markets and also has the ability to be sold nationally as a CBD only product. The package design and formulation are ready to go and is licensed to the license holder for entry into the market once funds are available to commence an initial patch and market the products.
- Finalized brand upgrades of the DAMA Premium brand with new logo designs and packaging for the Washington market. Including custom Jars and Mylar bags with catchy colors and a fresh new look.
- Launched limited marketing efforts alongside brand upgrade and new "Goodies" brand which includes advertising efforts, apparel, and brand promotions.
- Updated and integrated branding across flower products lineup for Dama Cannabis.

Cultivation Facility Update

- Due to evolving conditions in the Washington state cannabis market, the License Holder has made a strategic decision to pivot away from cannabis production, instead focusing on cannabis processing. In efforts to align and streamline our own operations, and to better support the License Holder, NL USA terminated its property lease which housed the production facility in June 2022. See additional commentary further below in the 'Other Updates' section of this MD&A.
- Update on the strategic move away from cultivation. The license holder reports that its new procurement model has been going well and is establishing good relationships with growers producing quality flower. The license holder's sale of the production license is still pending Washington State Liquor Cannabis Board approval. Upon approval the deal will close, and NL USA's subsidiaries will complete the sale of specific cultivation equipment.

Process Improvements

- Have created new Co-Packing division to maximize the capabilities of the processing facility. This includes several relationships with WA licenses to build white label products for distribution. This is allowing us to find new customers that have needs that they are having trouble fulfilling on their own.

Sales Enhancements

- Developed and implemented capability of printing product labels in-house on an Afinia L801 label printer. This has allowed NL USA to better support the License Holder's cannabis material sourcing program by allowing production of strain- and flavor-specific labels without incurring lead time and minimum order costs.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

Other Updates

Cannabis Market in State of Washington

The cannabis market in Washington state continues to evolve and the Company observes and believes it is moving in the direction of ever greater commodification of biomass production. The result is continual downward price pressure in the mid to low-level biomass market. This in turn has lowered the price of THC, the active ingredient in cannabis derived products (ie. oils, edibles and beverages, concentrates, etc.). Under current market conditions, it has become more cost effective to purchase cannabis biomass from third-party producers as opposed to producing in-house. As a response, the License Holder has pivoted away from cannabis production and consequently NL USA announced on June 28, 2022 that it would be relinquishing control over the property lease housing the current cultivation facility. This decision will streamline operations and reduce operating costs within NL USA. It will also align the Company to better service the License Holder going forward and solidify the shift towards biomass procurement as opposed to in-house cultivation.

In response to current market conditions, New Leaf USA has put a greater focus on development and formulation of value-added products, as well as marketing efforts to update, reposition, and expand awareness of its branding, including the Company's flagship DAMA brand. New Leaf USA, continues development of formulations for products such as infused edibles, beverages, topicals, vape cartridges, and other concentrates. New Leaf USA is also developing relationships with other processors and retailers to leverage partnership opportunities and further expand the reach of the Company's brands and value-added formulations throughout the State of Washington.

Other initiatives aimed towards stabilizing revenues is continued development of intellectual property over cannabis production methods and other management processes. New Leaf IP Co. is looking to expand its catalogue of brands as the license holder focuses on processing, packaging, and distribution. In turn, this will further support and enhance the operations of the License Holder. This should have positive impacts to sales of licensed products for which the Company earns royalty revenues. These are ongoing initiatives and will be ramped up as cash flow improves

Acquisitions

On September 12, 2022, the Company signed a non-binding letter of intent ("LOI") to acquire High Profile Holdings Corp., a retail-focused private British Columbia cannabis company. High Profile offers premium cultivated products and an elevated retail presence with its store within a store activations. High Profile brings pre-existing relationships with both seasoned retailers and government regulatory bodies. These strategic partnerships offer product listings in retail chains across Canada. These relationships will assist New Leaf in ensuring that High Profile's rare and curated strains are successfully marketed and sold in top performing markets in Canada. The company and High Profile have been actively working towards a definitive agreement and will provide an update if and when it is executed.

Change of Directors

Two directors, Lee White and Donald Currie, resigned from the board of directors in the month of March. On April 1st, current President and CEO Mike Stier and Daryn Gordon joined the board of directors and audit committee.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

ACQUISITION TRANSACTION

On April 30, 2020, the Company completed their previously announced acquisition of New Leaf USA, Inc. and all of its wholly-owned subsidiaries. The acquisition was accounted for as a business combination and the purchase price on the acquisition was allocated to net assets acquired in accordance with IFRS 3. The acquisition provides the Company with immediate strategic access and footprint to the US cannabis market, specifically in the state of Washington. In consideration for the acquisition, the Company issued the following:

- Issued 1,800,000 shares; and
- Issued 800,000 performance warrants ("Performance Warrants")

Each Performance Warrant entitles the holder to purchase one common share of the Company at the price of \$0.10 per common share for a period of three years, and will vest and become exercisable based on the following performance criteria as follows:

- 400,000 Performance Warrants will vest and become exercisable if the Company or New Leaf Enterprises, Inc. (the "License Holder") achieves at least \$5,000,000 in annual gross revenue; and
- 400,000 Performance Warrants will vest and become exercisable the Company or License Holder achieves at least \$7,500,000 in annual gross revenue.

The Performance Warrants were valued using the Black-Scholes Option Pricing model and adjusted for the probability that revenue targets would be met over the vesting period. The Performance Warrants were accounted for under IFRS 9 Financial Instruments as a derivative financial liability as the instrument had an option to convert the Performance Warrants into shares of the Company for no consideration and which would result in a variable number of the Company's shares being issued on exercise.

SELECTED INFORMATION ANNUAL INFORMATION

	For the years ended		
	December 31, 2021	December 31, 2020	December 31, 2019
	\$	\$	\$
Revenues	2,471,902	2,050,990	-
Operating expenses	7,227,282	4,672,272	1,168,699
Net loss for the period	3,962,287	6,600,105	1,171,103
Comprehensive loss for the period	3,935,265	6,495,366	1,171,103
Basic and diluted loss per share:	0.08	0.24	0.11

	December 31, 2021	December 31, 2020	December 31, 2019
	\$	\$	\$
Working capital (deficiency)	429,910	(1,276,856)	(396,764)
Total assets	5,954,596	6,487,140	191,034
Total liabilities	4,647,780	6,926,442	587,798
Share capital	12,170,886	7,087,003	736,251
Deficit	11,769,745	7,807,458	1,207,353

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	\$	\$	\$	\$
Total revenue	489,493	629,462	624,237	621,229
Net income / (loss)	153,298	99,878	209,736	(525,305)
Comprehensive income / (loss)	288,070	156,644	184,407	(514,697)
Basic and diluted income / (loss) per share	0.02	0.00	0.00	(0.01)

	Three months ended			
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
	\$	\$	\$	\$
Total revenue	621,131	605,404	624,138	774,061
Net income / (loss)	(894,827)	(799,728)	(1,742,427)	(4,220,872)
Comprehensive income / (loss)	(871,666)	(809,355)	(1,739,547)	(3,900,497)
Basic and diluted income / (loss) per share	(0.02)	(0.02)	(0.04)	(0.24)

Revenues in Q3 were lower than Q1 and Q2 of fiscal 2022. This was due to lower than anticipated IP licensing revenues observed during the three-month period ended September 30, 2022. Otherwise, revenues are consistent with the last four most recently completed quarters. Revenues from equipment leasing and management services are based on contractual fixed monthly fees and are expected to be the same quarter-to-quarter.

Net income in Q1, Q2, and Q3 of fiscal 2022 was primarily the result of lower operating expenses compared to prior fiscal quarters. There was significant reduction to overall marketing and share-based payment expenses compared to prior quarters. In addition, there were no gain or loss on re-valuation of derivative liability as there have been no changes to its fair-value since December 31, 2021.

RESULTS OF OPERATIONS**Three-months ended**

Period ended	September 30, 2022	September 30, 2021	Variance \$	Variance %
Revenue	\$ 489,493	\$ 621,131	(131,638)	-21%
Operating Expenses				
Communication	2,244	40,070	(37,826)	-94%
Consulting	42,107	45,975	(3,868)	-8%
Depreciation	36,881	55,701	(18,820)	-34%
Directors fees	13,500	6,000	7,500	125%
Marketing	-	746,448	(746,448)	-100%
General office & administration	114,436	46,914	67,522	144%
Utilities and property tax	32,826	87,979	(55,153)	-63%
Professional fees	40,600	62,078	(21,478)	-35%
Regulatory and filing fees	3,955	20,144	(16,189)	-80%
Share-based payment	14,225	160,108	(145,883)	-91%
Wages and salaries	214,055	473,201	(259,146)	-55%
Total Operating Expenses	\$ 514,829	\$ 1,744,618		

Other expenses

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

Period ended	September 30, 2022	September 30, 2021	Variance \$	Variance %
Interest income	106,087	105,043	1,044	1%
Accretion expense	(2,488)	(36,310)	33,822	-93%
Foreign exchange	-	(133,897)	133,897	-100%
Gain on forgiveness of accounts payable	99,692	-	99,692	100%
Gain / (loss) on re-measurement of derivative	-	299,313	(299,313)	-100%
Other income	23,314	67,323	(44,009)	-65%
Interest expense	(47,971)	(72,812)	24,841	-34%
Net income / (loss) for the period	\$ 153,298	\$ (894,827)		

The notable changes in operations between the three-months period ended September 30, 2022, and three-months ended September 30, 2021, are as follows:

1. Revenues have decreased due to lower than anticipated IP licensing revenues. This is reflective of the challenging market conditions observed within the state of Washington as described above.
2. There was no marketing spend during the three-months period ended September 30, 2022 as the Company has prioritized cashflows for activities tied to other operating activities instead.
3. General office & administration expense was higher for the three-months period ended September 30, 2022 as compared to September 30, 2021. This was principally due to recognition of late fees on rent for one of the remaining property leases held by the Company.
4. Utilities expense was lower for the three-months period ended September 30, 2022 compared to September 30, 2021. This was due to lower electrical costs incurred by the Company as the License Holder has pivoted away from cannabis production and focusing on cannabis processing. Subsequently, the production facility required significantly less use of lights for the period in 2022 compared to 2021.
5. Professional fee expense was lower for the three-months period ended September 30, 2022 as compared to September 30, 2021. This was principally due to less legal activities incurred during the period in 2022 as compared to 2021.
6. Share-based payment was higher during the three-month period ended September 30, 2021 due to nature of accounting recognition of options with vesting conditions; more compensation expense is recognized in earlier periods from option grant date. There were no option grants during the three-months period ended September 30, 2022 or 2021.
7. The Company has reduced its workforce beginning in the fourth quarter of fiscal 2021 and through to the first quarter of fiscal 2022. Consequently, a lower salary expense is observed for the three-months period ended September 30, 2022 as compared to September 30, 2021.
8. The Company recognized a gain on debt settlement equal to \$99,692 during the three-months ended September 30, 2022. There were no shares for debt transactions observed for the same period in fiscal 2021.
9. Foreign exchange expense decreased for the three-months period ended September 30, 2022 as compared to September 30, 2021 as the Company did not incur any foreign denominated transactions in 2022. For the same period in 2021, the Company had been transacting with a US based marketing company resulting in foreign exchange expenses.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

10. There was no gain or loss on re-valuation of derivative liability as there was no change in its fair value from last reporting date as at June 30, 2022. In comparison, there was a gain on remeasurement of \$299,313 recognized during the three-months period ended September 30, 2021.
11. Other income includes sub-lease operating expenses (utilities, property tax, insurance) that are incurred by the Company and which were reimbursable by the License Holder. Sub-lease operating expenses were lower during the three-months period ended September 30, 2022 vs 2021 due to termination of what of the property leases in Q2'22.

Nine-months ended

Period ended	September 30, 2022	September 30, 2021	Variance \$	Variance %
Revenue	\$ 1,743,192	\$ 1,850,673	(107,481)	-6%
Operating Expenses				
Communication	8,861	88,617	(79,756)	-90%
Consulting	114,841	134,452	(19,611)	-15%
Depreciation	142,227	139,596	2,631	2%
Directors fees	33,000	18,000	15,000	83%
Marketing	-	2,607,552	(2,607,552)	-100%
General office & administration	276,159	150,932	125,227	83%
Utilities and property tax	128,234	283,631	(155,397)	-55%
Professional fees	123,534	282,703	(159,169)	-56%
Regulatory and filing fees	33,627	43,851	(10,224)	-23%
Share-based payments	43,952	499,557	(455,605)	-91%
Wages and salaries	753,062	1,341,307	(588,245)	-44%
Total Operating Expenses	\$ 1,657,497	\$ 5,590,198		
Other expenses				
Interest income	326,011	268,687	57,324	21%
Accretion expense	(34,566)	(130,696)	96,130	-74%
Foreign exchange	-	(92,207)	92,207	-100%
Gain on forgiveness of accounts payable	99,692	-	99,692	100%
Gain / (loss) on re-measurement of derivative	-	10,222	(10,222)	-100%
Gain on reversal of share-based payments	28,584	-	28,584	100%
Impairment of property and equipment	(16,116)	-	(16,116)	100%
Gain on lease termination	9,393	-	9,393	100%
Other income	146,821	467,829	(321,008)	-69%
Interest expense	(182,602)	(221,292)	38,690	-17%
Net income / (loss) for the period	\$ 462,912	\$ (3,436,982)		

The notable changes in operations between the nine-months period ended September 30, 2022, and nine-months period ended September 30, 2021, are as follows:

1. Revenues have decreased due to lower than anticipated IP licensing revenues. This is reflective of the challenging market conditions observed within the state of Washington as described above.
2. There was no marketing spend during the nine-months period ended September 30, 2022 as the Company has prioritized cashflows for activities tied to other operating activities instead.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

3. General office & administration expense was higher for the nine-months period ended September 30, 2022 as compared to September 30, 2021. This was principally due to recognition of late fees on rent for the remaining property leases held by the Company.
4. Utilities expense was lower for the nine-months period ended September 30, 2022 compared to September 30, 2021. This was due to lower electrical costs incurred by the Company as the License Holder has pivoted away from cannabis production and focusing on cannabis processing. Subsequently, the production facility required significantly less use of lights for the period in 2022 compared to 2021.
5. Professional fee expense was lower for the nine-months period ended September 30, 2022 as compared to September 30, 2021. This was principally due to less legal expenses incurred during the period in 2022 as compared to 2021.
6. Share-based payment was higher during the nine-month period ended September 30, 2021 due to options granted to key management personnel in the period. There were no option grants during the nine-months period ended September 30, 2022.
7. The Company has reduced its workforce beginning in the fourth quarter of fiscal 2021 and through into the two quarters of fiscal 2022. Consequently, a lower salary expense is observed for the nine-months period ended September 30, 2022 as compared to September 30, 2021.
8. The Company recognized a gain on debt settlement equal to \$99,692 during the nine-months ended September 30, 2022. There were no shares for debt transactions observed for the same period in fiscal 2021.
9. The company had higher interest income for the nine-months period ended September 30, 2022 as compared to September 30, 2021. This was due to a larger accrued interest on outstanding receivable balances related to IP licensing revenues recognized. The receivable balance was larger and there was a greater accrual period recognized in fiscal 2022 compared to the same period in fiscal 2021.
10. Foreign exchange expense decreased for the nine-months period ended September 30, 2022 as compared to September 30, 2021 as the Company did not incur any foreign denominated transactions in 2022. For the same period in 2021, the Company had been transacting with a US based marketing company resulting in foreign exchange expenses.
11. There was no gain or loss on re-valuation of derivative liability as there was no change in its fair value from last reporting date as at June 30, 2022. In comparison, there was a gain on remeasurement of \$10,222 recognized during the nine-month period ended September 30, 2021.
12. There was a gain on reversal of share-based payments for the nine-month period ended September 30, 2022 due to termination of employees who held stock options in the Company. There were no such terminations observed for the same period in 2021.
13. Other income of \$400,506 recognized during nine-months ended September 30, 2021 includes sub-lease operating expenses (utilities, property tax, insurance) that were previously incurred by the Company and which were reimbursable by the License Holder. During the period in fiscal 2021 there was a catch-up recognition of reimbursable expenses previously incurred but unrecognized in prior periods. There was no similar catch-up recognition observed during the nine-months ended September 30, 2022.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

OUTSTANDING SHARE DATA

As of the date of this MD&A the Company has a total of 12,554,019 common shares outstanding, 684,000 common share purchase warrants outstanding, 800,000 performance warrants outstanding, and 451,500 common share options outstanding.

Authorized share capital

As at September 30, 2022 and December 31, 2021, the Company is authorized to issue an unlimited number of preferred shares and Class A common shares without par value. The Company has no other classes of common shares that are authorized, issued, or outstanding as at September 30, 2022.

As at September 30, 2022, 786,520 (December 31, 2021 – 5,898,904) total common shares outstanding were held in escrow subject to the following escrow release schedule:

- 10% - on the date the Company's securities are listed on a Canadian Exchange (May 4, 2020 - the "Listing Date")
- 15% - 6 months after the Listing Date
- 15% - 12 months after the Listing Date
- 15% - 18 months after the Listing Date
- 15% - 24 months after the Listing Date
- 15% - 30 months after the Listing Date
- 15% - 36 months after the Listing Date

At-the-Market Distributions

On November 15, 2021, the Company established an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to \$10,000,000 of common shares from treasury to the public, from time to time, and at the Company's discretion. The ATM Program is managed by a broker agent, pursuant to an Equity Distribution Agreement (the "Distribution Agreement"). The agent will be compensated with cash commissions equal to 2% of total gross proceeds raised from any ATM placement. All common shares sold under the ATM Program will be made through sales that are deemed to be "at-the-market distributions" as defined in National Instrument 44-102 – Shelf Distributions, including sales made through the CSE, or any other trading market for the Common Shares in Canada

Issued share capital

During the nine-month period ended September 30, 2022:

At-the-Market Distributions

During the nine-month period ended September 30, 2022 the Company completed a number of ATM placements. An aggregate of 365,000 common shares were issued for total proceeds of \$149,590. During the nine-month periods ended September 30, 2022, the Company incurred total cash commissions of \$2,429 from the ATM placements. As at September 30, 2022, \$nil (December 31, 2021 - \$73,198) of the overall net proceeds from the ATM placements were receivable by the Company from the broker agent.

Shares for debt settlement

During the three and nine-months period ended September 30, 2022, the Company issued 571,506 common shares of the Company as settlement for outstanding accounts payable balances. As a result of this shares for debt settlement, a gain on settlement of \$99,692 was recognized in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three and nine-month period ended September 30, 2022 (three and nine-month period ended September 30, 2021 - \$nil).

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

During the nine-month period ended September 30, 2021:

During the nine-months period ended September 30, 2021, the Company collected \$3,787,349 and \$163,750 in gross proceeds from the exercise of 2,354,819 share purchase warrants and 125,000 share options respectively. The warrant and option exercises resulted in the issuance of 2,479,819 common shares of the Company.

During the nine-months period ended September 30, 2021, the Company collected \$33,330 in gross process from the exercise of 26,664 Agent Warrants (“IPO Agent Warrants”) which resulted in the issuance of 26,664 common shares and 13,332 share purchase warrants of the Company. Each share purchase warrant (“Additional Warrants”) is exercisable into one common share of the Company at an exercise price of \$2.00 and expires on April 30, 2022. The exercise of the Agent Warrants also resulted in the reclassification of \$21,295 from warrant reserve to share capital.

Warrants

The changes in warrants during the nine-month period ended September 30, 2022 from December 31, 2021 as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2021	5,214,461	\$ 1.55
Issued (i)	697,332	1.91
Exercised	(2,381,483)	1.60
Expired (ii)	(150,310)	1.95
Balance, December 31, 2021	3,380,000	\$ 1.55
Expired	(1,896,000)	2.15
Balance, September 30, 2022	1,484,000	\$ 0.78

There was no issuances or exercise of warrants during the nine-month period ended September 30, 2022.

- (i) The Company issued 420,000 November Agent Warrants in connection with the November Public Offering. The November Agent Warrants were exercisable into Units which were further comprised of a common share of the Company and one-half of one common share purchase warrant. The November Agent Warrants were fair-valued using the Black Scholes option pricing model and the Geske compound option pricing model with the following weighted average input assumptions:

	Black-scholes option model inputs
Share price at grant date (\$)	\$ 1.15
Exercise Price	\$ 1.25
Expected annual volatility	152.7%
Expected life (in years)	2.00
Expected dividend yield	0%
Risk-free interest rate	1.04%
Fair value per warrant	\$0.80

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

	Geske compound option model inputs
Share price at grant date (\$)	\$ 1.15
Exercise price of compound warrant (\$)	\$ 0.001
Exercise price of underlying warrant	\$ 1.250
Expected annual volatility	152.7%
Expected life compound warrant (in years)	1.99
Expected life underlying warrant (in years)	2.00
Expected dividend yield	0%
Risk-free interest rate	1.04%
Fair value per warrant	\$0.815

- (ii) (ii) On March 2, 2021, the Company accelerated the expiry of 150,310 share purchase warrants (“IPO warrants”) originally granted as part of the Company’s initial public offering on April 30, 2020. The IPO warrants were subject to early expiry (the “Early Expiry Event”) if the closing price of the Common Shares on the CSE (or any equivalent exchange) was equal to or greater than \$3.00 per Common Share for a period of ten consecutive trading days. The Company determined that as of start of day March 2, 2021 (the “Assessment Date”), that the Company’s Common Share price had been trading at, or greater than, \$3.00 for the last 10 consecutive trading days. As a result, the warrants were accelerated to expire within 30 days from and including the Assessment Date. The accelerated expiry date was September 30, 2021.

Subsequent Measurement of Performance Warrants

As part of the Acquisition Transaction (note 4), the Company previously issued 800,000 Performance Warrants which are subject to vesting conditions based on revenue targets for either the Company or the License Holder. Each Performance Warrant entitles the holder to purchase one Class A common share of the Company at an exercise price of \$0.10. Assuming vesting conditions are met, the holder can elect to exercise the Performance Warrants, on a net settlement basis based on the fair market value of the shares on the exercise date. The Performance Warrants were assessed to be a derivative liability in accordance with IFRS 9 and were measured at fair value on acquisition date using the Black Scholes option pricing model at initial recognition. Subsequently, the Performance Warrants are re-measured to fair-value at each reporting period end date.

The Performance Warrants were re-measured as at September 30, 2022 with a resulting fair-value of \$nil determined (December 31, 2021 - \$nil). This fair value of \$nil was primarily due to a re-assessment of probabilities to achieve vesting conditions. Consequently, no gain or loss on re-measurement was recognized in profit and loss for the three and nine-month periods ended September 30, 2022 (three and nine-month periods September 30, 2021 – gain on remeasurement of \$299,313 and \$10,222 respectively).

As at September 30, 2022, warrants outstanding are as follows:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
800,000	-	\$ 0.10	April 30, 2023	0.58
600,000	600,000	\$ 2.00	November 1, 2023	1.09
84,000	84,000	\$ 1.25	November 1, 2023	1.09
1,484,000	684,000	\$ 0.93		0.82

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

SHARE-BASED PAYMENTS

Equity incentive plan

The Company implemented an Equity Incentive Plan (the “EIP”) which provides for the grant to eligible directors and employees (including officers) of share options and Restricted Share Rights (“RSR”). The EIP also provides for the grant to eligible directors of Deferred Share Units (“DSU”) which the directors are entitled to redeem for 90 days following retirement or termination from the Board of the Company (the “Board”). The aggregate number of Common Shares that may be subject to issuance under the Equity Incentive Plan, together with any other securities-based compensation arrangements of the Company, shall not exceed 15% of the Company’s issued and outstanding share capital from time to time.

Options are exercisable for a period of five years from the date the Option is granted or such greater or lesser period as determined by the Board. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of Options is determined by the Board. Failing a specific vesting determination by the Board, Options automatically become exercisable incrementally over a period of eighteen months from the date of grant, as to: (i) 25% of the total number of shares under Option immediately upon the date of grant; and (ii) at each nine-month interval thereafter, an additional 25% of the total number of shares under Option such that after the 18th month of the Option period, 100% of the Option will be exercisable. The right to exercise an Option may be accelerated in the event a takeover bid in respect of the Common Shares is made.

Concurrent with the granting of the RSR, the Board shall determine the period of time during which the RSR is not vested and the holder of such RSR remains ineligible to receive Common Shares. Such period of time may be reduced or eliminated from time to time for any reason as determined by the Board. Once the RSR vests, the RSR is automatically settled through the issuance of an equivalent number of underlying Common Shares as RSRs held.

DSUs are redeemable during the period commencing on the business day immediately following the date such director ceases to hold any directorship and ending on the 90th day following such date by providing written notice of redemption to the Company. Upon redemption, the director shall be entitled to receive the number of Common Shares equal to the number of DSUs in the director’s account. If the director ceases to hold office during a year where DSUs have been granted in advance of being earned and they have not held office for the entire year, the director will only be entitled to a pro-rated issuance of shares.

The Company’s recorded share-based payments for the three and nine-month periods ended September 30, 2022 and 2021 comprised the following:

	Three-months period ended		Nine-months period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Stock Options (a)	\$ 14,225	\$ 160,108	\$ 43,952	\$ 499,557

(a) Share options

The EIP authorizes the Board to grant options to eligible directors and employees (including officers). The number of options, the exercise price per option, the vesting period and any other terms and conditions of options granted from time to time pursuant to the EIP, are determined by the Board at the time of the grant, subject to the defined parameters of the EIP.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

The changes in share options during the nine-month period ended September 30, 2022 from December 31, 2021 as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020	345,000	\$ 1.55
Granted	275,000	1.40
Exercised	(125,000)	1.31
Balance, December 31, 2021	495,000	\$ 1.55
Forfeited (i)	(43,500)	1.70
Balance, September 30, 2022	451,500	\$ 1.54

There was no grants, exercises, or expiration of stock options observed during the nine-month period ended September 30, 2022. The total fair value of stock options granted during the nine-month period ended September 30, 2021 was \$209,125.

- (i) During the nine-month period ended September 30, 2022, 43,500 options were forfeited resulting in a gain on the reversal of previously recognized share-based payment expenses totaling \$28,584. The gain on reversal was recognized in the condensed consolidated interim statement of income (loss) and comprehensive income (loss) for the nine-month period ended September 30, 2022.

Stock options outstanding and exercisable at September 30, 2022 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
25,000	25,000	\$ 1.25	November 15, 2024	2.13
125,000	125,000	\$ 1.40	January 15, 2026	3.30
100,000	100,000	\$ 1.40	September 22, 2026	3.98
201,500	95,750	\$ 1.70	November 10, 2031	9.12
451,500	345,750	\$ 1.53		5.98

(b) RSR

The EIP authorizes the Board to grant RSRs, in its sole and absolute discretion, to any eligible employee or director. Each RSR provides the recipient with the right to receive common shares of the Company as a discretionary payment in consideration of past services or as an incentive for future services. The terms including the vesting period of the RSRs are determined at the sole discretion of the Board.

During the nine-month periods ended September 30, 2022 and 2021, the Company did not issue any RSRs and there are no RSRs outstanding.

(c) DSU

The EIP authorizes the Board to grant DSUs, in its sole and absolute discretion in a lump sum amount or on regular intervals to eligible directors of the Company.

During the nine-month periods ended September 30, 2022 and 2021, the Company did not issue any DSUs and there were no DSUs outstanding.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

TRANSACTIONS WITH RELATED PARTIES

Related party transactions consist of monthly transactions with the License Holder, who is considered a related party due to sharing common executives and key management with the Company. Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

(i) Transactions with the License Holder

During the three and nine-month periods ended September 30, 2022 and 2021 the Company recognized the following revenues from the License Holder:

Revenue type	Three-month period		Nine-month period	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Equipment leasing revenue	\$ 23,501	\$ 22,682	\$ 69,271	\$ 67,570
Service fee revenues	361,679	377,931	1,122,450	1,126,170
Intellectual property licensing revenues	104,313	220,518	551,471	656,933
Total revenues from License Holder	\$ 489,493	\$ 621,131	\$ 1,743,192	\$ 1,850,673

In addition, the Company also incurred the following transactions with the License Holder during the nine-month period ended September 30, 2022:

- (i) Accrued interest income on outstanding receivables due from License Holder of \$135,923 (September 30, 2021 - \$38,332);
- (ii) Interest income on lease receivables of \$190,118 - Note 9 (September 30, 2021 - \$230,371);
- (iii) Accretion expense on notes payables of \$34,566 (September 30, 2021 - \$130,696); and
- (iv) Other income of \$146,821 (September 30, 2021 - \$467,829) relating to sub-lease operating expenses (utilities, property tax, insurance) that were incurred by the Company and which are reimbursable by the License Holder

On September 30, 2022, the Company executed a settlement agreement (the "Settlement Agreement") with the License Holder to offset and effectively settle balances owed between the Company and the License Holder. Per the terms of the Settlement Agreement, the Company applied a total of \$971,562, equaling the total outstanding balance of two note payables (the "Notes"), owed by the Company to the License Holder, against the total outstanding receivable due from the License Holder to the Company. The receivable due from the License Holder is related to revenues from the provision of equipment leasing, management services, and IP licensing. As a result of the Settlement Agreement, the due from related party receivable has a remaining balance of \$2,876,226 as at September 30, 2022 (December 31, 2021 - \$1,888,672).

As a result of the Settlement Agreement, the carrying value of the notes payable to related parties is \$nil as at September 30, 2022 (December 31, 2021 - \$864,465). A continuity of notes payable for the period ended September 30, 2022 and December 31, 2021 is as follows:

Balance, January 1, 2021	\$	2,415,991
Accretion expense		159,073
Payment		(1,682,968)
Currency translation adjustment		(27,631)
Balance, December 31, 2021	\$	864,465
Accretion expense		34,566
Settlement of note payable		(971,562)
Currency translation adjustment		72,531
Balance, September 30, 2022	\$	-

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

As at September 30, 2022, there was a balance of \$2,080,550 (December 31, 2021 - \$2,986,444) due from the License Holder to the Company related to the lease receivable. In addition, there was a balance of \$16,448 (December 31, 2021 - \$15,214) due from the Company to the License Holder for a refundable security deposit.

(ii) Transactions with other related parties

During the nine-month period ended September 30, 2022 the Company had the following transactions with a company controlled by a former director of the Company:

- (i) Interest expense on lease obligations of \$52,304 (September 30, 2021 - \$152,317)

(iii) Key Personnel Compensation

	Three-month period ended		Nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Directors' fees	\$ 13,500	\$ 6,000	\$ 33,000	\$ 18,000
Consulting fees	33,000	33,000	99,000	99,000
Share-based payment	-	9,701	-	244,704
Wages and salaries	72,160	81,328	213,140	219,458
Total	\$ 118,660	\$ 130,029	\$ 345,140	\$ 581,162

During the nine-months ended September 30, 2022, the Company incurred consulting fees of \$54,000 (September 30, 2021 - \$54,000) to a company controlled by the CEO and consulting fees of \$45,000 (September 30, 2021 - \$45,000) to a company controlled by the CFO.

As at September 30, 2022, due to related party balances includes \$23,788 and \$10,542 of unpaid consulting fees to Company controlled by CEO and CFO respectively. In addition, the due to related party balance also includes \$69,601 (December 31, 2021 - \$5,072) due to directors of the Company for unpaid director fees and wages.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2022 Company had a working capital of \$1,768,682 (December 31, 2021 – \$429,910).

The Company has relied on equity financings to fund its operations and growth, including the Acquisition Transaction, which was made possible through the two tranches of the initial public offering. As the Company progresses and expands operations in the US, through its subsidiaries, the Company will use a combination of equity financings, funds from the exercise of share purchase warrants and revenues from the leasing, licensing and service revenues of its subsidiaries. There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

OFF-BALANCE SHEET ARRANGEMENT

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

These financial statements have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

Interpretations Committee (“IFRIC”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 2 of the audited consolidated annual financial statements for the year ended December 31, 2021 for details on critical accounting estimates and judgments.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management’s assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company’s operations. These financial risks and the Company’s exposure to these risks are provided in various tables in Note 12 of the unaudited condensed consolidated interim financial statements for the period ended September 30, 2022. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 2 of the audited consolidated annual financial statements for the year ended December 31, 2021.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risk factors due to the nature of its business. These risks and uncertainties may impact the Company’s ability to successfully execute its key strategies and may affect future events, performance or results. Some of these risks and uncertainties are described in this MD&A. However, the risks and uncertainties set out in this MD&A are not exhaustive. New risk factors may emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company’s business performance, condition, operations or strategies and plans.

Ongoing Need for Financing

It is intended that the Company will continue to make investments to support business growth and may require additional funds to respond to business challenges. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. 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 Company’s 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. In addition, additional financing may not be available on favorable terms, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to them, when they require it, their ability to continue to support business growth and to respond to business challenges could be significantly limited.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire the assets or shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company’s debt levels above industry standards. The level of the Company’s indebtedness from time to time could impair its ability to obtain additional financing in the future, on a timely basis, to take advantage of business opportunities that may arise.

Business plan is new and contains inherent risks

Our business plan is innovative and non-traditional. As such, we cannot be certain of commercial or any other kind of success for us and cannot guarantee same.

New Leaf Ventures Inc.

Management Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

(Expressed in Canadian Dollars)

Limited operating history

The Company has limited operating history upon which an evaluation of its prospects can be based. The prospects must be evaluated with a view to the risks encountered by a business in an early stage of operations. The Company has incurred net operating losses during its recent operating history. The Company cannot guarantee it will be profitable, have a positive cash flow, or be able to continue in business.

Potential Conflicts of Interest

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

Reliance on Others and Key Personnel

The success of the Company will be largely dependent upon the performance of its management and key employees, as well as the talents of its outside consultants and suppliers. The Company may not have any “key man” insurance policies, and therefore there is a risk that the death or departure of any one or more members of management or any key employee could have a material adverse effect on the Company. The Company also faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain the employees, personnel and/or consultants necessary to successfully carry out its activities.

Litigation

All industries are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company’s operations and financial position.

Dividends

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

Changes in Laws

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

Speculative investment

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