New Leaf Ventures, Inc.

Management Discussion and Analysis

For the Three and Nine Months Period Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

MANAGEMENT'S DISCUSSION AND ANLAYSIS

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 three and nine-month period ended September 30, 2023 compared with the year ended December 31, 2022. The information in this MD&A is current as of November 29, 2023 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine month period ended September 30, 2023 and 2022, and the 2022 Annual MD&A. All dollar figures included therein and in the following M&DA 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, see refer to the MD&A for the year ended December 31, 2022, 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

New Leaf Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 4, 2018. In 2019, the Company acquired New Leaf USA Inc. ("New Leaf USA") and its subsidiaries (collectively the "New Leaf USA Entities"). New Leaf USA Entities provides consulting services, real property, intellectual property and equipment for lease and enhanced ancillary services to New Leaf Enterprises, Inc. (the "License Holder"), a Washington-based Tier 3 licensed cannabis processor focused on industrial-scale processing, packaging, marketing and distributing cannabis and cannabis related products.

On January 12, 2023 the Company acquired all of the issued and outstanding shares of High Profile Holdings Corp. ("HPHC"), an arm's length private cannabis company based in British Columbia, by way of a three-corned amalgamation (the "Transaction"). The Transaction was pursuant to an amalgamation agreement (the "Agreement") between the Company, its wholly-owned subsidiary, 1392162 B.C. Ltd ("Subco"), and HPHC. Immediately upon completion of the amalgamation between Subco and HPHC, the newly amalgamated entity was renamed to High Profile Holdings Cannabis Corp. ("HPHCC").

OPERATIONAL HIGHLIGHTS

During the three month period ended September 30, 2023, New Leaf Ventures, through its subsidiaries in the US continued normal course operations and provided services to the License Holder. The following operation highlights were observed during the fiscal year 2023:

- In Q1 2023, New Leaf Ventures completed the acquisition of High Profile Holdings Corp., expanding its operational footprint to Canada. High Profile began by operating its own retail stores under the Urban Canna banner at the onset of legalization and focused on creating an elevated retail experience and developed its own premium brand. The High Profile management team continues to build the necessary relationships to complete the supply chain and get High Profile's rare and curated strains produced into quality products and back on retailer shelves. One of the steps involved in securing its supply was the announcement of a genetics transfer and buyback agreement with CannaPharmaRX. This agreement will allow a transfer of genetics from High Profile's extensive library for cultivation in CannaPharmaRX's facility located in Cremona, Alberta. Further to the agreement, High Profile will have the ability to buy-back material that meet certain standards for a royalty, allowing CannaPharmaRX to sell both domestically and internationally through their extensive network. As High Profile works to get seeds in the ground, the Company is also establishing relationships with third-party suppliers of quality material as well as processing and packaging outlets with the ability to establish tolling agreements for sale to government intermediaries, and ultimately cannabis retailers across Canada.

- In Q1 2023, the Washington State Liquor Cannabis Board (WSLCB) approved the sale of the Company's cultivation-related assets, through its wholly owned subsidiaries, to a third-party asset management company and providing an infusion of capital into current operations.

- The License Holder, New Leaf USA, and its subsidiaries, has maintained normal course of operations throughout fiscal 2023. The License Holder reports that its new procurement model has been going well and is establishing good relationships with growers producing quality flower. Furthermore, New Leaf USA secured a renewal of its master lease for the facility located at 470 South Kenyon Street in Seattle. This extension allows for an additional 5 years in the 17,000 square foot facility with another option to extended. We continue to establish new relationships and search out additional Toll Processing partnerships. The Company has purchased new equipment to further toll processing capabilities. Including a new Flow wrapper and beverage filling equipment.

  With New Leaf USA's greater focus on developing relationships with other processors and retailers to leverage Toll Processing partnership opportunities. Shortly after the close of Q3, the Company was able to secure a processing and packaging agreement with an arms-length licensed cannabis producer (the "Producer") in the state of Washington. New Leaf Services LLC ("ServiceCO") will provide labor for processing and co-packing of specific products for the Producer at the licensed facility. The Producer has distribution rights for several brands in Washington State and this agreement allows for predetermined product listings within the brand portfolios to be processed and packaged with all cannabis materials provided directly by the Producer. These brands include industry cannabis pioneer "Solstice" along with several other respected brands within Washington. All finished products will be delivered to the Producer for distribution to their customer base throughout the State. New Leaf USA continues the development and formulation of value-added products within its suite of IP.

- Due to the close relationship between the Company and the License Holder, management has identified some recent developments within the License Holder which will directly impact the Company going forward.

  In Q3 2023, the Company in coordination with the related party License Holder, jointly secured two additional servicing agreements. The License Holder also received Washington state approval for a new gummy line under the Goodies edible brand name, for which the Company owns trademark rights. The lineup will include several of the most popular gummy flavors like sour green apple, orange, peach, pink lemonade, Raspberry, sour cherry, and strawberry. Product launch is scheduled to hit the Washington market in Q4. With the launch of a new product line, the Company anticipates greater demand for its services and use of its IP property by the License Holder.

(Expressed in Canadian Dollars)

The License Holder has received approval from the WCLB to produce low-dose THC beverages in the state of Washington. Behind the scenes, the Company has been developing IP related to the recipes and formulas for a beverage line with tradename Astara. Low dose beverages are to be consumed more like a social beverage comparable to a beer or alcoholic seltzer. The Company owns the IP rights over the Astara beverage line and will license the IP to the License Holder for production. This coincides well with current market trends in Washington as the low dose beverage market in the state is gaining ground.

Within Q3 the License Holder secured a toll manufacturing agreement with Washington a state company to produce a separate proprietary line of gummy edibles containing several flavors. The contract is expected to increase the demand for services rendered from the Company to the License Holder.

The developments within the License Holder are great steps in establishing the Company's abilities to indirectly service other different brands within Washington State as it navigates through the ever-changing market. The Company continues to find efficiencies and to provide services in new and creative ways, growing it's menu and offerings to maximize the output of the Washington state asset. The Company also continues to evaluate other strategic partnerships and or acquisitions to strengthen their position in both Canada and the USA. With the added strength to the operations team both north and south of the border, the Company is well positioned to add on additional opportunities to scale growth to better utilize the full capabilities of their infrastructure.

ACQUISITION OF HIGH PROFILE TRANSACTION

On January 12, 2023, the Company acquired High Profile Holdings Corp., a private British Columbia cannabis company with two wholly owned subsidiaries, High Profile Cannabis ("HPC") and Urban Canna Inc. ("UCI"); collectively referred to as the "High Profile Group" or simply "High Profile" hereafter. The acquisition is expected to provide multiple operational synergies and accelerate the Company's entry into the Canadian legal market by leveraging High Profile's top-tier genetic library and access to the Canadian retail cannabis markets. The Transaction has been accounted for as an asset acquisition as High Profile did not meet the definition of a 'business' as defined under IFRS 3.

Purchase price consideration		
Fair value of 9,999,796 common shares issued at $0.145	$	1,449,970
Fair value of 197,830 share purchase warrants issued		4,550
Total purchase price	**$**	**1,454,520**
Assets acquired and liabilities assumed:		
Cash	$	14,183
Goods and sales tax receivable		36,461
Prepaid expenses		5,000
Financial assets at fair-value through profit or loss		1,244,375
Asset classified as held for sale		2,528,150
Intangible assets		537,447
Accounts payable and accrued liabilities		(922,905)
Mortgage payable		(954,700)
CEBA loan		(129,434)
Debenture liability		(904,057)
Total purchase price allocated	**$**	**1,454,520**

(Expressed in Canadian Dollars)

SELECTED INFORMATION ANNUAL INFORMATION

	For the years ended		
	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $
Revenues	1,980,274	2,471,902	2,050,990
Operating expenses	5,907,483	7,227,282	4,672,272
Net loss for the period	3,518,382	3,962,287	6,600,105
Comprehensive income (loss) for the period	(3,543,895)	(3,935,265)	6,495,366
Basic and diluted income / (loss) per share:	(0.29)	0.24	0.24

	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $
Working capital (deficiency)	(24,300)	429,910	(1,276,856)
Total assets	2,289,844	5,954,596	6,487,140
Total liabilities	3,644,136	4,647,780	6,926,442
Share capital	13,005,159	12,170,886	7,087,003
Deficit	15,288,127	11,769,745	7,807,458

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	September 30, 2023 $	June 30, 2023 $	March 31, 2023 $	December 31, 2022 $
Total revenue	322,109	396,312	482,814	339,573
Net income / (loss)	(492,605)	(442,154)	(1,270,053)	(3,774,670)
Comprehensive income / (loss)	(527,873)	(403,980)	(1,268,883)	(3,966,392)
Basic and diluted income / (loss) per share	(0.02)	(0.02)	(0.05)	(0.29)

	Three months ended			
	September 30, 2022[1] $	June 30, 2022 $	March 31, 2022 $	December 31, 2021 $
Total revenue	387,002	629,462	624,237	621,229
Net income / (loss)	(53,326)	99,878	209,736	(525,305)
Comprehensive income / (loss)	81,446	156,644	184,407	(514,697)
Basic and diluted loss per share	0.01	0.00	0.00	(0.01)

Revenues over the last five fiscal quarters have been consistent and are mainly driven by service revenues. In Q1 fiscal 2023, the Company executed its strategy to diversify its customer base and began generating service revenues from an arms-length cannabis entity also based in the state of Washington.

The net loss and comprehensive loss observed in the first two quarter of 2023 is driven significantly by the result of an impairment charge to the Company's asset held for sale, which is comprised of land and land improvements located in Alberta, Canada. The asset held for sale ("AHFS") was acquired as part of the High Profile acquisition on January 12, 2023. In the fourth quarter of fiscal 2022, the Company recognized loss allowance expense on due from related party and lease receivable balances. The net income / (loss) and comprehensive income / (loss) observed in the first three quarters of fiscal 2022 were primarily the result of lower operating expenses compared to prior fiscal quarters in 2021. There was a significant reduction in 2022 to overall marketing and share-based payment expenses

[1] *The results for the period ended September 30, 2022 have been updated from what was previously reported to reflect adjustments under IFRS.*

(Expressed in Canadian Dollars)

compared. 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		September 30, 2023		September 30, 2022	Variance $	Variance %
Revenues	$	**322,109**	$	**489,493**	(167,384)	-34%
Operating Expenses						
Communication		2,106		2,244	(138)	-6%
Consulting		119,496		42,107	77,389	184%
Depreciation & Amortization		31,143		36,881	(5,738)	-16%
Director fees		10,500		13,500	(3,000)	-22%
General office & administration		295,750		114,436	181,314	158%
Loss allowance expense		(22,837)		-	(22,837)	100%
Utilities and property tax		36,684		32,826	3,858	12%
Professional fees		25,554		40,600	(15,046)	-37%
Regulatory and filing fees		5,194		3,955	1,239	31%
Share-based payment		31,493		14,225	17,268	121%
Wages and salaries		169,359		214,055	(44,696)	-21%
Total Operating Expenses	$	**704,442**	$	**514,829**		
Other expenses						
Interest income		-		106,087	(106,087)	-100%
Accretion expense		(3,426)		(2,488)	(938)	38%
Foreign exchange gain / (loss)		1,530		-	1,530	100%
Gain on settlement of accounts payable		-		99,692	(99,692)	-100%
Other income		(17,568)		23,314	(40,882)	-175%
Interest expense		(90,808)		(47,971)	(42,837)	89%
Net loss for the period	$	**(492,605)**	$	**153,298**		

1. Total revenues in Q3'23 were lower compared to Q3'22 due to the exclusion of IP royalty revenues in Q3'23. This was a continuation of the accounting position from the fourth quarter of fiscal 2022. In contrast, the Company did recognize royalty income in Q3'22.

2. Consulting fees were higher in Q3'23 compared to Q2'22 as a result of additions to the NLV management team; the Company added a Chief Strategy Officer ("CSO") and Chief Operating Officer ("COO") in January 2023 in connection with the High Profile acquisition.

3. General office and administration expenses were higher in Q3'23 compared to Q3'22 due mainly to accrued penalties arising from outstanding lease payable balances.

4. The Company recorded a loss allowance recovery in Q3'23 to recognize payments received from subtenant on sublease receivable balances that had been fully impaired as at December 31, 2022. There were no loss allowances to reverse in Q3'22.

5. During Q3'22 the Company settled debt balances through the issuance of common shares of the Company with a resulting gain on settlement of $99,692. There were no such settlements for the same period in fiscal 2023.

(Expressed in Canadian Dollars)

6. Interest expense relates to interest accrued on outstanding lease payable balances during Q3'23. This was higher than Q3'22 due to the increase of the payable balance since prior comparative period.

Nine months ended		**September 30, 2023**		**September 30, 2022**	**Variance $**	**Variance %**
Revenues	**$**	**1,201,235**	**$**	**1,743,192**	(541,957)	-31%
Operating Expenses						
Communication		6,951		8,861	(1,910)	-22%
Consulting		361,218		114,841	246,377	215%
Depreciation & Amortization		105,285		142,227	(36,942)	-26%
Director fees		37,500		33,000	4,500	14%
General office & administration		685,441		276,159	409,282	148%
Loss allowance expense		(171,860)		-	(171,860)	100%
Utilities and property tax		150,287		128,234	22,053	17%
Professional fees		236,229		123,534	112,695	91%
Regulatory and filing fees		57,667		33,627	24,040	71%
Share-based payment		246,229		43,952	202,277	460%
Wages and salaries		630,447		753,062	(122,615)	-16%
Total Operating Expenses	**$**	**2,345,394**	**$**	**1,657,497**		
Other expenses						
Interest income		1,162		326,011	(324,849)	-100%
Accretion expense		(9,915)		(34,566)	24,651	-71%
Foreign exchange gain / (loss)		(1,557)		-	(1,557)	100%
Gain on reversal of share-based payments		-		28,584	(28,584)	-100%
Gain on settlement of accounts payable		15,104		99,692	(84,588)	-85%
Gain on lease termination		-		9,393	(9,393)	-100%
Impairment of asset held for sale		(800,150)		-	(800,150)	100%
Impairment of property and equipment		-		(16,116)	16,116	-100%
Other income		19,342		146,821	(127,479)	-87%
Interest expense		(284,639)		(182,602)	(102,037)	56%
Net loss for the period	**$**	**(2,204,812)**	**$**	**462,912**		

1. Total revenues in the nine months Q3'23 was overall lower than for nine months Q3'22. The Company did not recognize any IP royalty revenues in the current fiscal year. This was a continuation of the accounting position from the fourth quarter of fiscal 2022. In contrast, the Company did recognize royalty income in fiscal 2022.

2. Consulting fees were higher for the nine months Q3'23 compared to Q3'22 as a result of additions to the NLV management team; the Company added a CSO and COO in January 2023 and continue to incur consulting fees in relation to those positions.

3. G&A expense was higher during the nine months period of Q3'23 compared to Q3'22 due primarily to accrued penalties arising from outstanding lease payable balances.

4. The Company recorded a loss allowance expense recovery during the nine month period for Q3'23 to recognize payments received from subtenant on sublease receivable balances that had been fully impaired at December 31, 2022. There were no loss allowances to reverse in the same period for Q3'22.

5. The Company had higher professional fees during the nine months period Q3'23 as compared to Q3'22 as a result of legal expenses in connection with the acquisition of High Profile.

6. Regulatory and filings fees were higher during the nine months Q3’23 compared to Q3’22 due to various filing requirements and transfer agent fees in connection with the High Profile Acquisition at the start of 2023.
7. Share based payments were higher in the nine months period Q3’23 compared to Q3’22 due to the vesting of restricted share rights (“RSR”) during throughout the period. There were no RSRs granted or vested for the same nine month period in Q3’22.

8. The Company had lower wage expense during the nine months period Q3’23 as compared to Q3’22 due primarily to the departure of a former director and president of New Leaf USA.

9. The Company did not recognize any interest income on lease receivable during the nine month period Q3’23 as lease receivables were fully impaired at December 31, 2022. This was a continuation of the accounting position from the fourth quarter of fiscal 2022. During the nine month period Q3’22, lease receivables were not identified as impaired and consequently, interest income on lease receivable was recognized.

10. Other income is comprised mainly of sub-lease operating expenses (utilities, property tax, insurance) that are incurred by the Company and reimbursable by the License Holder. The Company did not recognize any income associated with reimbursable sub-lease operating expenses during the nine month period Q3’23. This was a continuation of the accounting position adopted during the fourth quarter of fiscal 2022. Sub-lease operating expenses were recognized during the nine month period Q3’22 as the sublease was not considered impaired during this time.

11. During the nine months period Q3’23 the Company recognized an impairment loss of $800k in relation to Assets held-for-sale (“AHFS”) which were acquired as part of the High Profile acquisition. There were no AHFS assets recognized for the same period in Q3’22 and subsequently there we no other asset impairments observed.

12. Interest expense during the nine months Q3’23 is higher compared to the same period in Q3’22 as the accumulated outstanding balances on lease payables has also increased during the current fiscal year. As part of the High Profile acquisition, the Company also assumed various mortgage and loan liabilities with corresponding interest expenses. These liabilities did not exist during the same period in Q3’22.

OUTSTANDING SHARE DATA

As of the date of this MD&A the Company has a total of 29,801,049 common shares outstanding, 5,984,280 common share purchase warrants outstanding, 397,500 common share options outstanding, and 1,200,000 restricted share rights outstanding.

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

(Expressed in Canadian Dollars)

Authorized Share Capital

As at September 30, 2023 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, 2023.

As at September 30, 2023, 8,999,816 common shares of the Company, in connection with its acquisition of High Profile, were held in escrow (December 31, 2022 – Nil) subject to the following escrow release schedule:

- 10% - on the closing date of the Transaction
- 15% - 6 months after closing date of the Transaction
- 20% - 12 months after closing date of the Transaction
- 25% - 18 months after closing date of the Transaction
- 30% - 24 months after closing date of the Transaction

Issued Share Capital

During the nine-months period ended September 30, 2023:

Acquisition of High Profile

On January 12, 2023 ("Closing Date"), the Company issued 9,999,796 common shares of the Company as part of the acquisition of High Profile (Note 4). The share price of the Company's common shares was $0.145 on Closing Date.

Exercise of Restricted Share Rights

During the nine months period ended September 30, 2023, the Company issued 1,300,000 common shares upon exercise of 1,300,000 restricted shares rights ("RSR"). Upon exercise, a reclass of $173,000 from share-based payment reserve to share capital was recognized.

Shares for Debt Settlement

During the nine-months ended September 30, 2023, the Company issued 792,284 (2022 – 571,506) common shares as settlement for $126,094 (2022 - $242,569) in outstanding accounts payables. This resulted in a gain on debt settlement of $15,104 ($99,692) for the nine-months ended September 30, 2023.

During the nine-months 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.

Warrants

The changes in warrants during the Nine-month periods ended September 30, 2023 and year December 31, 2022 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2021	**3,380,000**	**$**	**1.55**
Issued	5,102,450		0.20
Expired	(1,896,000)		2.00
Balance, December 31, 2022	**6,586,450**	**$**	**1.55**
Issued (i)	197,830		3.79
Expired (ii)	(800,000)		0.10
Balance, September 30, 2023	**5,984,280**	**$**	**0.51**

(Expressed in Canadian Dollars)

(i) The Company issued 197,830 HP Warrants in connection with the acquisition of High Profile (Note 4). The HP Warrants were fair valued using the Black Scholes option pricing model and the following weighted average input assumptions:

	Nine months ended September 30, 2023
Share price at grant date	$0.15
Exercise Price	$3.79
Expected annual volatility	166%
Expected life (in years)	1.45
Expected dividend yield	0%
Risk-free interest rate	3.79%
Fair value per warrant	$0.02

There were no issuances or exercise of share purchase warrants during the nine months period ended September 30, 2022. During the nine months ended September 30, 2022, 1,896,000 share purchase warrants expired unexercised.

As at September 30, 2023, warrants outstanding are as follows:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
600,000	600,000	$2.00	November 1, 2023	0.09
84,000	84,000	$1.25	November 1, 2023	0.09
5,084,950	5,084,950	$0.20	December 22, 2024	1.23
17,500	17,500	$0.10	December 22, 2024	1.23
197,830	197,830	$3.79	June 24, 2024	0.73
5,984,280	**5,984,280**	**$0.51**		**1.08**

SHARE-BASED COMPENSATION

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.

(Expressed in Canadian Dollars)

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 compensation for the three and nine-months ended September 30, 2023 and 2022 are comprised of the following:

	Three-months period ended			
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Stock Options (a)	$ 7,660	$ 14,225	$ 22,979	$ 43,952
RSR (b)	23,833	-	223,250	-
Total share-based compensation	**$ 31,493**	**$ 14,225**	**$ 246,229**	**$ 43,952**

(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.

The changes in share options during the nine-months ended September 30, 2023 and the year ended December 31, 2022 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021	**495,000**	**$ 1.55**
Forfeited (i)	(43,500)	1.70
Balance, December 31, 2022	**451,500**	**$ 1.53**
Expired	(54,000)	1.46
Balance, September 30, 2023	**397,500**	**$ 1.53**

(i) During the year ended December 31, 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 consolidated statement of loss and comprehensive loss for the year ended December 31, 2022.

Stock options outstanding and exercisable at September 30, 2023 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
12,500	12,500	$1.25	November 15, 2024	1.13
185,000	114,500	$1.70	November 10, 2031	8.12

(Expressed in Canadian Dollars)

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
100,000	100,000	$1.40	January 15, 2026	2.30
100,000	100,000	$1.40	September 22, 2026	2.98
397,500	**327,000**	**$1.53**		**5.14**

(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.

The changes in RSRs during the nine months ended September 30, 2023 and the year ended December 31, 2022 are as follows:

	Number of RSR
Balance, December 31, 2021	-
Granted (i)	500,000
Balance, December 31, 2022	**500,000**
Granted (ii)	2,000,000
Exercised	(1,300,000)
Balance, September 30, 2023	**1,200,000**

(i) On November 29, 2022, the Company granted the CEO of the Company 500,000 RSRs. The fair-value of each RSR was determined to be $0.17, equal to the closing share price of the Company's common shares for the day immediately preceding the date of the grant. The RSRs are subject to vesting terms as follows:

- 50% of the RSRs will vest 3 and 6 months from the date of grant;
- 50% of the RSRs will vest 6 months from the date of grant.

(ii) On February 17, 2023, the Company granted the COO and CSO of the Company 1,400,000 and 600,000 RSRs respectively. The fair-value of each RSR was determined to be $0.11, equal to the closing share price of the Company's common shares for the day immediately preceding the date of the grant. The RSRs are subject to vesting terms as follows:

- 20% on grant date;
- 20% 6 months from Closing Date of the High Profile acquisition;
- 20% 12 months from Closing Date of the High Profile acquisition;
- 20% 18 months from Closing Date of the High Profile acquisition; and
- 20% 24 months from Closing Date of the High Profile acquisition

(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 months ended September 30, 2023 and the year ended December 31, 2022 the Company did not issue any DSUs and there were no DSUs outstanding.

(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 months period ended September 30, 2023 and 2022 the Company recognized the following revenues from the License Holder:

	Three-months period		Nine-months period	
Revenue type	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Equipment leasing revenue	$ 24,140	$ 23,501	$ 72,668	$ 69,271
Service fee revenues	297,969	361,679	906,503	1,122,450
Intellectual property licensing revenues	-	104,313	-	551,471
Total revenues from License Holder	**$ 322,109**	**$ 489,493**	**$ 979,171**	**$ 1,743,192**

In addition, the Company also incurred the following transactions with the License Holder during the three and nine months ended September 30, 2023:

(i) Accrued interest income on outstanding receivables due from License Holder of $Nil and $Nil (2022 - $55,125 and $135,923 respectively);
(ii) Interest income on lease receivables of $Nil and $Nil (2022 - $49,009 and $190,118);
(iii) Accretion expense on notes payables of $Nil and $Nil (2022 - $1,966 and $34,566);
(iv) Other income of $Nil and $Nil (2022 - $23,314 and $146,821) relating to sub-lease operating expenses (utilities, property tax, insurance) that were incurred by the Company and which are reimbursable by the License Holder (sub-tenant);

On September 30, 2022, the Company executed a settlement agreement (the "Settlement Agreement") with the License Holder to settle balances owed between the Company and the License Holder. Per the terms of the Settlement Agreement, the Company applied a total of $971,563, equaling to the total outstanding balance of two note payables (the "Notes"), owed from the Company to the License Holder, against the total outstanding receivable owed from the License Holder to the Company. The receivable due from the License Holder is related to revenues on the provision of equipment leasing, management services, and IP licensing from the Company to the License Holder. As a result of the Settlement Agreement, the due from related party receivable was reduced by $971,563 during the year ended December 31, 2022. There was no similar offsetting arrangement observed during the three and nine months ended September 30, 2023 or 2022.

A continuity of notes payable for the period ended September 30, 2023 and December 31, 2022 is as follows:

Balance, January 1, 2022	**$ 864,465**
Accretion expense	35,059
Settlement of note payable	(971,563)
Currency translation adjustment	72,039
Balance, December 31, 2022 and September 30, 2023	**$ -**

The carrying value of due from related party balance is $1,785,251 as at September 30, 2023 (December 31, 2022 - $1,070,962). The entire receivable due from the License Holder to the Company's US entities are related to revenues generated from the provision of equipment leasing and management services rendered to the License Holder.

(Expressed in Canadian Dollars)

As at September 30, 2023 there was a balance of $16,224 (December 31, 2022 - $16,253) due from the Company to the License Holder for a refundable security deposit.

(ii) Key Personnel Compensation

	Three-month period		Nine-month period	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Directors' fees	$ 10,500	$ 13,500	$ 37,500	$ 33,000
Consulting fees (i)	100,000	33,000	308,332	99,000
Share-based payments (ii)	23,833	-	223,250	-
Wages and salaries	37,138	72,160	119,856	213,140
Total	**$ 171,471**	**$ 118,660**	**$ 688,938**	**$ 345,140**

(i) During the three and nine months period ended September 30, 2023, the Company incurred consulting fees of $6,000 and $42,000 (2022- $18,000 and $54,000) to a company controlled by the former CEO, consulting fees of $19,000 and $49,000 (2022 - $15,000 and $45,000) to a company controlled by the CFO, consulting fees of $37,500 and $109,269 (2022 - $Nil and $Nil) to a company controlled by the CSO, and consulting fees of $37,500 and $108,063 (2022 - $Nil and $Nil) to a company controlled by the current CEO of the Company.

(ii) Share-based payments relate to the vesting of RSRs issued to the former CEO, CSO, and current CEO of the Company (Note 16) during the three and nine months ended September 30, 2023. There were no share-based payments to key management personnel for the three and nine months ended September 30, 2022.

As at September 30, 2023, due to related party balances includes:

- $15,750 (December 31, 2022 -$Nil) of unpaid consulting expense to a Company controlled by the former CEO of the Company;
- $25,903 (December 31, 2022 -$5,271) of unpaid consulting expense to a Company controlled by the CFO of the Company;
- $110,100 (December 31, 2022 -$Nil) of unpaid consulting expenses to a company controlled by the CSO of the Company; and
- $157,123 (December 31, 2022 - $Nil) of unpaid consulting expenses to a company controlled by the current CEO of the Company.

In addition, the due to related party balance also includes $Nil (December 31, 2022 - $76,864) due to directors of the Company for accrued and outstanding director fees and wages. All due to related party balances are unsecured, non-interest bearing and payable on demand.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2023 Company had a working capital deficiency of $2,318,033 (December 31, 2022 – working capital deficiency of $24,300).

The Company has relied on equity financing to fund its operations and growth. As the Company progresses and expands operations in the US and Canada, 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's asset held for sale is comprised of land and land improvements which are used as collateral against mortgage payable balances.

(Expressed in Canadian Dollars)

ANALYSIS OF CASH FLOWS

		Nine-months ended		
Cash provided by (used in):		**September 30, 2023**		**September 30, 2022**
Operating activities	$	(420,298)	$	(79,627)
Investing activities		(12,939)		(92,444)
Financing activities		-		147,161
Increase (decrease) in cash	**$**	**(433,237)**	**$**	**(24,910)**

Operating Activities

Cash flows from operating activities can vary significantly from period to period as a result of the Company's working capital requirements. Net cash used in operations during the nine months ended September 30, 2023 and 2022 relate mainly to payments for consulting expenses, as well as for wages and salaries in the US entities.

Investing Activities

Cash flows used in investing activities can vary depending on the nature of the transactions occurring during a period. During the nine months ended September 30, 2023, there was net cash used in investing activity related to payment of lease obligations of $78,557 and $7,535 to acquire packaging equipment. This was offset by $14,183 of cash acquired on acquisition of High Profile, and $58,970 of cash received on disposal of assets held for sale. During the nine months ended September 30, 2022, cash used was for payment of lease obligations.

Financing Activities

There were no cash flows provided by financing activities for the nine months ended September 30, 2023. Cash flows provided by financing activities for the nine months ended September 30, 2022, were solely related to At-the-Market distributions which occurred during the fiscal period.

SUBSEQUENT EVENTS

There were no material events or transactions to report subsequent to the period ended September 30, 2023.

OFF-BALANCE SHEET ARRANGEMENT

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The Company's 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 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, 2022, 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 17 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to Note 2 of the unaudited condensed consolidated interim financial statements for the period ended September 30, 2023, and Note 2 of the audited consolidated annual financial statements for the year ended December 31, 2022.

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.

Limited operating history

The Company has a 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 not been profitable and has incurred net operating losses during its recent operating history. The Company cannot guarantee it will ever 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.