Boosh Plant-Based Brands Inc.

Interim Management's Discussion and Analysis

For the Three Months Ended June 30, 2022 and 2021

The following discussion and analysis is prepared as of October 6, 2022, and should be read in conjunction with the condensed consolidated interim financial statements of Boosh Plant-Based Brands Inc. (the "Company" or "BPBB") for the three months ended June 30, 2022 and 2021 which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the notes thereto.

Introduction

This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information".

Forward Looking Information

Certain statements in this report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, the global economic environment, and the Company's ability to manage its operating costs, may prove to be incorrect. A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. 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, except as required by law.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include:

- Limited Operating History
- Regulatory Risks
- Permits and Governmental Regulations
- Supply and Demand Risk
- Reliance on Third-Party Suppliers
- Reliance on Third-Party Co-Packer
- Third-Party Supplier Compliance
- Limited Number of Distributors
- Transportation Providers
- Competition
- Damage to the Company's Reputation
- Maintaining the Brand
- Food Safety and Illness Incidents
- Product Innovation and Development
- Acquiring and Retaining Customers
- Changing Consumer Preferences
- Ingredient and Packing Costs
- Reliance on Management

- Operational Risks
- COVID-19 Pandemic Risks
- Intellectual Property Protection
- Holding Company
- Conflicts of Interest

Company Overview

Boosh Plant-Based Brands Inc. (the "Company" or "BPBB") was initially incorporated under the BCBCA on August 6, 2020 as "Terra Sol Essential Inc." On October 21, 2020, the Company's name was changed to 1260389 B.C. Ltd. On December 21, 2020, the Company completed the acquisition of Boosh Food Inc. ("Boosh") through a share exchange agreement (note 5). As a result, Boosh became a wholly owned subsidiary of the Company, and the outstanding shares of Boosh were cancelled. This transaction is accounted for as a reverse asset acquisition of the Company by Boosh ("RTO"). On January 18, 2021, the Company's name was changed to "Boosh Plant-Based Brands Inc. Prior to the RTO, the Company had no operations.

The Company's head office, principal address and records office is located at #205-18428 53rd Ave, Surrey, BC V3S 7A4. The registered office is located at 2080 - 777 Hornby Street, Vancouver, BC, V6Z 1S4. The Company is in the business of producing and selling plant-based frozen meals and gluten-free snacks.

On May 26, 2021 the Company completed its initial public offering and commenced trading on the Canadian Stock Exchange ("CSE") under the symbol "VEGI". The Company also trades on the OTCQB under the stock symbol "VGGIF" and on the Frankfurt Stock Exchange under the stock symbol "77I".

Recent Developments

The Company completed four significant acquisitions during the previous 12 months, including the transformative transaction with a well-known U.S. brand (Beanfields) which significantly expanded the Company's product and geographic breadth. The Company continues to focus on the integration and optimization of the acquired entities with the Company's legacy brands.

<u>Beanfields Acquisition</u>

On February 16, 2022, the Company brought a leading brand into its portfolio, by acquiring Beanfields Inc. Beanfields produces and sells gluten-free, non-GMO, vegan, top eight allergen-free flavored bean-based chips. Beanfields's portfolio includes a broad offering of nine flavors, including Black Bean, Sour Cream and Onion, Firey Hot and Nacho flavors. They have capitalized on the industry trends of 'Better For You' in the salty snack category and have quickly gained popularity and are sold in over 7,000 retail locations across the United States. The Company believes there is opportunities to leverage the popularity of the Beanfields brand to further expand its footprint across the United States and into Canada and take advantage of synergies with the Company's other brands.

<u>Pulse Kitchen Specialty Foods Ltd. Acquisition</u>

The Company expanded its product line to include plant-based, gluten free cheese resulting from the strategic acquisition of Pulse Kitchen, which closed on October 15, 2021.

Pulse Kitchen produces high quality 100% plant-based, gluten free cheese, made from nuts, seeds, pulses and other fine ingredients. Cheese flavors include Sharp Cashew Cheddar, Almond Chevre, Dill Havarti, Almond Swiss, Vegan Pepper Jack, Cashew Kind of Blue and Smoky Cashew Cheddar as well as a Feta style cheese ready to bring to market. Products are sold in approximately 250 grocery stores in Canada including Whole Foods, Healthy Planet, Nature's Fare, IGA, Fresh St Market, Choices, Urban Fare, and Nesters. The production facility is located in Penticton BC and was established in 2016.

Saltspring Harvest Acquisition

On July 14, 2021, the Company entered into an agreement with Saltspring Harvest Ltd. (“Saltspring Harvest”), to acquire all the assets related to Saltspring Harvests’ business (“the Asset Purchase Agreement”). The transaction closed on July 23, 2021. Through this acquisition, the Company added a line of végé-pâtés, as well as seed-based spreadable dips. The vegan végé-pâtés and spreadable dips use organic sunflower seeds, vegetables and other whole-foods ingredients. The products have a high content of plant-based protein and are free from gluten, eggs, dairy and nuts.

Operations Update

Heat’n Eat Chill Line

On July 22, 2021, the Company launched its new Chill line, expanding into the refrigerated section in stores. The new product line consists of three Heat'n Eat dishes: Chili, Mushroom Good Gravy and Sloppy Joe, which are 100% plant-based, non-GMO and gluten-free.

Home Delivery

On August 6, 2021, the Company entered into an agreement with Vejii Holdings Ltd. to commence home delivery services throughout Canada and the US commencing in September 2021. Vejii will fulfill the Company’s e-commerce and third-party orders through their strategically located fulfillment centers throughout North America.

Acquisition integration and synergies

The company has been focused on reducing overhead and increasing margins through the optimization of the acquired assets and entities and scaling its operations for future growth. Key initiatives include:

- The sourcing of a secondary packaging supplier to improve the Company’s supply chain and avoid shipping delays. The Company estimates this could result in costs savings of approximately 30% per unit.
- Optimization of SKUS to reduce production costs and focus resources on the Company’s most profitable products.
- Restarted Beanfields Rings production to keep innovation flowing & customers engaged
- Modifying production process to eliminate a major step in the manufacturing process and achieve a 27% cost savings.
- Hired a dynamic sales brokerage team with Thrive Natural Sales as Master Broker to complement Presence Natural Brokers in the U.S. and Marsham International Brokerage for Canada. The combination of these three highly experienced firms provides a strong sales force for the Company’s brands.
- Simplified logistics plan with fewer freight forwarders providing improved relationships.
- Pragmatic weekly product allocation focusing on key customers (Whole Foods, Sprouts and Loblaws/Sobeys) to keep the brand visible during supply shortages.
- Set up new distributor in NYC to service 4,000 independent retailers and food service.
- Begun discussions for new business opportunities with airlines and big box retailers.
- Reduced overhead by $45,000 a month by consolidating HQ in Canada.

The Company remains committed to the Beanfields acquisition and sees tremendous opportunity to grow this brand and capitalize on synergies with the Company’s existing brands. The Company consistently has orders in excess of $1 million per month for Beanfields product but has been constrained by operational and financial limitations. As highlighted above, the Company is focused on streamlining and optimizing its operations which will alleviate the current backlog in Beanfields production.

The Company has reduced its marketing costs by focusing on store-level initiatives which are necessary to be listed in major grocery retailers and increase sales at the store level. Once inventory levels are rebuilt with a predictable supply of product in our warehouses the Company will increase marketing activities accordingly.

In addition to Beanfields having significant growth potential on its own, the Company believes that the Beanfields brand and products have tremendous synergies with the Company's other brands. The Beanfields brand is recognized throughout the U.S. which will allow the Company to introduce its other brands and products to new markets in the future. The Company recently participated in North America's largest Natural Products trade show at Expo West in Anaheim, California and was able to introduce its full suite of products to Beanfields retailers, wholesalers and suppliers.

Results of Operations

The following table presents the consolidated financial information for three months ended June 30, 2022 and 2021 and has been prepared in accordance with IFRS.

		2022		2021		$ Change
Sales	**$**	**1,449,387**	$	33,014	$	1,416,373
Cost of sales		**(1,313,273)**		(22,905)		(1,290,368)
Gross profit		**136,114**		10,109		126,005
Operating expenses						
Depreciation and amortization		**171,834**		21,222		150,612
General and administrative expenses		**150,330**		107,687		42,643
Marketing and sales		**374,958**		347,937		27,021
Management fees		**149,000**		65,380		83,620
Professional fees		**71,335**		257,962		(186,627)
Rent		**18,771**		9,275		9,496
Research and development		**3,400**		9,828		(6,428)
Salaries and beneifts		**365,175**		23,504		341,671
Share-based payments		**207,018**		103,182		103,836
Total operating expenses		**1,511,821**		945,977		565,844
Loss from operations		**(1,375,707)**		(935,868)		(439,839)
Other income (loss)						
Foreign exchange		**274,925**		(2,822)		277,747
Accretion expense		**(1,575)**		(2,540)		965
Finance expense		**-**		(15)		15
Interest expense		**(9,055)**		-		(9,055)
Loss on conversion of convertible note		**-**		(54,000)		54,000
		264,295		(59,377)		323,672
Net loss		**(1,111,412)**		(995,245)		(116,167)
Cumulative translation adjustment		**(93,508)**		-		(93,508)
Net loss and comprehensive loss	**$**	**(1,204,920)**	$	(995,245)	$	(209,675)
Loss per share, basic and diluted	**$**	**(0.04)**	$	(0.14)		0.10

Revenue and gross profit

Revenue and gross profit for the three months ended June 30, 2022 were $1,449,387 and $136,114 respectively (2021 - $33,014 and gross profit of $10,109, respectively). Revenues increased during the three months ended June 30, 2022, as compared to the three months ended June 30, 2021 primarily due to the contribution from Beanfields which generated sales of $1,329,455 during the three months ended June 20, 2022 (2021 - $nil).

Operating expenses

Operating expenses for the three months ended June 30, 2022 were $1,511,821 (2021 - $945,977). The overall increase is generally reflective of the growth in operations and integration of four acquisitions completed in the last year, with specific variances discussed below. The largest positive variances were in salaries and benefits, depreciation and amortization (non-cash), share based payments (non-cash), management fees, and marketing and sales.

General and administrative expenses

General and administrative expenses were $150,330 for the three months ended June 30, 2022 versus $107,687 during the prior year comparable period. The increase in general and administrative expenses is attributable to the expansion of the Company's operations during fiscal 2022. General and administrative fees primarily consist of filing fees, insurance, travel expenses, dues and subscriptions, and general office expenses. As the company's operations have expanded, travel costs, meals and entertainment, and office expenses have also increased.

Management fees

Management fees were $149,000 for the three months ended June 30, versus $65,380 during the prior year comparable period. Management fees during the current quarter include $125,000 in severance for the former CEO of the Company which was paid with share consideration.

Professional fees

Professional fees were $71,335 for the three months ended June 30, 2022 versus $257,962 for the prior year comparable period. The decrease is primarily related to legal and accounting expenses related to acquisitions and the IPO which occurred during the prior period. The Company has also hired internal accounting staff and is therefore outsourcing less professional fees relative to the prior period.

Salaries and benefits

Salaries and benefits were $365,175 during the three months ended June 30, 2022 versus $23,504 during the prior year comparable period. The increase reflects the assumption of staff from acquisitions as well as the hiring of ten new employees, including staff in operations, quality assurance and accounting to fully manage the Company's expanded operations.

Marketing and sales

Marketing and sales is comprised of expenses incurred to promote the Company's brands to potential wholesale and retail customers, attend industry trade show events, and investor relation activities. Marketing and sales increased to $374,958 for the three months ended June 30, 2022 versus $347,937 during the prior year comparable period. During the current quarter, the Company expensed approximately $110,000 related to a prepaid marketing agreement which has been completed.

Summary of Quarterly Results

The table below sets forth selected results of operations for the Company's eight most recently completed quarters (in Canadian dollars). All figures are in accordance with IFRS.

Three months ended	Total Revenues ($)	Net loss for the period ($)	Basic and fully diluted loss per share ($)
June 30, 2022	1,449,387	(1,111,412)	(0.04)
March 31, 2022	472,157	(2,513,710)	(0.16)
December 31, 2021	84,606	(1,963,012)	(0.11)
September 30, 2021	94,267	(1,554,521)	(0.10)
June 30, 2021	33,014	(995,245)	(0.09)
March 31, 2021	47,527	(601,776)	(0.07)
December 31, 2020	6,717	(323,643)	(0.05)
September 30, 2020	46,077	(15,250)	(0.00)

Summary of Results During Prior Quarters

The Company has incurred losses over the last eight quarters as it continues to grow its operations and execute its long-term business strategy and build its business. The significant increase in revenue for the three months ended June 30, 2022 relative to the prior quarter reflects the first full quarter of revenue contribution from the Company's Beanfields acquisition, resulting in a quarter-over-quarter improvement in net loss on both an absolute and per share basis.

Results have varied between these fiscal quarters principally because of the following:

- Completion of an RTO and IPO during 2020 resulting in increased costs as a reporting issuer.
- Completion of multiple strategic acquisitions during 2021 and 2022 which include non-recurring acquisition costs, financing fees and referral fees.
- Increased salaries and wages, professional fees and general and administrative expenses commensurate with the Company's rapid growth and transition to a public company.

Capital Resources and Liquidity

The Company's capital currently consists of equity and working capital. Historically and prospectively, the Company's primary sources of liquidity and capital resources have been and will continue to be proceeds from the issuance of debt and common shares.

Based on the current level of operations and management's expected results of operations over the next 12 months, management believes that cash generated from operations in addition to cash on hand and anticipated future capital raises will be adequate to meet the Company's anticipated liquidity requirements, capital expenditures and working capital needs for the next 12 months. However, the Company cannot be certain that the business will generate sufficient cash flow from operations, that the Company's anticipated earnings from operations will be realized, or that future borrowings will be available or otherwise to enable the Company to service its indebtedness or to make anticipated capital expenditures. The Company's future operating performance and its ability to service its debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond the Company's control. See "Financial Risk Management" of this MD&A for a discussion of the risks related to the Company's liquidity and capital structure.

Cash Flows

The following table provides information regarding the Company's cash flows:

Increase (decrease) in cash for the three months ended,		June 30, 2022		June 30, 2021
Operating activities	$	(18,918)	$	(1,747,588)
Investing activities		(2,104)		(33,795)
Financing activities		160,903		3,052,534
Impact of currency translation on cash		(276,300)		-
Total change in cash		(136,419)		1,271,151
Cash, beginning of the period		217,117		98,463
Cash, end of the period	$	80,698	$	1,369,614

At June 30, 2022, the Company had cash of $80,698 (March 31, 2022 - $217,117). The decrease in cash compared to March 31, 2022 was primarily due to cash obtained of $160,903 from financing activities, partially offset by cash used in operating ($18,918) and investing ($2,108) activities as well as a ($276,000) impact of currency translation.

Operating activities

Cash used in operating activities was $18,918 for the three months ended June 30, 2022, as compared to cash used of $1,747,588 in the prior year comparable period. Cash used in operating activities primarily consist of marketing and sales, professional fees, salaries and benefits and general and administrative expenditures. The significant decrease in the use of cash for operating activities during the three months ended June 30, 2022 relative to the prior year is primarily due to a large increase in prepaid expenses in the prior year (use of $820,561) versus a significant decrease in prepaids during the current period (source of $353,260). This is primarily related to marketing and investor relations contracts signed concurrent with Company's IPO in May 2021 which have now been fully expensed.

Investing activities

Cash used in investing activities was $2,104 for the three months ended June 30, 2022, as compared to cash used of $33,795 in the prior year comparable period. In the current period, cash was invested in kitchen equipment.

Financing activities

Cash from financing activities was $160,903 for the three months ended June 30, 2022, as compared to $3,052,534 in the prior year comparable period. Cash proceeds in the current period primarily relate to $170,000 received pursuant to a private placement which closed in July 2022. Net cash from financing activities in the prior period primarily consist of $2,670,005 in proceeds from the IPO net of financing costs, $285,822 from the issuance of shares and $63,000 from the issuance of convertible debt.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation to, such considerations as liquidity and capital resources that have not previously been disclosed.

Financial Instrument Risk Management and Liquidity

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risk are credit risk, liquidity risk and market risk, which is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates and equity price risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. Management reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and accounts receivable. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. As at June 30, 2022, The Company has 72% (2021 – 73%) of its accounts receivable outstanding from two key customers (Note 16).

The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable.

		2022		2021
1 - 60 days	$	717,881	$	208,377
61 - 90 days (past due)		20,427		59,610
Over 90 days (past due)		56,740		145,492
Total	$	795,048	$	413,479

Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities, when feasible.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant and the Company does not rely on interest income to fund its operations. The Company has an outstanding convertible promissory note at a fixed interest rate. As a result, the Company is not significantly exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is primarily exposed to foreign currency risk related to the operations of its U.S. subsidiary. The Company does not use derivative instruments to hedge its exposure to this risk.

The statements of financial position include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities which are denominated in U.S. dollars:

		2022		2021
Accounts receivable and other receivables	$	715,074	$	-
Accounts payable and accrued liabilities		820,597		-
Promissory note		399,991		-
Total	$	505,514	$	-

Transactions with Related Parties

Related parties and related party transactions impacting the condensed consolidated interim financial statements are summarized below.

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Remuneration attributed to key management personnel for the three months ended June 30, 2022 and 2021:

	June 30, 2022 ($)	**June 30, 2021 ($)**
Management fees	24,000	65,380
Professional fees	22,721	52,117
Share-based payments	260,000	82,271
	306,721	199,769

Other compensation

During the three months ended June 30, 2022, the Company incurred salaries and wages of $10,747 (2021 - $nil) from an individual related to the CEO of the Company.

Due to related parties

As at June 30, 2022, due to related parties of $21,270 (June 30, 2021 - $13,208) consisted of expense reimbursements and accounts payable and accrued liabilities include $68,633 (June 30, 2021 – $19,159) of management fees and professional fees. These amounts are due on demand, unsecured and non-interest-bearing. Obligation to issue shares includes $70,000 from related parties who subscribed for shares pursuant to the Company's private placement which closed subsequent to June 30, 2022.

Restricted Share Units

Upon completion of the RTO on December 21, 2020, the Company granted 3,000,000 restricted share units ("RSUs") to the President of the Company. The RSUs had a fair value of $0.20 at time of grant and expire in December 21, 2024 (the "Expiry Date"). The RSUs vest on revenue related performance conditions as follows:

a) 1,000,000 RSUs if in any rolling 12 months following the grant date of the RSUs until December 21, 2024, the annual gross sale revenues of the Company exceed $2,000,000;

b) 1,000,000 RSUs if in any rolling 12 months following the grant date of the RSUs until December 21, 2024, the annual gross sale revenues of the Company exceed $4,000,000; and

c) 1,000,000 RSUs if in any rolling 12 months following the grant date of the RSUs until December 21, 2024, the annual gross sale revenues of the Company exceed $8,000,000.

The performance conditions are not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. Following the completion of the Beanfields acquisition on February 15, 2022 management has determined that it is probable that gross sales will exceed $8,000,000 before the Expiry Date and therefore the Company has recognized a share-based payment expense of $135,000 for the three months ended June 30, 2022 ($nil in 2021).

Outstanding Share Data

As at October 6, 2022 the Company had 33,784,499 common shares, 13,945,084 warrants and 477,000 stock options outstanding.

Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 3 on the audited consolidated annual financial statements for the years ended March 31, 2022 and 2021 and have been consistently followed in the preparation of the condensed consolidated interim financial statements for the three months ended June 30, 2022 and 2021.

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

Subsequent Events

a) On June 8, 2022, the Company entered into a mutual full and final release agreement with the contract CEO and agreed on a settlement payment of $125,000 through the issuance of 500,000 common shares at a deemed price of $0.25 per share.

b) On July 6, 2022, the Company completed a non-brokered private placement for gross proceeds of $170,000 through the issuance of 434,783 common shares a price of $0.23 and 350,000 common shares at a price of $0.20 per share.

c) On August 2, 2022, the British Columbia Securities Commission issued a Management Cease Trade Order (“MCTO”) under National Policy 12-203, following the Company's announcement on August 2, 2022 that it was unable to file its audited annual financial statements for the fiscal year ended March 31, 2022, and accompanying management's discussion and analysis, annual information form and related certifications on or before August 2, 2022, as required under applicable securities laws. The MCTO does not affect the ability of investors who are not insiders to trade in the securities of the Company.

d) On August 5, 2022, the Company entered into a settlement agreement with an arm's length third party for the settlement of $191,429 in debt for services previously provided through the issuance of 1,519,274 common shares at a deemed price of $0.126 per share.

e) On August 31, 2022, the Company entered into a settlement agreement with an arm’s length third party for the settlement of $55,630 in debt for services previously provided though the issuance of 927,154 common shares at a deemed price of $0.06 per share.

f) On September 16, 2022, the Company completed a secured convertible debenture financing for gross proceeds of $250,000. The convertible debt has a term of two years, bears interest at a rate of 10% and is convertible to common shares of the Company at a conversion price of $0.07 per share. Interest accrues quarterly and may be The Principal Amount will accrue interest from the Closing Date at the rate of 10% per annum (the "Interest"), which Interest will be payable quarterly in arrears for the first year after the Closing Date and monthly in arrears for the second year after the Closing Date.

Risk Factors

Investing in the Company's securities involves a high degree of risk. Before deciding to invest int the Company's securities, you should carefully consider the risks described in the Company's Annual Information Form, together with other information included in or incorporated by reference into this MD&A and filed on SEDAR at www.sedar.com. If any of the following risks materialize, the business, financial condition, results of operation and future prospects of the Company will likely be materially and adversely affected. This could cause actual future events to differ materially from those described in forward-looking statements and may cause the trading price of our securities to decline.