LEVITEE LABS INC. (Formerly FIBONACCI CAPITAL CORP.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended June 30, 2022

About the Company

Levitee Labs Inc. (name changed on November 30, 2020 from Fibonacci Capital Corp.) (the "Company" or "Levitee" or "LLI") was incorporated on January 23, 2019 and is a company continued under the Business Corporations Act (British Columbia). The Company intends to acquire financially sustainable integrated wellness assets that are complementary to the evolving psychedelic industry through the subsidiary Levitee Labs Holdings Inc. (name changed on December 1, 2020 from Monk-E Nutraceuticals Inc.) ("LLH"). The registered office of the Company is located at Suite 305 – 1068 Hornby Street, Vancouver, British Columbia, Canada.

The Company completed three-cornered amalgamation with Monk-E Nutraceuticals Inc. ("Monk-E") and 1273586 B.C. Ltd. ("1273586"), a wholly-owned subsidiary of LLI. LLI consolidated its common shares ("Common Shares") at a ratio of 2.5:1 from 14,638,903 Common Shares to 5,855,561 Common Shares immediately prior to amalgamation. Monk-E shareholders were then issued 1 Common Share in Levitee in exchange for 1 common share in Monk-E. This amounted to a total addition of 21,928,050 Common Shares issued in Levitee.

As of June 30, 2022, the Company had the following wholly owned subsidiaries:

- Levitee Pharmacies Inc.
- Levitee Clinics Inc.
- Levitee Nutraceuticals Inc.
- Sporeo Grow Supply Corp.
- Earth Circle Organics Chain Inc.
- Levitee Digital Health Inc.
- Levitee Real Estate Inc.
- Levitee Alternative Medicine Inc.

On July 21, 2021, the Company became listed on the Canadian Security Exchange ("CSE") under the symbol "LVT". On September 9, 2021, the Company became listed on the OTC Market under the ticker symbol "LVTTF".

The Company is establishing itself as a leader in the alternative medicine space. The Company has been active in establishing strategic relationships and operations towards executing the goal of acquiring and creating cash-flowing assets directly in or ancillary to the psychopharmacological industry. The Company focuses its business on pursuing further opportunities in the biotechnology and psychopharmacology industry.

On October 1, 2021, the Group announced that it's common shares were accepted for listing on the Frankfurt Stock Exchange (FSE) under the trading symbol "7H7".

Basis of Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Levitee Labs Inc. ("Levitee" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended June 30, 2022. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company for the three and nine months ended June 30, 2022, and the audited financial statements for the year ended September 30, 2021.

The Company prepares its condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including *IAS 34, Interim Financial Reporting*. This MDA should be read in conjunction with the Company's audited

consolidated financial statements as at and for the year ended September 30, 2021, as some disclosures normally included in the audited annual consolidated financial statements prepared in accordance witn IFRS have been condensed or omitted. This MD&A was prepared as of August 29, 2022. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in this MD&A and in certain documents incorporated by reference into this MD&A, constitute forward-looking statements and forward-looking information, within the meaning of applicable securities laws ("forward-looking statements"). Such statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe", "prospect", "future", "possible", "can", "speculative", "perhaps" and similar expressions. Forward looking statements included in this MD&A include, but are not limited to, statements pertaining to the following: the creation and manufacturing of mushroom infused products through the trade names Monk-E nutraceuticals and Sporeo Supply; the growth of the Company's Sporeo brand, including the launch of two SKU's, Sporeo substrate and spawn; new acquisitions; the Company's ability to generate additional revenue and capital gains through its investment activities; the sale of retail products through Amazon.com and other distribution channels; expected growth in the market for nutraceuticals; expect growth in the nootropics market; addiction clinics, pharmacies, telehealth, the Company's ability to capitalize on growth in its target markets; the Company's expected financial performance; the Company's liquidity and capital resources; the Company's business plans and proposed products; and the benefits derived from mushroom-infused products.

These forward-looking statements reflect management's current views and are based on certain assumptions as of the date of this MD&A. These assumptions include management's current expectations, estimates and assumptions about the global economic environment; the market price and demand for its products; the Company's ability to manage its operating costs; the Company's ability to generate revenue while controlling costs and expenses; the impact of increasing competition; the absence of material adverse changes in the industry or regulatory regimes; the Company's ability to attract and retain key personnel; the Company's ability to manage its growth effectively; trends in the Company's industry and markets; the Company's ability to keep pace with technological developments; the Company's ability to protect its intellectual property rights; the Company's continued compliance with relevant regulatory regimes; the Company's ability to raise sufficient financing to support continued growth; the Company's ability to obtain additional financing on satisfactory terms; and the impact of COVID-19 on the market demand. While considered reasonable by the Company as of the date of the MD&A, these assumptions may prove to be incorrect, which may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements included herein.

Readers are cautioned not to place undue reliance on forward-looking statements or information. Any and all forward-looking statements and information contained in this MD&A is expressly qualified by this cautionary statement. The forward-looking statements and information included in this MD&A is made as of the date of this MD&A, and the Company assumes no obligation to publicly update or revise such forward-looking statements or information, except as required by applicable securities laws.

Current Year Activities and Corporate Developments

The following are selected events that occurred as at June 30, 2022.

On February 17, 2021, the Company announced that it issued a total of 21,140,000 subscription receipts of the Company at a price of $0.50 per Subscription Receipt, for aggregate gross proceeds of $10,570,000.

On May 31, 2021, the Company implemented an equity-based compensation program designed to

incentivize employee and contractor performance and retention. A summary of the program is follows:

- An aggregate of 5,644,485 Common Share purchase options (the "Employee Compensation Options") were issued to certain employees of Levitee Labs Holdings Inc., each option exercisable at $0.25 per share for a period of five years. The Employee Compensation Options will vest in accordance with certain performance-based milestones.

- An aggregate of 19,024,452 Common Shares (the "Employee Compensation Shares") were issued to certain employees of Levitee Labs Holdings Inc. at a price of $0.02 per share. The Employee Compensation Shares are subject to a reverse vesting arrangement over four years, providing for release of such shares in tranches to the relevant Employee on achievement of the timeline milestones.

- An aggregate of 1,010,000 Common Shares issued to various employees as a signing bonus and 722,400 Common Shares were issued to contractors as a signing bonus. The shares are not subject to any vesting conditions.

- An aggregate of 3,582,100 Common Shares (the "Contractor Compensation Shares") to certain contractors of the Company, each at a deemed issue price of $0.25 per share. The Contractor Compensation Shares are subject to a reverse vesting arrangement, providing for release of such shares to the relevant Contractor in monthly tranches over the twelve months from issuance.

- On July 21, 2021, the Company commenced trading its Common Shares on the Canadian Securities Exchange ("CSE") under the symbol "LVT".

- On July 27, 2021, the Company has completed the acquisition of all the issued and outstanding shares of telemedicine company BlockMD Ltd. In consideration for the acquisition of BlockMD Ltd., the Company issued $1,475,000 in Common Shares at a deemed price of $0.43 per Common Share on the closing date, for a total of 3,430,871 Common Shares.

- On July 29, 2021, the Company announced a completion of the acquisition of all the issued and outstanding shares of 2143327 Alberta Ltd., 2144209 Alberta Ltd., and 2017162 Alberta Ltd. (collectively, the "Pharmacies") for $3,637,528 in cash.

- On July 29, 2021, the Company announced the completion of the acquisition of the majority of the operating assets of ACT Medical Centres Inc. These assets include 5 addiction and chronic pain treatment clinics across the province of Alberta. In consideration for the acquisition, Levitee paid $350,000 in cash on the closing date.

- On August 4, 2021, the Company announced the completion of the acquisition of all the issued and outstanding shares of Earth Circle Organics Chain Inc. ("ECO"). In consideration for the acquisition of ECO, the Company issued 488,702 Common Shares at a deemed value of C$0.51 per Common Share and paid US$1,675,000 in cash on closing, with an additional US$125,000 having been previously paid as a deposit.

- On August 5, 2021, Levitee announced an appointment of NIH Physician-Scientist Dr. Fady Hannah-Shmouni as Chief Medical and Scientific Officer.

- On September 9, 2021 the Company announced that it commenced trading in the United States on OTC Markets Company's OTC Pink marketplace under the ticker symbol "LVTTF". 'Also, the Company's common shares were approved for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States (USA).

- On October 1, 2021 the Company announced that its common shares were accepted for listing on the Frankfurt Stock Exchange (FSE) under the trading symbol "7H7".

- On October 18, 2021, the Company announced a partnership with Adracare Inc., a WELL Health Technologies Company (TSX: WELL). WELL, an innovative healthcare company whose overarching objective is to leverage technology to empower and support healthcare practitioners and their patients. Levitee will have access to WELL's comprehensive end-to-end practice management tools, including, but not limited to, a world-class telemedicine platform.

- On October 21, 2021, the Company announced it has entered into a financing agreement for up to $12 million for further business expansion. The secured loan facility ("Loan") was arranged by RiverFort Global Capital Ltd. (a UK firm) and the Loan is from RiverFort Global Opportunities PCC Ltd. The Company will utilize the proceeds from the Loan to support the Company's prospective future acquisitions of several assets in the clinics, pharmacies and mental health space as well as for working capital purposes.

- On November 8, 2021, the Company announced it has signed a letter of intent ("LOI") to acquire 51% of the issued and outstanding shares of a new pharmacy with compounding capacities in Alberta (the "Compounding Pharmacy"). The Compounding Pharmacy is led by an expert pharmacy operator with deep experience in the compounding space.

- On November 10, 2021, the Company announced it has signed a letter of intent ("LOI") to acquire 100% of the issued and outstanding shares in a company owning and operating a chain of specialty addiction pharmacies located throughout the lower mainland of British Columbia, Canada.

- On December 20, 2021, the Company announced a new strategic collaboration with the LiveRx Research Group ("LiveRx") for testing, treating, and curing HCV in Alberta.

- Mason Darabi resigned from his role as Chief Financial Officer ("CFO") effective December 15, 2021, in order to take on the role of President of a new company.

- Maigul Wickham was appointed as new CFO effective December 20, 2021.

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- On January 6, 2022, the Company announced a medical advisory board formation consisting of experts across a diverse group of fields, including addiction, mental health, drug development, compounding, chronic pain, policy, neurology and psychedelics. The assembly of these forward-thinking pioneers and health professionals is another milestone for Levitee Labs establishing itself as the leading national provider in comprehensive mental health and addiction treatments.

- On January 10, 2022, the Company announced a strategic partnership through a services agreement with Canntab Therapeutics Ltd. Pursuant to the agreement, Levitee will, where applicable, inform customers throughout its ecosystem of specialized clinics and pharmacies in Alberta and British Columbia about Canntab products as alternative solutions for pain management, addiction and other disorders. Levitee currently owns five addiction clinics and three specialized pharmacies, which have conducted more than 35,000 patient visits in the last 12 months. The partnership is anticipated to enhance patient care and drive additional revenue.

- On January 21, 2022 the Company announced a resignation of the directors, Justin Chorbajian and Yarrow Willard and appointment of David Jenkins and Amin Lahijani.

- On February 1, 2022, the Company announced appointment of Philip van den Berg as interim chief executive officer and to the board of directors, replacing Pouya Farmand, who will be moving to the position of founder.

- In March 2022, the Company announced appointment of David Jenkins as interim chief financial officer, replacing Maigul Wickham.

- On February 1, 2022, the Company announced that it has closed the first tranche of its previously announced non-brokered private placement offering of 7.5 million units at a price of 20 cents per unit for gross proceeds of $,500,000. Each warrant will be exercisable at 40 cents per share for a period of 24 months from the date of issuance. The proceeds raised from this offering will be used by the company for general working capital purposes, marketing and investor relations activity.

- On April 6, 2022, the Company issued an aggregate 5,450,000 million common shares in the capital of the company at a deemed price of $0.075 cents per debt share, to settle a bona fide debt in the amount of $408,750 owed by the Company's wholly owned subsidiary, Levitee Real Estate Inc., to an arm's-length company pursuant to the terms of a debt settlement agreement among the parties dated February 28, 2022.

- On June 20, 2022, the Company announced the appointment of David Bentil as chief executive officer and director, replacing Philip van den Berg as interim CEO and director.

Discussion of Operations

The Company is currently focused on growing its footprint across Canada though acquisition of targets and growing its MonkE brand in order to generate revenue and gains through capital appreciation of these investments.

Going Concern Assumption

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company had a net loss of $5,890,343 for the nine months ended June 30, 2022 and total accumulated deficit of $22,532,982. The Company had a net cash inflow of $273,659 for the nine months ended June 30, 2022. To date, the Group's activities have been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, private placements and through borrowings. However, management has considered expectations for future profitability and believes that the Company will continue in operation for the foreseeable future and will be able to satisfy its liabilities and commitments in the normal course of business, and accordingly, it is appropriate to prepare these consolidated financial statements on a going concern basis.

These interim consolidated financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

Acquisition of Monk-E

Business Acquisition Under Common Control

On November 30, 2020, Monk-E and 1273586 amalgamated under the Business Corporations Act (British Columbia).

LLI consolidated its Common Shares at a ratio of 2.5:1 from 14,638,903 Common Shares to 5,855,561 Common Shares immediately prior to amalgamation. Monk-E shareholders were then issued 1 Common Share in LLI in exchange for 1 common share in Monk-E. This amounted to a total addition of 21,928,050 Common Shares issued in LLI. In addition Monk-E had 95,360 outstanding warrants issued to brokers on November 24, 2020 for commissions related to equity sales of Monk-E. These warrants were exchanged for warrants to purchase LLI Common Shares (Note 7a to the Consolidated Financial Statements).

Post amalgamation, the combined entity had 27,783,611 Common Shares outstanding at the amalgamation date. Management has concluded Monk-E's share value of $0.25 is the best indicator of the fair value of this transaction due to recent fund raising on November 24, 2020 at this price.

The transaction was determined to be a business combination under common control and the Company has applied the accounting method described in Note 2b to the Consolidated Financial Statements.

The following table summarizes the carrying value of the assets acquired and liabilities assumed on the date of acquisition.

Total consideration	
Shares issued	21,928,050
Share value	$0.25
Total consideration	**5,482,013**
Net identifiable assets acquired	
Cash and cash equivalents	636,148
Amounts receivable	23,429
Prepaid expenses	73,379
Equipment	235,906
Right of use asset	247,618
Accounts payable and accrued liabilities	(74,150)
Lease liability	(247,618)
Total net identifiable assets	894,712
Acquisition reserve [(1)]	4,587,301
Total net assets and equity recognized	**5,482,013**

[(1)] Acquisition reserve represents the difference between the total consideration and net identifiable assets acquired.

Acquisition of the Pharmacies and the Clinics

1. The Pharmacies

On July 28, 2021, the Company acquired 100% of shares and voting rights in three pharmacies located in the province of Alberta (the "Pharmacies acquisition").

For the two months and three days ended September 30, 2021 following its acquisition, the Pharmacies contributed $663,525 to consolidated revenues and $19,279 to loss before income taxes.

Included in the identifiable assets and liabilities acquired at the date of acquisition of the pharmacies are inputs (inventories, tradenames and patient relationships), operational processes and an organized workforce. The Company has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Company has concluded that the acquired set is a business.

The acquisition allowed the Company to grow its diversified portfolio of healthcare and wellness assets through access to the pharmacies' patient base. The Company also expects to reduce costs through economies of scale.

(i) Purchase consideration

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

Cash	$ 3,687,528
Holdback payable	200,000
Net final adjustment	8,682
Total purchase consideration	**$ 3,896,210**

The Group has agreed to pay the selling shareholders a holdback amount totaling to $200,000 and a final net working capital adjustment of $8,682 in accordance with the share purchase agreement. At June 30, 2022, the total amount of $208,682 (September 30, 2021 - $208,682) was included in Other payables balance.

The Company incurred acquisition-related costs of $386,268 on legal fees and due diligence costs. These costs have been included in 'consulting and professional fees expenses'.

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value
Property and equipment	53,218
Rights of use assets	471,382
Cash	95,396
Inventories	222,549
Trade receivables	212,789
Trade and other payables	(155,474)
Loans	(60,000)
Lease liability	(471,382)
Deferred income tax liability	(281,482)
Intangible assets	1,260,000
Goodwill	2,549,214
Total identifiable net assets acquired	**$ 3,896,210**

The trade receivables comprise gross contractual amounts due which were expected to be fully collectable at the date of acquisition.

Goodwill in the amount of $2,549,214 is attributable to the workforce and the synergies expected to be achieved from integrating the acquired pharmacies into the Company's existing business.

2. The Clinics

On July 28, 2021, the Company acquired five addiction treatment clinics across the province of Alberta (the "Clinics acquisition"). In consideration for the acquisition, the Company paid $350,000 in cash on

the closing date. Management determined that the transaction constitute a business as defined under IFRS 3, Business combination.

For the two months and three days ended September 30, 2021 following its acquisition, the Clinics contributed $476,660 to consolidated revenues and ($127,302) to loss before income taxes.

At the date of acquisition, the Company determined that the Clinics acquisition constitute a business as defined under IFRS 3, Business combinations, and the Clinics acquisition was accounted for as a business acquisition.

The details of the consideration paid, and net identifiable assets of the Clinics is as follows:

Cash	$ 350,000
Net asset acquired	3,000
Fair value of intangible assets	**$ 347,000**
Goodwill arising from the acquisition has been recognized as follows:	
Fair value of intangible assets	$ 347,000
Less: Patient relationships	120,000
Less: Tradenames	105,000
Goodwill	**$ 122,000**

Goodwill in the amount of $122,000 is attributable to the workforce and the synergies expected to be achieved from integrating the acquired clinics into the Group's existing business

3. BlockMD Ltd.

On July 27, 2021, the Company has completed the acquisition of all the issued and outstanding shares of telemedicine company BlockMD Ltd. ("BlockMD") which was part of the ACT Medical Center. BlockMD is the telemedicine technology used by patients to access doctor services across Alberta. In consideration for the acquisition of BlockMD, the Company issued 3,430,871 shares at a deemed price of $0.43 per common share (the "original share issue price") on the closing date for a total of $1,475,000.The consideration was discounted for a lack of marketability during a four months restriction on transfer period in accordance with the share purchase agreement. The fair value of the share consideration was determined to be $1,053,000 on the acquisition date.

The Company determined that the acquisition does not meet the definition of a business under IFRS 3 – Business Combinations. The transaction is accounted for as an asset acquisition. The Company identified and recognized intangible asset and allocated the cost of the purchase to that. The transaction does not give rise to goodwill.

As part of the purchase agreement, the Company has agreed to pay to the selling shareholder of BlockMD additional consideration if the original share issue price would be less than the share issue price after four months and one day since July 27, 2021. At the acquisition date, the fair value of the consideration was determined to be $253,000. At September 30, 2021 the Company has included $130,000 as contingent consideration in the consolidated financial statements, which represents its fair value at the reporting date.

4. Building

On July 27, 2021, the Group made a deposit of $749,236 for a purchase of a certain real property located in Alberta. The transfer of title was made on October 13, 2021. Management had determined control and rights to the property exist on the title's transfer. Management has intentions to lease the property to third parties. As of September 30, 2021, no rental income was recognized in these consolidated financial statements.

Acquisition of ECO

On August 3, 2021, the Company acquired 100% of shares and voting rights in Earth Circle Organics ("ECO acquisition).

For the one month and twenty-eight days ended September 30, 2021 following its acquisition, Earth Circle Organics ("ECO") contributed $577,262 to consolidated revenues and $128,921 to loss before income taxes.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Earth Circle Organics (ECO) are inputs (inventories, customer relationships and tradenames), operational process and an organized workforce. The Company has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Company has concluded that the acquired set is a business. The acquisition is also expected to help the Company with an expansion into the American market.

(i) Purchase consideration

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

Cash	$ 1,763,558
Equity instruments (488,702 ordinary shares)	177,769
Price guarantee	66,100
Contingent consideration	626,841
Working capital adjustment	228,575
Total purchase consideration	**$ 2,862,843**

The fair value of the ordinary shares issued was based on the listed share price of the Company at August 3, 2021 of $0.50 per share.

The Company has agreed to pay the selling shareholders additional cash consideration of US$500 thousand if the acquiree's gross revenue is ninety percent or more of the ECO's gross revenue for the six-month period prior to the ECO. The Company has included $626,841 as contingent consideration in Purchase consideration payable balance, which represents its fair value at the date of acquisition.

In addition, the Group has agreed to pay to the selling shareholders $228,575 which represents additional cash consideration for excess working capital in accordance with the share purchase agreement. At September 30, 2021 the amount was included in Other payables balance which was paid to the selling shareholders in December 2021.

The Company incurred acquisition-related costs of $ 24,856 thousand on legal fees and due diligence costs. These costs have been included in 'professional fees expenses'.

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value
Cash	$ 176,550
Trade receivables	35,608
Inventories	867,766
Trade and other payables	(187,794)
Loans	(191,368)
Liabilities assumed	(496,217)
Deferred income tax liability	(339,150)
Intangible assets	1,617,251
Goodwill	1,380,197
Total identifiable net assets acquired	**$ 2,862,843**

Goodwill in the amount of $1,380,197 is attributable to the synergy expected to be achieved from integrating the acquired entity into the Company's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

BUSINESS DEVELOPMENT

Clinics and Pharmacies

The clinics currently offer services to treat substance use disorders (mainly opioids but also alcohol and other substances) and chronic pain, such as myofascial pain, fibromyalgia, neuropathy and chronic regional pain syndrome. They also offer hepatitis-C screening and treatment as well as eMD consults.

With the increasing demand for other services for the current patient population and the communities which the clinics serve, the Company is preparing to offer the following services to provide more well-rounded care to its patients:

- General practice (walk-in)
- Women's health
- Prenatal care
- Youth mental health
- De-prescription programs
- STIs

The pharmacies currently focus on providing medications for patients with opioids/substance use disorder, hepatitis-C and chronic pain. Not only are these medications offered at the pharmacies, patients also have the option to get their medications delivered, some of which has to be under the daily witness ingestion by a licensed nurse.

The Company is planning to expand its pharmacy operations to include compounding pharmacies focused on pain management medications, among other complementary treatment options.

Sporeo

The Company currently leases an approximately 4,300 square foot facility which is home to the manufacturing processes and fulfillment of all Canadian eCommerce business.

In November 2020, the Company sourced all manufacturing equipment and engaged an independent consultant to determine the steps necessary to advance the facility to the operational stage. The Planning Stage involved a general assessment of the facility, during which, management of the Company and the consultant worked closely to plan the steps required to commence the manufacturing of non GMP certified Spawn and Substrate Facility (including, among other things, identifying appropriate ceiling, wall, and floor coating suitable for the proposed manufacturing processes).

The Company has incurred approximately $200,000 for installation and an additional $200,000 for materials and equipment for the build of the facility to have operations live. In March 2021, the Company engaged with EMB Management for installation and procurement of materials required for the facility installation. The facility has started its operations as at July 19, 2021.

On July 30, 2021, the Company successfully launched www.sporeogrow.com to commence retail sales and has established the supply chain for products for sale with My Green Planet. Also, the Company has been actively perusing distribution options in the United States and has applied for all the relative USDA import permits required and is currently awaiting their ruling.

The Company has established the supply chain and added products to Amazon.com for sale beginning August 5, 2021, and realized the sale product immediately after launch.

The Company is currently developing 4 additional product lines focused on functional mushrooms for the B2C markets in Canada and the USA:

-Lions Mane at home grow kit

-Reshi at home grow kit

-Blue Oyster at home grow kit

-2 in 1 grain and substrate bag (pick your own inoculation/strain of mushroom to grow).

eCommerce Platform

In September 2020, the Company launched their websites and eCommerce platforms under the domain names sporeogrow.com and monkenutra.com in order to promote and collect data regarding future consumers of products for sale.

In June 2021, the MONKE website monkenutra.com was launched and Google display ads were deployed. Social media and YouTube marketing programs launched in Q3 2021. During the same month MONKE was also launched on Amazon in Canada and in the US. A distribution network was setup in June 2021 to ensure all orders are being fulfilled within twenty-four hours and ninety percent of orders are delivered within two business days in the US and Canada.

MONKE was launched in June 2021 with a small production run to test the supply chain and fulfilment processes. The focus is now on placing larger orders to prepare the Company for growth and to support scaling marketing programs which will be delivered late Q3 2022.

In Q4 2021 MONKE was rolled out to a select number of brick-and-mortar stores. Initial sales have been very positive. Feedback from retail partners has been very promising with some customer raving about the product.

Earth Circle Organics Chain was purchased in August 2021, the business includes the Earth Circle Organics, Ojio and the Earth Shift brands which are primarily sold through online channels in the US. Challenges within the supply chain has been the primary inhibitor to growth and therefore the focus for

this business in 2022 will be surety in the supply chain by ordering directly from producers.

Earth Circle brands have a pipeline of new product launches for 2022 with a goal to add 2 new SKUs each month.

The Sporeo Supply website sporeogrow.com was launched in July 2021. An ecommerce distribution network has been set up with fulfilment centers in Richmond BC, Phoenix AZ and Fredericktown, MO to support ecommerce sales.

Relationships with Third Parties

My Green Planet

The Company has established a strategic alliance and exclusive distribution agreement with My Green Planet. My Green Planet is a British Columbia based company specializing in the wholesale distribution of quality impact products for the indoor gardening, hydroponic, and hobby greenhouse market. They have been successfully active in this market for over 20 years, with millions of dollars in sales each year. My Green Planet is one of the largest distributors of cannabis cultivation equipment globally. The Company's brand Sporeo will initially be launching with two SKU's, Sporeo substrate and spawn. My Green Planet's distribution channels reach thousands of stores located in Canada, the United States, Europe, and Australia.

Nutraceuticals Industry Analysis

The global nutraceuticals market size is predicted to reach USD 486.36 billion by 2026, exhibiting a compound annual growth rate ("CAGR") of 8.14% between 2019 and 2026. The growing demand for functional food and beverage will create new opportunities for the nutraceuticals market growth during that period. In recent years there has been a surge in product development and innovation activities, as well as rising availability of nutraceutical products, which has contributed and is expected to continue to contribute to this growth in the market.

Growing consumer interest in a healthy diet has led to a thriving food and beverage market in the recent past and the trend is expected to continue over the forecast period. Demand for functional foods is on the rise as they are believed to impart exceptional health benefits owing to their nutrient content. This is further expected to boost the growth of the market for nutraceuticals.

The global nutraceuticals industry has been witnessing key developments in terms of product innovation and portfolio expansion over the past few years. Companies, both private and publicly-traded, have been proactive in initiating strategies to gain a competitive advantage in the nutraceuticals industry.

Dietary Supplements Industry Analysis

A dietary supplement is a manufactured product intended to supplement the human diet when taken, typically orally as a pill, capsule, tablet, or liquid. The use of such supplements are typically to provide nutrients that the consumer may be unable to obtain by other sources, or normal diet. Dietary supplements are either extracted from food sources or synthetic, individually or in combination, in order to increase and improve the quantity of their consumption. Common types of nutrient compounds that dietary supplements derive from include vitamins, minerals, fiber, fatty acids and amino acids. Dietary supplements can also contain substances that have not been confirmed as being essential to life, but are marketed as having a beneficial biological effect. In the United States and Canada, dietary supplements are considered a subset of foods, and are regulated accordingly. The

European Food Safety Authority has also established harmonized rules to help ensure that food supplements are safe and properly labeled.

The global dietary supplements market size was estimated at USD 123.28 billion in 2019 and is projected to expand at a CAGR of 8.2% through 2027.

Nootropics Industry Analysis

The global nootropics market size was valued at USD 2.17 billion in 2018 and is expected to grow at a CAGR of 12.5% between 2019 and 2025. An increasing demand for brain boosters and "smart drugs" is anticipated to drive the growth. A growing number of students and professionals consume these products for their ability to improve focus and memory. Continued product development using both synthetic and natural raw materials is projected to further fuel the demand.

Mushroom Grow Kits

Mushroom grow kits are a nascent market, and currently there are few statistics on market size. The sector is based on consumers who would like to grow their own mushrooms, but have not because they are unfamiliar with the process. When it comes to growing mushrooms, consumers are unsure of where to purchase equipment and required material, or how to access a safe, reliable supply in the wild. Growing mushrooms at home can be an appealing option, but one that comes with its own set of challenges. Mushroom grow kits solve these problems by providing all the required resources and equipment in one single package, and allowing consumers to safely and successfully grow mushrooms.

The Company believes that this market will see high growth in the coming years, and has therefore built the brand Sporeo to capitalize on this.

Marketing Plans

The Company plans on launching marketing initiatives in calendar Q2 2021 for both brands, Monk-E and Sporeo.

Competitive Conditions

The number of competitors and the degree of competition within the North American food industry varies greatly by product segment and region. In the nutraceutical space, the market is highly fragmented, with many companies owning small market share. In the functional mushrooms space, our competitors offer products such as mushroom extracts, powders, teas and other wellness products. Some of the Corporation's competitors include:

- **Four Sigmatic:** Four Sigmatic is a US company specialized in superfoods, functional mushrooms and adaptogenic herbs.

- **Mud Water:** MUD\WTR™ is a coffee alternative consisting of natural ingredients, including mushrooms, which is marketed for its health and performance benefits, including natural energy and focus.

- **Purica:** Purica is a Canadian wellness company which sells products designed to address arthritis, pain relief, post-surgical recovery, cardiovascular health, stress relief, immune support, digestive support, including some mushroom-based products.

Borrowings

The Group has entered into a financing agreement for up to $12 million for further business expansion. The secured loan facility (the "Loan") was arranged by RiverFort Global Capital Ltd. (a UK firm) and the Loan is from RiverFort Global Opportunities PCC Ltd. ("RiverFort"). The Group will utilize the proceeds from the Loan to support the Company's prospective future acquisitions of several assets in the clinics, pharmacies and mental health space as well as for working capital purposes.

On October 22, 2021, the Group has drawn down an initial $2.5 million tranche ("Tranche 1"), with this debt maturing on October 20th, 2023 (the "Maturity Date"), with interest payable by the Group in an amount equal to 10% per annum of the amount of the Tranche 1 advance. Any subsequent advances under the Loan, which will be entirely at the discretion of the Company, will be subject to interest payable by the Group in an amount equal to 20%, to be applied to the term between the date of the relevant advance date and the Maturity Date. The closing of Tranche 1, and each subsequent tranche of the Loan, will be subject to the satisfaction of customary closing conditions involving the Group and RiverFort, including the final regulatory approval by the Canadian Securities Exchange.

The Loan provides for 25% warrant coverage for each advance or draw down, determined as being 25% of the principal amount of the tranche divided by the Group's share price at the time of the advance. The exercise price of the warrants will be set at 150% of the Group's share price at the time of the advance and the warrants will expire three years after the date they are granted. Subject to the satisfaction of the Tranche 1 closing conditions, Levitee will issue 1,378,778 warrants ("Warrants") to RiverFort whereby each Warrant will entitle RiverFort to purchase one common share of the Company (a "Share") at a price of $0.68 per Share for a term of three years.

As part of the Loan agreement, RiverFort will have the option to convert up to 50% of the principal amount of the Loan into Shares at a fixed conversion price equal to 125% of the market price of the Shares at the time of the applicable draw down. Subject to the satisfaction of the Tranche 1 closing conditions, the fixed conversion price for Tranche 1 will be $0.544 per Share. In addition, RiverFort may at its option, once every thirty (30) days, request and require that the debt represented by the interest that has been deemed to accrue on the Loan be converted into Shares pursuant to a private placement price equal to 90% of the last closing price of the Shares on the day prior to the notice of such conversion. During the nine months ended June 30, 2022, $2,419,000 was received from Riverfort.

Regulatory Environment

- The Company is focused on developing and commercializing plant-based health and wellness products. In order to develop such products, the Company's business and processes must be conducted in strict compliance with the regulations of federal, provincial, state, local and regulatory agencies locally and internationally, in the jurisdictions in which the Company operates.

- Some of the Company's products are considered "food" and, as such, are principally regulated under the *Food and Drugs Act* (Canada) and the *Consumer Packaging and Labelling Act* (Canada) as well as the *Federal Food, Drug, and Cosmetic Act* (USA) and the *Nutrition Labeling and Education Act* (USA).

- The *Food and Drugs Act* ("FDA") regulates food and drugs in Canada and provides requirements on composition (including without limitation food additives, fortification and food standards), packaging and licensing requirements. The Company is not required to obtain any pre-approvals and/or licenses for its products, but must ensure that the labelling, marketing and selling of any of its products comply with the FDA, including by ensuring that the Company's products are not packaged or marketed in a manner that is misleading or deceptive to a consumer.

- The *Consumer Packaging and Labelling Act* ("CPLA") provides for a uniform method of labelling and packaging of prepackaged consumer goods in Canada. The relevant provisions include the prevention of fraudulent statements and providing for mandatory label information in which consumers may make informed decisions.

- The United States Food and Drug Administration ("US-FDA") is responsible for assuring that foods sold in the United States are safe, wholesome and properly labeled. This applies to foods produced domestically, as well as foods from foreign countries. The *Federal Food, Drug, and Cosmetic Act* ("FD&C Act") and the *Fair Packaging and Labeling Act* are the Federal laws governing food products under US-FDA's jurisdiction.

- The *Nutrition Labeling and Education Act* ("NLEA"), which amended the FD&C Act, requires most foods to bear nutrition labeling and requires food labels that bear nutrient content claims and certain health messages to comply with specific requirements.

- Monk-E does not have any direct or indirect involvement with the illegal selling, production or distribution of any psychedelic substances in the jurisdictions in which it operates. The Company is a health and wellness product company and does not advocate for the legalization of any psychedelic substances and does not deal with psychedelic substances. The Company's products will not be commercialized in any given jurisdiction prior to applicable regulatory approval in that jurisdiction, which may only be granted if evidence of safety and efficacy for the intended uses is successfully developed.

- The Company sales of its products across Canada and the United States, focusing initially on the United States market. The Company has developed third-party logistics relationships in California, New York, and Arizona.

Foreign Operations

The Corporation currently plans to launch sales of its products across Canada and the United States, focusing initially on the United States market. The Corporation is developing third-party logistics relationships in California, New York, and Arizona.

SELECTED ANNUAL INFORMATION

Selected financial information from the statement of financial position:

		September 30, 2021		September 30, 2020
Total Current Assets	$	2,787,646	$	156,990
Total Current Liabilities		3,119,854		2,572
Total Shareholders' Equity		8,661,723		154,418
Total Liabilities and Shareholders' Equity	$	12,965,385	$	156,990

Current assets consist of cash and cash equivalents, trade and other receivable, inventory, prepaid assets for various services, deposit balance for lease.

Current liabilities consist of accounts payable and accrued liabilities due to vendors of the Company, borrowings, the current portion of the lease commitments and purchase consideration payable for the acquisition of the entities.

Shareholders' equity from September 30, 2020 to September 30, 2021 increased due to new fund raising activities to the issuances of the Company's stock which was offset by the operating loss during the year and reserves related to the stock options.

Selected information from the statement of cash flows:

	Twelve months ended September 30, 2021	Twelve months ended September 30, 2020
Cash used in operating activities	$ (4,630,063)	$ (159,402)
Cash used in investing activities	(6,070,967)	(95,764)
Cash provided by financing activities	11,363,524	173
Cash balance, end of the year	$ 705,387	$ 42,893

From September 30, 2020 to September 30, 2021, cash and cash equivalents increased from $42,893 to $705,387. The major uses for cash in the year are related to acquisition of businesses, related to professional and administrative costs for increasing the operating functionality of the Company and preparation to go-public plans.

Cash used in operating activities during the year ended September 30, 2021 was $4,630,064 mainly used for purchase of inventory, consulting, professional fees, salaries and marketing activities.

Cash used in investing activities during the year ended September 30, 2021, was $6,567,184 mainly used for business acquisitions.

Cash generated by financing activities during the year ended September 30, 2021, was $11,859,741. Mainly, the source of financing came from the rise of funds during the year.

Twelve Months Ended September 30, 2021

The Company reported a net loss of $11,402,682 for the twelve months ended September 30, 2021. Revenue was 1,721,456, costs of sales was $1,033,816 and operating expenses mainly comprised of consulting fees of $1,688,914, payroll expenses of $1,767,914, professional fees of $1,139,307, stock-based compensation of $5,542,124 and impairment loss of 748,192.

Consulting fees of $1,688,914 mainly consist of consulting expenses related to the Company's go-public plans. Payroll expenses of $1,767,914 consist of amounts paid to executive team members and employees of the Company. Professional fees of $1,139,307 consist of fees paid to lawyers and accountants for their professional services including acquisition costs of $411,124. Marketing and business development expenses of $675,401 mainly consist of expenses incurred to promote the Company. Office and administration expenses of $486,521 consist of expenses related to operations of the office location due to the increase in employees and physical locations.

The increase in operating expenses during the twelve months ended September 30, 2021 as compared to the same period ended September 30, 2020 was a result of the Company's overall increased business activities due to the go-public plans, acquisition of businesses and, an implementation of an equity-based compensation program.

Twelve Months Ended September 30, 2020

The Company reported a net loss of $441,729 for the twelve months ended September 30, 2020. Revenue was nil, and expenses mainly comprised of consulting fees of $408,888, professional fees of $8,034, and rent expenses of $4,725.

Summary of Quarterly Results

The following summarizes the selected quarterly results for the Company:

For the period ended	Net (Loss) Total ($)	Net (Loss) Basic and diluted loss per share	Revenue ($)
June 30, 2022	(663,741)	(0.01)	2,924,833
March 31, 2022	(3,050,326)	(0.05)	931,162
December 31, 2021	(1,860,567)	(0.03)	2,217,972
September 30,2021	(5,240,176)	(0.23)	1,721,456
June 30, 2021	(4,494,669)	(0.11)	-
March 31, 2021	(568,206)	(0.02)	-
December 31, 2020	(1,073,731)	(0.13)	-
September 30, 2020	(308,213)	(0.06)	-

Three months ended June 30, 2022

For the three months ended June 30, 2022, the Company had net comprehensive loss of $663,741 compared to $4,494,669 for three months ended June 30, 2021. The increased loss of $3,830,928 for the three months ended June 30, 2022 (Q3 2022) as compared to the three months ended June 30, 2021 (Q3 2021) was the result of:

a) Consulting fees increased from $41,754 in Q3 2021 to $1,006,928 in Q3 2022 due to increase in consulting activities and number of consultants engaged during the current quarter;
b) Payroll expenses increased from $435,487 in Q3 2021 to $294,632 in Q3 2022 due to increase in workforce and business activities;
c) Professional fees increased from $290,599 in Q3 2021 to $57,991 in Q3 2022 due to increase in professional activities engaged in the current quarter;
d) Marketing expenses increased from $62,606 in Q3 2021 to $259,618 in Q3 2022 due to increase in marketing efforts and business activities;
e) Office and general administrative expenses increased from $70,982 in Q3 2021 to $325,695 in Q3 2022 due to increase in business activities and general and administration functions;
f) Depreciation expenses increased from $65,987 in Q3 2021 to $84,585 in Q3 2022 due to increase in property and equipment and other assets acquired;
g) Rent expenses increased from $31,279 in Q3 2021 to $182,475 in Q3 2022 due to increase in business activities and operation scale; and
h) Stock option compensation increased from $3,515,777 in Q3 2021 to $103,906 in Q3 2022 due to its stock related incentive activities occurred in the current quarter.

Six months ended June 30, 2022

For the six months ended June 30, 2022, the Company had net comprehensive loss of $5,574,634 compared to $6,136,606 for six months ended June 30, 2021. The decreased loss of $561,972 for the six months ended June 30, 2022 (Q3 2022) as compared to the six months ended June 30, 2021 (Q3 2021) was the result of:

a) Consulting fees increased from $1,351,700 in Q3 2021 to $1,494,722 in Q3 2022 due to increase

in consulting activities and number of consultants engaged during the current quarter;

b) Payroll expenses increased from $670,072 in Q3 2021 to $2,301,403 in Q3 2022 due to increase in workforce and business activities;
c) Professional fees decreased from $481,635 in Q3 2021 to $380,937 in Q3 2022 due to decrease in professional activities engaged in the current quarter;
d) Marketing expenses increased from $120,155 in Q3 2021 to $1,701,498 in Q3 2022 due to increase in marketing efforts and business activities;
e) Office and general administrative expenses increased from $146,422 in Q3 2021 to $740,668 in Q3 2022 due to increase in business activities and general and administration functions;
f) Depreciation expenses increased from $92,977 in Q3 2021 to $252,073 in Q3 2022 due to increase in property and equipment and other assets acquired;
g) Rent expenses increased from $52,120 in Q3 2021 to $321,253 in Q3 2022 due to increase in business activities and operation scale; and
h) Stock option compensation decreased from $3,530,521 in Q3 2021 to $985,690 in Q3 2022 due to its stock related incentive activities occurred in the current quarter.

Liquidity and Capital Resources

The Company manages its capital structure and adjusts based on the funds available to the Company in order to facilitate the liquidity needs of its operations. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, capital stock and accumulated deficit. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended June 30, 2022 and the year ended September 30, 2021.

The Company will need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available it may not be on terms that management finds is in the interest of the Company.

The Company continues to use its cash resources to fund its operations. As the Company has limited sources of revenue to fund its ongoing operations and to settle its obligations, the Company may require additional funding through equity or debt financing, joint venture arrangements or a combination thereof to accomplish its long-term strategic objectives.

Risks and Uncertainties

Due to the nature of the Company’s business, its limited operating history, and its stage of development, an investment in the securities of the Company is highly speculative and involves significant risks and uncertainties. As the Company continues to develop its business, the Company will face numerous challenges, and additional risks and uncertainties not presently known to the Company, or which the Company believes to be immaterial. In the event that such risks and uncertainties materialize, the Company’s business, financial condition, and results of operations could be materially adversely affected, and shareholders of the Company could lose all or part of their investment in the Company. Such risks and uncertainties could also cause actual events to differ materially from those described in forward looking statements relating to the Company described in this MD&A and in certain documents incorporated by reference into this MD&A.

The following section summarizes certain of the risks and uncertainties relating to the business of the Company as of the date of this MD&A. The summary of such risks and uncertainties is not intended to be exhaustive, and such risks are in addition to the usual risks associated with investment in a business. Investors should carefully consider the following risks and uncertainties as well as the risk factors set out below.

Introduction of, or Changes in, Laws, Regulations and Guidelines

In order to develop regulated medicines, the Company's process must be conducted in strict compliance with the regulations of federal, state, local and regulatory agencies in Canada and the United States, and the equivalent regulatory agencies in the other jurisdictions in which the Company may operate.

These regulatory authorities regulate, among other things, the research, manufacture, promotion and distribution of drugs in specific jurisdictions under applicable laws and regulations.

Canada

The process required before a prescription drug product candidate may be marketed in Canada generally involves:

- *Chemical and Biological Research* - Laboratory tests are carried out on tissue cultures and with a variety of small animals to determine the effects of the drug. If the results are promising, the manufacturer will proceed to the next step of development.

- *Pre-Clinical Development* – Animals are given the drug in varying amounts over differing periods of time. If it can be shown that the drug causes no serious or unexpected harm at the doses required to have an effect, the manufacturer will proceed to clinical trials.

- *Clinical Trials — Phase 1* - The first administration in humans is to test if people can tolerate the drug. If this testing is to take place in Canada, the manufacturer must prepare a clinical trial application for the Therapeutic Products Directorate of Health Canada (the "TPD"). This includes the results of the first two steps and a proposal for testing in humans. If the information is sufficient, the Health Products and Food Branch of Health Canada (the "HPFB") grants permission to start testing the drug, generally first on healthy volunteers.

- *Clinical Trials — Phase 2* - Phase 2 trials are carried out on people with the target condition, who are usually otherwise healthy, with no other medical condition. Trials carried out in Canada must be approved by the TPD. In Phase 2, the objective of the trials is to continue to gather information on the safety of the drug and begin to determine its effectiveness.

- *Clinical Trials — Phase 3* - If the results from Phase 2 show promise, the manufacturer provides an updated clinical trial application to the TPD for Phase 3 trials. The objectives of Phase 3 include determining whether the drug can be shown to be effective, and have an acceptable side effect profile, in people who better represent the general population. Further information will also be obtained on how the drug should be used, the optimal dosage regimen and the possible side effects.

- *New Drug Submission* - If the results from Phase 3 continue to be favourable, the drug manufacturer can submit a new drug submission ("NDS") to the TPD. A drug manufacturer can submit an NDS regardless of whether the clinical trials were carried out in Canada. The TPD reviews all the information gathered during the development of the drug and assesses the risks and benefits of the drug. If it is judged that, for a specific patient population and specific conditions of use, the benefits of the drug outweigh the known risks, the HPFB will approve the drug by issuing a notice of compliance.

United States

Development and commercialization activities and product candidates are significantly regulated by a number of governmental entities, including the FDA, HC, and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and the Company may fail to obtain the necessary approvals to commence or continue clinical testing. The Company must comply with regulations concerning the manufacturing, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval

before the Company can commercialize a product candidate.

The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities the Company performs is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if the Company believes results from its clinical trials are favorable to support the marketing of our product candidates, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. The Company has not obtained regulatory approval for any product candidate and it is possible that none of its existing product candidates or any future product candidates will ever obtain regulatory approval.

The Company could fail to receive regulatory approval for its product candidates for many reasons, including, but not limited to:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with its interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of its product candidates to support the submission and filing of an IND or other submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of CMOs with whom the Company contracts for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render its preclinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and the Company's commercialization plans, or the Company may decide to abandon the development program. If the Company were to obtain approval, regulatory authorities may approve any of its product candidates for fewer or more limited indications than its requests, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Moreover, depending on any safety issues associated with the product candidates that garner approval, the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products.

Technology and Information Security

The Company is also subject to technology and information security risk, including the risk that confidential information held by the Company is stolen or accessed causing financial or personal harm to the affected individual(s) or the Company's business. The Company reduces this risk through enhancement of policies and procedures, and monitoring and auditing to ensure compliance related to information technology, safety of data and secure storage of physical files. The Company is also subject to risks related to reliance on key personnel and catastrophic and general uninsured loss.

COVID-19

The impact of the COVID-19 pandemic, with its combined health toll and sharp decline in global economic output, is unprecedented and the full extent of the impact will depend on future developments. These

developments are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain the outbreak or manage its impact. As a result, it is not possible to determine the impact on the going concern of the Company at this time.

The following are certain risk factors relating to an investment in shares which prospective investors should carefully consider before deciding whether to purchase Common Shares. The following information must be read in conjunction with the detailed information appearing elsewhere in this MD&A. Such risk factors may have a material adverse effect on the financial position or results of operations of the Company or the value of the Common Shares.

Limited History of Operations

The Company is in the early stage of development and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no intention of paying any dividends in the near future.

The Company has limited financial resources, has not earned any significant revenue since commencing operations, has no source of operating cash flow and there is no assurance that additional funding will be available to it for further development of the Company's business or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further development of the Company's business.

Market for Securities

Even with the Company's listing, there can be no assurance that an active public market for the Common Shares will develop or be sustained after listing and securities of the Company provide a liquid market for such securities. The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to successfully develop its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, and may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Negative Cash Flow from Operating Activities

The Company has had negative cash flow from operating activities since inception. Significant capital investment will be required to achieve the Company's existing plans. There is no assurance that the Company's business will generate earnings, operate profitably or provide a return on investment in the near future. Accordingly, the Company may be required to obtain additional financing in order to meet its future cash commitments.

Regulatory Environment

The Company's operations are subject to regulation by government agencies including, among others, Health Canada and the CFIA. These agencies regulate the processing, packaging, storage, distribution, advertising and labeling of the Company's products, including food safety standards. The Company's products may be subject to inspection by federal, provincial, state and local authorities. The Company strives to maintain compliance with all laws and regulations and maintain all permits and licenses relating to our operations. Nevertheless, there can be no assurance that the Company is in compliance with all such laws and regulations, has all necessary permits and licenses and will be able to comply with such laws and regulations, or obtain such permits and licenses in the future. Failure by the Company to comply with applicable laws and regulations and permits and licenses could subject the Company to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on the Company's financial condition and results of operations. In addition, enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect the Company's business, financial condition or results of operations.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Success is Dependent on Public Taste for Levitee's Products

The Company's revenues are substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and which the Company has little, if any, control. A significant shift in consumer demand away from the Company's products or its failure to expand its current market position will harm its business. Consumer trends change based on several possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, and this could result in a decrease in the demand for food products and ingredients that the Company imports. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on the Company's business.

Raw Materials

The Company's products are derived from mushrooms. Accordingly, the Company and/or its manufacturers must acquire enough mushrooms so that the products can be produced to meet the demand of its customers. A mushroom shortage could result in loss of sales and damage to the Company. If the Company and/or its manufacturers become unable to acquire commercial quality mushrooms on a timely basis and at commercially reasonable prices and are unable to find one or more replacement suppliers with the regulatory approvals to produce mushrooms at a substantially equivalent

cost, in substantially equivalent volumes and quality, and on a timely basis, the Company will likely be unable to meet customer demand.

Consumer Perception of Mushrooms

The Company is highly dependent upon consumer perception of mushrooms and mushroom-based products. The public may associate its mushrooms with illegal psychoactive mushrooms, which are prohibited substances. The Company's revenues may be negatively impacted due to the fact the market does not fully accept the mushrooms as a food product.

Brand Awareness

Brand awareness has not been achieved inside or outside of the Company's target markets. There is no assurance that the Company will be able to achieve brand awareness in any of its target markets. In addition, the Company must develop successful marketing, promotional and sales programs in order to sell its products. If the Company is not able to develop successful marketing, promotional and sales programs, then such failure will have a material adverse effect on the business, financial condition and operating results.

Limited Number of Products

The Company is heavily reliant on the production and distribution of mushroom-based and related products. If they do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability.

The Company's revenue is derived almost exclusively from sales of mushroom-based and related products, and the Company expects that such products will account for substantially all of its revenue for the foreseeable future. If the mushroom-based and related products market declines or fails to achieve substantially greater market acceptance than it currently enjoys, the Company will not be able to grow its revenues sufficiently for it to achieve consistent profitability.

Even if products to be distributed by the Company conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy and quality of mushrooms. Adverse publicity about mushroom-based products that the Company sells may discourage consumers from buying products distributed by the Company.

Development of New Products

The Company's success will depend, in part, on its ability to develop, introduce and market new and innovative products. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Dependence on Management Team

The Company will depend on certain key senior managers to oversee the core marketing, business development, operational and fundraising activities and who have developed key relationships in the industry. Their loss or departure in the short-term would have an adverse effect on the Company's future performance.

Reliance on Third Party Manufacturers

The Company relies on outside sources to manufacture its products. The failure of such third-party packagers to deliver either components or finished goods on a timely basis could have a material adverse effect on the business. The Company does not intend to develop its own packaging capacity in the short

term. As these are third parties over which the Company will have little or no control, the failure of such third parties to provide components or finished goods on a timely basis could have a material adverse effect on the business, financial condition and operating results.

Reliance on Marketing Partners and Future Distributors

The Company will sell its products online directly to end customers and it will rely on third parties for the sale and marketing of its products at retail locations. The Company plans to engage a distribution company to permit the Company to develop an extensive regional sales and distribution network throughout Canada and other jurisdictions where the Company's product is lawful. To the extent that marketing partners and distributors are distracted from selling the Company's products or do not expend sufficient efforts in managing and selling its products, the Company's future sales will be adversely affected. The Company's ability to grow its distribution network and attract additional distributors will depend on several factors, many of which are outside of its control. Some of these factors include: (i) the level of demand for the Company's brand and products in a particular distribution area; (ii) the ability to price our products at levels competitive with those offered by competing products and (iii) the Company's ability to deliver products in the quantity and at the time ordered by distributors.

Product Liability Insurance

The Company currently does not carry any product liability insurance coverage. Even though the Company is not aware of any product liability claims at this time, its business exposes itself to potential product liability, recalls, and other liability risks that are inherent in the sale of food and other ingestible products. The Company can provide no assurance that such potential claims will not be asserted against it. A successful liability claim or series of claims brought against the Company could have a material adverse effect on its business, financial condition, and results of operations.

Although the Company intends to obtain adequate product liability insurance, it cannot provide any assurances that it will be able to obtain or maintain adequate product liability insurance of on acceptable terms, if at all, or that such insurance will provide adequate coverage against potential liabilities. Claims or losses in excess of any product liability cover that may be obtained by the Company could have a material adverse effect on its business, financial conditional and results of operations.

Product Liability Claims

The Company may be required to pay for losses or injuries purportedly or actually caused by its products. Historically, there have been no product liability claims; however, there is no assurance that this trend will continue in the future. In the event that the Company's products are found to cause any injury or damage, the Company will be subject to substantial liability. This liability may exceed the funds available by the Company and result in the failure of its business.

Product Recall

The sale of products for human consumption involves inherent risks. The Company could decide to, or be required to, recall products due to suspected or confirmed contamination or product tampering. A product recall could adversely affect product sales financial condition and results of operation as well as the Company's general reputation in the industry.

Trademark Protection

The Company currently has not obtained any trademarks. Failure to register trademarks for the Company or its products could require the Company to rebrand its products resulting in a material adverse impact on its business.

Government Regulation

The processing, manufacturing, packaging, labeling, advertising and distribution of the Company's

products is subject to regulation by one or more federal agencies, and various agencies of the provinces and localities in which its products are sold. These government regulatory agencies may attempt to regulate any of the Company's products that fall within its jurisdiction. Such regulatory agencies may not accept the evidence of safety for any new ingredients that the Company may want to market, may determine that a particular product or product ingredient presents an unacceptable health risk and may determine that a particular statement of nutritional support that the Company wants to use is an unacceptable claim. Such a determination would prevent the Company from marketing particular products or using certain statements of nutritional support on its products. The Company also may be unable to disseminate third-party literature that supports its products if the third-party literature fails to satisfy certain requirements.

In addition, a government regulatory agency could require the Company to remove a particular product from the market. Any future recall or removal would result in additional costs to the Company, including lost revenues from any products that the Company is required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects.

Competition

The Company faces competition in the markets in which it operates. Some of the Company's competitors may also be better positioned to develop superior product features and technological innovations and able to better adapt to market trends than the Company. The Company's ability to compete depends on, among other things, high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to customers or any occurrence of a price war among the Company's competitors and the Company may adversely affect the business and results of operations.

Junior Companies

Market perception of junior companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

Current Market Volatility

The securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

Use of Funds

The Company has prepared a budget setting out the way in which it proposes to expend its available funds. However, the quantum and timing of expenditure will necessarily be dependent upon receiving positive results from the Company's product development and marketing initiatives. As the Company further expands its business, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilize part of its financial resources to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value.

Conflicts of Interest

Some or all of the Company's directors and officers may act as directors and/or officers of other health and wellness companies. As such, the Company's directors and officers may be faced with conflicts of interests when evaluating alternative health and wellness opportunities. In addition, the Company's directors and officers may prioritize the business affairs of another company over the affairs of the Company.

Personnel

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its marketing and product development initiatives. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Tax Issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

Liquidity of the Common Shares

Listing on the Exchange should not be taken as implying that there will be a liquid market for the Common Shares. Thus, an investment in the Common Shares may be difficult to realize. Investors should be aware that the value of the Common Shares may be volatile. Investors may, on disposing of Common Shares, realize less than their original investment, or may lose their entire investment. The Common Shares, therefore, may not be suitable as a short-term investment.

The market price of the Common Shares may not reflect the underlying value of the Company's net assets. The price at which the Common Shares will be traded, and the price at which investors may realize their Common Shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Company and general market and economic conditions.

No Dividends

The Company has not declared or paid any cash dividends on the Common Shares to date. The payment of dividends in the future, if any, is dependent on the Company's earnings, financial condition, capital requirements, business conditions, corporate law requirements and on such other factors as the Board considers appropriate. Unless and until the Company pays dividends, shareholders' ability to achieve a return on their investment will depend upon an appreciation in the price of the Common Shares.

General

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks. Although the Directors will seek to minimize the impact of the risk factors, an investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult a person who specializes in investments of this nature before making any decision to invest.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Related Party Transactions

(a) Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group as a whole. The Group has determined that key management personnel consist of members of the Company's Board of Directors, and corporate officers. The remuneration of key management personnel including consulting fees paid through companies owned by directors during the nine months ended June 30, 2022, and 2021 is as follows:

	June 30, 2022	June 30, 2021
Consulting fee	$ 387,433	$ 193,244
Salary	595,1574	418,876
Stock-based compensation	-	2,905,897
Rent	13,200	13,200
	$ 995,790	**$ 3,531,217**

(b) Loans with related parties

On June 10, 2019, the Company entered into an agreement to lend $50,000 to two companies for $25,000 each. These companies are each controlled a common director to the Company. The loan agreement states that the loan is unsecured, non-interest bearing, and repayable on demand. On August 31, 2020 these loans were settled in exchange for amounts owing to the two parties for consulting services.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of Common Shares without par value.

As of the date of this MD&A, there are 90,930,444 (September 30, 2021 - 84,032,142) Common Shares issued and outstanding.

Critical Accounting Estimates and Judgements

The preparation of interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities and expenses, as well as the Company's ability to continue as a going concern. The estimates and assumptions made are continually evaluated and have been based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates and assumptions are inherently uncertain. Actual results could differ materially from these estimates and assumptions. Revisions to estimates are recognized in the period in which the estimate is revised and may impact future periods.

In preparation of the Financial Statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended September 30, 2021, with the addition of the following judgements:

i) Assessment of control in a business acquisition

The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the

closing date, or it might be determined that the businesses were under common control. Management exercises judgment in considering all pertinent facts and circumstances in assessing the control of a business and the acquisition date.

The Company examines three elements to determine whether control exists.

- power over the investee, such as the ability to direct relevant activities of the investee;
- exposure, or rights, to variable returns from its involvement with the investee, such as returns that are not fixed and have the potential to vary with performance of the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns, such as identifying the link between power and returns.

When all of these three elements of control are present, then an investor is considered to control an investee and consolidation is required. When one or more of the elements is not present, an investor will not consolidate but instead be required to determine the nature of its relationship with the investee.

On the completion of business acquisitions, management's judgement is required for identification of acquirer. Certain factors are considered for making that determination:

- the relative voting rights in the combined entity after the business combinations;
- the existence of a large minority voting interest in the combined entity;
- the composition of the governing body of the combined entity;
- the composition of the senior management of the combined entity;
- the term of the exchange of equity interest.

ii) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company engages an independent external valuation expert to determine the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows prepared by management.

In valuation of stock-based payments, the Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected: option life, volatility, risk-free interest rate, forfeiture rates, stock option exercise behaviors, dividend yield and corporate performance. Changes in these assumptions affect the fair value estimate for stock-based payments.

iii) Impairment of CGUs

The impairment test for cash generating units ("CGUs") to which goodwill is allocated is based on the value in use of the CGU, determined in accordance with the expected cash flow approach. The calculation is based on assumptions including, but not limited to, the cash flow growth rate and the discount rate.

iv) Incremental borrowing rate for leases

IFRS 16 requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental

borrowing rate. As information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is generally not available, the Company uses its incremental borrowing rate when initially recording real estate leases. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, in a similar economic environment over a similar term.

v) Going concern

Whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern, management believes that sufficient funds will be borrowed and raised in the foreseeable future to pay its outgoing operating expenditures and to meet its liabilities for the next year which involves significant judgement based on historical experience and other factors, including expectation of future event that are believed to be reasonable under the current circumstances.

vi) Income taxes

The calculation of current and deferred income taxes requires management to make certain judgments in interpreting tax rules and regulations. Application of judgments is also required to evaluate whether the Company can recover a deferred tax asset based on management's assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

vii) Reverse vesting stock options

The Employee Compensation Share agreements contain a contingent repurchase feature held by the Company. If an employee terminates their employment, the Company has the option to repurchase any unvested shares at a price of $0.02 per share. The repurchase option allows the Company to reacquire or claw back the shares as if they had never been issued. If the vesting conditions are met, there is no repurchase option. The award can only be settled via the restriction on the Employee Compensation Shares being lifted. The awards are to be classified as an equity-settled share-based payment transaction.

viii) Cash generating units

Management's judgement is required in identification of cash generating units. Management determines the smallest group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or group of assets. If recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows.

Financial Instruments and Other Instruments

(a) Fair values of financial instruments

June 30, 2022	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Financial assets (liabilities) at fair value through profit or loss**
Cash	$ 979,046	$ -	$ -
Trade and other receivables	78,618	-	-
Marketable securities	-	-	46,800
Trade and other payables	-	1,550,972	-
Borrowings	-	2,941,272	-
Purchase consideration payable	-		(767,241)
Total	**$ 1,057,664**	**$ 4,492,244**	**$ (720,441)**

September 30, 2021	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial assets/(liabilities) at fair value through profit or loss
Cash	$ 705,387	$ -	$ -
Trade and other receivable	530,307	-	-
Marketable securities	-	-	46,800
Accounts payable and accrued liabilities	-	1,344,443	-
Borrowings	-	313,080	-
Purchase consideration payable			(756,841)
Total	**$ 1,235,694**	**$ 1,657,523**	**$ (710,041)**

Fair value measurements and disclosures use the following hierarchy definitions in determining its classifications:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

Cash and cash equivalents, restricted cash, trade and other receivables, accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The carrying value of lease liabilities where a discount rate is used is not significantly different from than fair value. The fair value of the marketable securities is determined using Level 1 as this consists of shares of a publicly traded company in an active market. Purchase consideration payable is measured at fair value using a valuation model considering the present value of the expected future payments, discounted using a risk-adjusted discount rate.

The Company did not have any transfer of assets and liabilities between Level 1, Level 2, and Level 3 of the fair value hierarchy during the nine months ended June 30, 2022 and during the year ended September 30, 2021.

(b) Financial risk management:

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (primarily interest rate risk). Risk management is carried out by the Company by identifying and evaluating the financial risks inherent within its operations. The Company's overall risk management activities seek to minimize potential adverse effects on the Company's financial performance.

(i) Credit risk

The Company is exposed to credit risk resulting from the possibility that counterparties may default on their financial obligations to the Company. Credit risk primarily arises from trade and other receivables and cash and cash equivalents. The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of performance.

An allowance for credit losses is reviewed at each consolidated statements of financial position date. A loss allowance is taken on trade and other receivables and is recorded as a reduction to its respective receivable account on the consolidated statements of financial position. The Group's loss allowance is based on lifetime ECLs. As at June 30, 2022 none of the customers balances have been written off or are credit impaired.

The bank balances are deposited with high credit rated banks; therefore the credit risk is limited.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures.

June 30, 2022	Less than	1-3	4-5	Total
	$	$	$	$
Trade and other payables	1,550,972	-	-	$1,550,972
Income tax payable	521	-	-	521
Borrowings	2,941,272	-	-	2,941,272
Other payables	200,180	-	-	200,180
Purchase consideration payable	767,241	-	-	767,241
Lease liabilities	332,416	345,545	-	677,961
	5,792,602	**345,545**	**-**	**6,138,147**

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Company does not charge or is charged floating interest rates on its receivable and payables. The Company is not exposed to significant interest rate risk.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's lease obligations and borrowings are at fixed rates of interest. Those that are non-interest bearing are carried at amortized cost and calculated using discount rates appropriate to the related debt.

(iv) Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the revenues and costs that the Company earns and incurs in its operations.

The Company's presentation currency is the Canadian dollar and the Company's subsidiary, Earth Circle Organics Chain Inc. operates in the United States and therefore a portion of revenues are earned in US dollars. The Company also holds US dollar denominated debt. The fluctuation of the Canadian dollar in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity.

(v) Market risk

The Company has exposure to equity securities price risk through the marketable securities investment. The investment held by the Company and classified on the balance sheet as at fair value through profit and loss ("FVTPL").

To manage its price risk arising from the marketable securities investment, the Company closely monitors the price and performance of the equity security held.

Capital management

The Group's objectives when managing capital are to identify, pursue and complete the acquisition of

companies and strategic assets in the psychedelics industry. The goal of the Group is to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Group does not have any externally imposed capital requirements to which it is subject. Capital of the Group comprises of cash and cash equivalents and shareholders' equity. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Group's approach to capital management during the year.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.