

FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. The Exchange requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

- (a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) In this form, the term "Issuer" includes the applicant Issuer and any of its subsidiaries.
- (c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.
- (d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.
- (e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on
 - (i) the Issuer
 - (ii) all other companies or businesses that are involved in the fundamental change (the "target"); and
 - (iii) the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

- (f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

1. Table of Contents

1.1 Include a table of contents with the following headings:

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2. Corporate Structure

- 2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

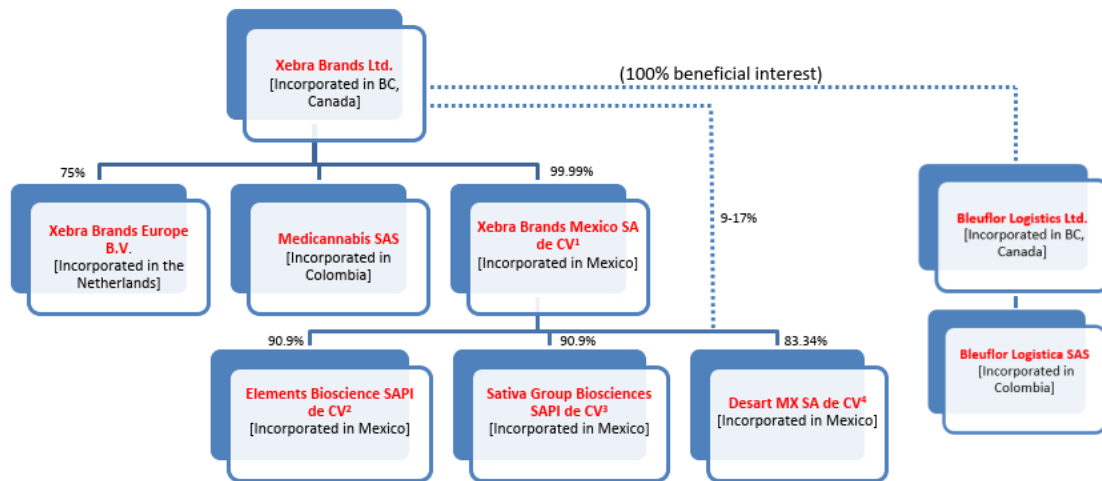
Xebra was incorporated under the BCBCA under the name “1198365 B.C. LTD.” on February 21, 2019. The address of the registered and head office of the Issuer is 1055, West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. The Issuer’s Common Shares do not currently trade in any stock exchange. On April 24, 2019, the Issuer changed its name to Xebra Brands Ltd. The Issuer has eight (8) direct or indirect subsidiaries: Elements Bioscience SAPI de CV, Sativa Group Biosciences SAPI de CV, Medicannabis S.A.S., Desart MX, SA de CV, Xebra Brands Mexico S.A. de CV, Xebra Brands Europe BV, Bleuflor Logistics Ltd., and Bleuflor Logistica SAS.

- 2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

Business Corporations Act (*British Columbia*).

- 2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state
- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;
 - (b) the place of incorporation or continuance; and
 - (c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

The following diagram summarizes the structure of material subsidiaries of the Issuer.



2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

N/A

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

N/A

3. General Development of the Business

Responses to the three (3) questions below are at the end of this section:

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

3.2 Disclose:

- (1)
 - (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and
 - (b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.
- (2) Under paragraph (1) include particulars of
 - (a) the nature of the assets acquired or disposed of or to be acquired or disposed of;
 - (b) the actual or proposed date of each significant acquisition or significant disposition;
 - (c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;
 - (d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;
 - (e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;
 - (f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and
 - (g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the

Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

Please refer to “Description of the Business - History” in the attached Prospectus.

4. Narrative Description of the Business

4.1 General

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

(a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

Xebra has several business objectives and milestones that it plans to achieve in the first twelve months of becoming a listed entity. These objectives and milestones are detailed below and are expected to cost approximately \$905,000.

Objectives & Milestones	Cost
Launch THC infused beverage in Canada	
Production and co-packing	\$105,000
Marketing	\$14,000
Total – Launch THC infused beverage in Canada	\$119,000
Conduct trial cultivation in Holland	
Salaries & wages	\$240,000
Facility lease	\$38,000
Facility capital expenditures	\$218,000
Operations	\$85,000
Total – Conduct trial cultivation in Holland	\$581,000
Fund Colombia subsidiary until completion of agronomic evaluations	
Licensing, registration and permitting	\$26,000
Salaries & wages	\$54,000
Professional fees & overhead	\$67,000
Operations	\$39,000

Objectives & Milestones	Cost
Total – Fund Colombia subsidiary until completion of agronomic evaluations	\$186,000
Fund Mexico subsidiary until grant of Amparo	
Overhead	\$19,000
Total – Fund Mexico subsidiary until grant of Amparo	\$19,000
Total	\$905,000

- (b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

N/A

- (c) disclose the total funds available to the Issuer and the following breakdown of those funds:

- (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

The Issuer has pro forma working capital of approximately \$1,984,000 as at August 31, 2021.

- (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

In October 2021 Xebra completed a two-tranche private placement of Units (the “Units Private Placement”) for total gross proceeds of \$330,500, which includes funds received in September 2021. Pursuant to the Units Private Placement, Xebra issued a total of 1,652,500 Units at a price of \$0.20 per Unit. Each Unit is comprised of one common share and one-half of a warrant. Each whole warrant will entitle the holder to acquire one common share at \$0.35 per common share for 12 months from the date of the warrant issuance.

- (d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

Item	Cost
Funds Available	
Working capital of the Issuer as at August 31, 2021 ⁽¹⁾	\$1,863,000
September 2021 Financing ⁽²⁾	12,500
Total	\$1,875,500
Principal purposes for the use of available funds	
Shared overhead for 12 months following the filing of this Prospectus	\$90,000
Corporate salaries and wages for 12 months following the filing of this Prospectus	\$66,000
Audit and accounting fees for 12 months following the filing of this Prospectus	\$60,000
Investor relations and promotion	\$217,000
Other administrative costs for 12 months following the filing of this Prospectus	\$346,000
Launch THC infused beverage in Canada (details below)	\$119,000
Conduct trial cultivation in Holland (details below)	\$581,000
Fund Colombia subsidiary until completion of agronomic evaluations (details below)	\$186,000
Fund Mexico subsidiary until grant of Amparo (details below)	\$19,000
Total	\$1,684,000

(2) For principal products or services describe:

- a) the methods of their distribution and their principal markets;

The Issuer's principal market is Canada.

The Issuer will distribute its products through various distribution agreement with Elements, and Desart. The Issuer has a manufacturing and services agreement with BevCanna Enterprises Inc. ("BevCanna"), which is effective August 16, 2021, and under which BevCanna will provide services related to developing, infusing, packaging, and distributing the Issuer's beverage products infused with Cannabis in certain provinces. Xebra will not be required to acquire any additional licenses or permits under this arrangement, as such licenses or permits will be a requirement for BevCanna and its partners.

- b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:

- (i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

None

- (ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,

None

- (iii) sales or transfers to controlling shareholders; and

None

- (iv) sales or transfers to investees.

None

- c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

- (i) the timing and stage of research and development programs,

The Issuer currently has a fully operational Breeding and Research facility in Colombia. Xebra’s research and breeding facility in Colombia is located on a 1.5-hectare property in Guasca, Cundinamarca, 30 kilometres from Bogota’s International Airport.

- (ii) the major components of the proposed programs, including an estimate of anticipated costs,

The Issuer anticipates the following costs associated with proposed programs:

Launch THC infused beverage in Canada (details below)	\$119,000
Conduct trial cultivation in Holland (details below)	\$581,000
Fund Colombia subsidiary until completion of agronomic evaluations (details below)	\$186,000
Fund Mexico subsidiary until grant of Amparo (details below)	\$19,000

- (iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

At its Breeding and Research Facility, the Issuer is able to perform its own PEAs, allowing the company to breed and evaluate inhouse its own cultivars for registration with the ICA.

- (iv) the additional steps required to reach commercial production and an estimate of costs and timing.

N/A.

(3) Concerning production and sales, disclose:

- a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

The Issuer has an arrangement with BevCanna, whereby BevCanna will provide services related to developing, infusing, packaging, and distributing the Issuer's beverage products infused with Cannabis in certain provinces.

- b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

Property located in Guasca Colombia

- **Payments terms: The Lessee will pay a monthly rent of COP\$9,000,000 plus VAT during the first year of the Initial Term within the first 5 business days.**
 - **The rental payment will be the same during the Initial Term and its extension.**
 - **The Lessee will pay an annual increase equivalent to the CPI (Consumer Price Index).**
 - **Expiration dates and terms of any renewal options: The term of the agreement is for 5 years (Initial Term), and it will be automatically renewed for 4 successive periods of 5 years.**
 - **Option to purchase: The Lessee may exercise an option to purchase the property.**
- c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

The Issuer also has a manufacturing and services agreement with BevCanna Enterprises Inc. ("BevCanna"), effective August 16, 2021, and under which BevCanna will provide services related to developing, infusing, packaging, and

distributing the Issuer's beverage products infused with Cannabis in certain provinces. Xebra will not be required to acquire any additional licenses or permits under this arrangement, as such licenses or permits will be a requirement for BevCanna and its partners.

- d) the sources, pricing and availability of raw materials, component parts or finished products;

As provider of a turnkey solution to mix, test and prepare XEBRA's proprietary beverage formulation to infuse, bottle, warehouse and distribute. BevCanna is fully licensed and capable to source all raw materials and components necessary to fulfill their commitments as stipulated in the service agreement. BevCanna will source all raw materials and beverage vessels and bottling materials at market prices and will mark them up at a negotiated percentage.

- e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

The Issuer owns trademarks and trade names such as "HOLAHI", "It's High Time", "HOLAHIGH", "HOLA-HIGH", "HOLAHAI", "HOLA-HAI", "HOLA-HI", "MADCAP", "Crazy Good", "Knock Yourself Out", "It's a Mad, Mad World", "HIGHJACK", "Enjoy the trip", "HIJACK", "HAIJACK", "Take Flavour Hostage", "Drink Adventure", "VICIOUS CITRUS", "Lemonade for Renegades", "CONQUER", "Protect", "XEBRA", "ELEMENTS BIOSCIENCE", "ELEMENTS", "PEACE NATURALS", "CANACA", "GRAIL", "HIGH GENICS", "KUIDA", "HIGH CASTLE", "Drink Like a King".

Moreover, Xebra has applied for authorizations to manufacture and sell CBD wellness products in Mexico and has also filed the equivalent of more than 400 trademark applications for the Xebra brands in over 40 countries.

- f) the extent to which the business of the segment is cyclical or seasonal;

The business of Xebra is not cyclical nor seasonal.

- g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

N/A

- h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

N/A

- i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;

XEBRA has 6 employees.

- j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

Please refer to “Risk Factors” section in the attached Prospectus.

- k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

BevCanna manufacturing and services agreement.

- l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

None.

- (4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

Please refer to “International Operations” section in the attached Prospectus.

- (5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

None.

- (6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

None.

- (7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

None.

- (8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

N/A

Instruction:

- (1) The Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from future-oriented financial information issued in accordance with National Instrument 51-102 Continuous Disclosure Obligations or any successor instrument and is included in the Listing Statement.
- (2) Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating cost for a specified period.

Companies with Asset-backed Securities Outstanding

- 4.2 In respect of any outstanding asset-backed securities, disclose the following information:

- (1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

N/A

- (2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

- (a) the composition of the pool as of the end of each financial year or partial period;

N/A

- (b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

N/A

- (c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

N/A

- (d) servicing and other administrative fees; and

N/A

- (e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

N/A

- (3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

N/A

- (4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

N/A

- (5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

N/A

- (6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

N/A

Instruction:

(1) For the purposes of this item an "asset backed security" is treated as in item 5.3 of Form 41-101F1.

(2) Present the information requested under section 4.2 in a manner that enables a reader to easily determine the status of the events, covenants, standards and preconditions referred to in subsection (1)

(3) If the information required under subsection (2)

(A) is not compiled specifically on the pool of financial assets servicing the asset-backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, or

(B) in the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created,

(4) a company may comply with subsection (2) by providing the information required based on the larger pool and disclosing that it has done so.

4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

Instructions:

- (1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.
- (2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.
- (3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.
- (4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

Instruction: The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National Instrument 51-101 or any successor instrument.

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

- (a) net sales or total revenues;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

- (b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

(c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

(d) total assets;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

(e) total long-term financial liabilities as defined in the Handbook;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

(f) cash dividends declared per share for each class of share; and

None.

(g) such other information as would enhance an investor’s understanding of the Issuer’s financial condition and results of operations and would highlight other trends in financial condition and results of operations.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

Please refer to the financial statements attached to the Prospectus.

Instruction:

- (1) For an Issuer that has not been a reporting issuer for the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 5.1 for the period that the Issuer was not a reporting issuer only if the Issuer has prepared quarterly financial statements for that period.
- (2) If the Issuer is only required to file six month interim financial statements, the information required under paragraph (1) may instead be provided for each of the four most recently completed six month periods ended at the end of the most recently completed financial year for which financial statements have been prepared.

5.3 Dividends – disclose:

(a) any restriction that could prevent the Issuer from paying dividends; and

None.

- (b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

None.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

Not applicable. The Issuer's financial information has been prepared in accordance with International Financial Reporting Standards.

- (a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

- (b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Instruction:

- (1) If financial information that is included in the summary is derived from financial statements included in the Listing Statement, but the financial information is neither directly presented in, nor readily determinable from, the financial statements, include a reconciliation to the financial statements in notes.
- (2) If financial information that is included in the listing statement is derived from financial statements that are not included in the Listing Statement, indicate in the lead-in to the summary the source from which the information is extracted, the percentage interest that the Issuer has in the person or company, the GAAP principles used, the name of the auditors, the date of the report, and the nature of the opinion expressed.
- (3) The derivation of ratios included in the Listing Statement in notes should be disclosed in notes to the Listing Statement.
- (4) Information included in the Listing Statement should be presented in a manner that is consistent with the intent of Canadian accounting recommendations and practices (e.g., cash flow data should not be interspersed with amounts from an income statement in a manner which suggests that cash flow data has been or should be presented in an income statement, and cash flow data should not be presented in a manner that appears to give it prominence equal to or greater than earnings data).

6. Management's Discussion and Analysis

General Instructions and Interpretation

Provide MD&A for the most recent annual financial statements filed with the application for listing (or filed since the last update of the listing statement, and interim MD&A for each interim financial statement filed with the application for listing (or filed since the last update of the quotation statement). The first interim MD&A will update the annual MD&A, and each subsequent interim

MD&A will update the previous interim MD&A. If the Issuer includes annual income statements, statements of retained earnings, and cash flow statements for three financial years under Section 5, provide MD&A for the second most recent annual financial statements of the Issuer.

What is MD&A? — MD&A is a narrative explanation, through the eyes of management, of how an Issuer performed during the period covered by the financial statements, and of an Issuer's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements. Management's objective when preparing the MD&A should be to improve the Issuer's overall financial disclosure by giving a balanced discussion of the Issuer's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news.

MD&A should help current and prospective investors understand what the financial statements show and do not show; discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations; discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and provide information about the quality, and potential variability, of the Issuer's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

Date of Information — In preparing the MD&A, management must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, management must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

Explain the Analysis — Explain the nature of, and reasons for, changes in the Issuer's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. The discussion should assist the reader to understand trends, events, transactions and expenditures.

Focus on Material Information — Management does not need to disclose information that is not material. Exercise judgment when determining whether information is material.

What is Material? — Would a reasonable investor's decision whether or not to buy, sell or hold the Issuer's securities likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

Forward-Looking Information — Management is encouraged to provide forward-looking information if it has a reasonable basis for making the statements. Preparing MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect the Issuer's business. However, MD&A does not require that the Issuer provide a detailed forecast of future revenues, income or loss or other information. All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, management's material assumptions and appropriate risk disclosure and cautionary language.

The MD&A must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Timely disclosure obligations might also require the Issuer to issue a news release and file a material change report.

Issuers Without Significant Revenues — If the Issuer is without significant revenues from operations, focus the discussion and analysis of results of operations on expenditures and progress towards achieving management's business objectives and milestones.

Reverse Takeover Transactions — When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

Foreign Accounting Principles — If the Issuer's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, the MD&A must focus on the primary financial statements.

Resource Issuers — If the Issuer has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. If the Issuer has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

US issuers –

(1) If the Issuer is a US issuer, for any MD&A that is included in the Listing Statement, include the disclosure prepared in accordance with subsection (2) if the Issuer:

(a) has based the discussion in the MD&A on financial statements prepared in accordance with U.S. GAAP, and

(b) is required by subsection 4.1(1) of NI 52-107 to provide a reconciliation to Canadian GAAP.

(2) In the disclosure required under subsection (1) restate, based on financial information of the Issuer prepared in accordance with, or reconciled to, Canadian GAAP, those parts of the MD&A that are based on financial statements of the Issuer prepared in accordance with U.S. GAAP, and would contain material differences if they were based on financial statements of the Issuer prepared in accordance with Canadian GAAP.

Annual MD&A

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

Please refer to the annual MD&A attached to the Prospectus.

6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

- (a) operating segments that are reportable segments as those terms are used in the Handbook;

Please refer to the annual MD&A attached to the Prospectus.

- (b) other parts of the business if
 - (i) they have a disproportionate effect on revenues, income or cash needs, or
Please refer to the annual MD&A attached to the Prospectus.
 - (ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;
Please refer to the annual MD&A attached to the Prospectus.

- (c) industry and economic factors affecting the Issuer's performance;

Please refer to the annual MD&A attached to the Prospectus.

- (d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and
Please refer to the annual MD&A attached to the Prospectus.

- (e) the effect of discontinued operations on current operations.
Please refer to the annual MD&A attached to the Prospectus.

Instruction:

- (1) When explaining changes in the Issuer's financial condition and results, include an analysis of the effect on the Issuer's continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.
- (2) Financial condition includes the Issuer's financial position (as shown on the balance sheet) and other factors that may affect the Issuer's liquidity and capital resources.
- (3) Include information for a period longer than one financial year if it will help the reader to better understand a trend.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

Please refer to the annual MD&A attached to the Prospectus.

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

Please refer to the annual MD&A attached to the Prospectus.

(c) net income or loss, in total and on a per-share and diluted per-share basis;

Please refer to the annual MD&A attached to the Prospectus.

(d) total assets;

Please refer to the annual MD&A attached to the Prospectus.

(e) total long-term financial liabilities; and

Please refer to the annual MD&A attached to the Prospectus.

(f) cash dividends declared per-share for each class of share.

Please refer to the annual MD&A attached to the Prospectus.

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Please refer to the annual MD&A attached to the Prospectus.

Instruction: Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to

Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

- (a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

Please refer to the annual MD&A attached to the Prospectus.

- (b) any other significant factors that caused changes in net sales or total revenues;

Please refer to the annual MD&A attached to the Prospectus.

- (c) cost of sales or gross profit;

Please refer to the annual MD&A attached to the Prospectus.

- (d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

Please refer to the annual MD&A attached to the Prospectus.

- (e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

Please refer to the annual MD&A attached to the Prospectus.

- (f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

Please refer to the annual MD&A attached to the Prospectus.

- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including

net sales, total revenue and income or loss before discontinued operations and extraordinary items;

Please refer to the annual MD&A attached to the Prospectus.

- (h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

Please refer to the annual MD&A attached to the Prospectus.

- (i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

Please refer to the annual MD&A attached to the Prospectus.

- (j) unusual or infrequent events or transactions.

Please refer to the annual MD&A attached to the Prospectus.

Instruction: The discussion under Item 6.5(d) should include:

- a) whether or not management plans to expend additional funds on the project; and
- b) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

- (a) net sales or total revenues;

Please refer to the annual MD&A attached to the Prospectus.

- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

Please refer to the annual MD&A attached to the Prospectus.

- (c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Please refer to the annual MD&A attached to the Prospectus.

Instruction:

- (1) The most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year. Information does not have to be provided for a quarter prior to the Issuer becoming a reporting issuer if the Issuer has not prepared financial statements for those quarters.
- (2) For sections 6.2, 6.3, 6.4 and 6.5 consider identifying, discussing and analyzing the following factors:
 - a) changes in customer buying patterns, including changes due to new technologies and changes in demographics;
 - b) changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;
 - c) changes in competition, including an assessment of the Issuer's resources, strengths and weaknesses relative to those of its competitors;
 - d) the effect of exchange rates;
 - e) changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;
 - f) changes in production capacity, including changes due to plant closures and work stoppages;
 - g) changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues;
 - h) changes in the terms and conditions of service contracts;
 - i) the progress in achieving previously announced milestones; and
 - j) for resource Issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.
- (3) Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

Please refer to the annual MD&A attached to the Prospectus.

- (b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

Please refer to the annual MD&A attached to the Prospectus.

- (c) its working capital requirements;

Please refer to the annual MD&A attached to the Prospectus.

- (d) liquidity risks associated with financial instruments;

Please refer to the annual MD&A attached to the Prospectus.

- (e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

Please refer to the annual MD&A attached to the Prospectus.

- (f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

Please refer to the annual MD&A attached to the Prospectus.

- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

Please refer to the annual MD&A attached to the Prospectus.

- (h) defaults or arrears or anticipated defaults or arrears on
 - (i) dividend payments, lease payments, interest or principal payment on debt,
Please refer to the annual MD&A attached to the Prospectus.
 - (ii) debt covenants during the most recently completed financial year, and
Please refer to the annual MD&A attached to the Prospectus.
 - (iii) redemption or retraction or sinking fund payments; and
Please refer to the annual MD&A attached to the Prospectus.
- (i) details on how the Issuer intends to cure the default or arrears.

Please refer to the annual MD&A attached to the Prospectus.

Instruction:

- (1) In discussing the Issuer’s ability to generate sufficient amounts of cash and cash equivalents, describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.
- (2) In discussing trends or expected fluctuations in the Issuer’s liquidity and liquidity risks associated with financial instruments, discuss
 - (a) provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment (examples of such situations are provisions linked to credit rating, earnings, cash flows or share price); and
 - (b) circumstances that could impair the Issuer’s ability to undertake transaction considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.
- (3) In discussing the Issuer’s working capital requirements, discuss situations where the Issuer must maintain significant inventory to meet customers’ delivery requirements or any situations involving extended payment terms.
- (4) In discussing the Issuer’s balance sheet conditions or income or cash flow items consider a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. This summary and table is not, however, mandatory. An example of a table that can be adapted to the Issuer’s particular circumstances follows:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt					
Capital Lease Obligations					
Operating Leases					
Purchase Obligations ¹					
Other Long Term Obligations ²					
Total Contractual Obligations					

¹ “Purchase Obligation” means an agreement to purchase goods or services that is enforceable and legally binding on the Issuer that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

² “Other Long Term Obligations” means other long-term liabilities reflected on the Issuer’s balance sheet.

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of the Issuer’s specified contractual obligations.

6.8 Capital Resources - Provide an analysis of the Issuer’s capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

Please refer to the annual MD&A attached to the Prospectus.

(ii) the expected source of funds to meet these commitments, and

Please refer to the annual MD&A attached to the Prospectus.

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

Please refer to the annual MD&A attached to the Prospectus.

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

Please refer to the annual MD&A attached to the Prospectus.

(c) sources of financing that the Issuer has arranged but not yet used.

Please refer to the annual MD&A attached to the Prospectus.

Instruction:

- (1) Capital resources are financing resources available to the Issuer and include debt, equity and any other financing arrangements that management reasonably considers will provide financial resources to the Issuer.
- (2) In discussing the Issuer's commitments management should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the

arrangements, and the key terms and conditions associated with any commitments, including:

- (a) a description of the other contracting part(ies);

Please refer to the annual MD&A attached to the Prospectus.

- (b) the effects of terminating the arrangement;

Please refer to the annual MD&A attached to the Prospectus.

- (c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

Please refer to the annual MD&A attached to the Prospectus.

- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

Please refer to the annual MD&A attached to the Prospectus.

- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Instruction:

- (1) Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with the Issuer, under which the Issuer has
 - (a) any obligation under certain guarantee contracts;
 - (b) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;
 - (c) any obligation under certain derivative instruments; or
 - (d) any obligation under a material variable interest held by the Issuer in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Issuer, or engages in leasing, hedging or, research and development services with the Issuer.
- (2) Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.
- (3) Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from

- the previous year where such discussion is necessary to understand the disclosure.
- (4) The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

Please refer to the annual MD&A attached to the Prospectus.

Instruction: In discussing the Issuer's transactions with related parties, the discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of each transaction's business purpose and economic substance. Management should discuss:

- (a) the relationship and identify the related person or entities;
- (b) the business purpose of the transaction;
- (c) the recorded amount of the transaction and the measurement basis used; and
- (d) any ongoing contractual or other commitments resulting from the transaction.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

Please refer to the annual MD&A attached to the Prospectus.

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

Please refer to the annual MD&A attached to the Prospectus.

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

- (a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

- (i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

Please refer to the annual MD&A attached to the Prospectus.

- (ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

Please refer to the annual MD&A attached to the Prospectus.

- (iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

Please refer to the annual MD&A attached to the Prospectus.

- (iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

Please refer to the annual MD&A attached to the Prospectus.

- (b) for any accounting policies that management has initially adopted during the most recently completed financial year,

- (i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

Please refer to the annual MD&A attached to the Prospectus.

- (ii) describe the accounting principle that has been adopted and the method of applying that principle,

Please refer to the annual MD&A attached to the Prospectus.

- (iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

Please refer to the annual MD&A attached to the Prospectus.

- (iv) if the Issuer is permitted a choice among acceptable accounting principles,

Please refer to the annual MD&A attached to the Prospectus.

- (A) state that management made a choice among acceptable alternatives,
 - (B) identify the alternatives,
 - (C) describe why management made the choice that you did, and
 - (D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and
- (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

Please refer to the annual MD&A attached to the Prospectus.

Instruction: Management does not have to present the discussion under paragraph 6.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

- (a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

Please refer to the annual MD&A attached to the Prospectus.

- (b) describe and analyze the risks associated with the instruments;

Please refer to the annual MD&A attached to the Prospectus.

- (c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

Please refer to the annual MD&A attached to the Prospectus.

- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

Please refer to the annual MD&A attached to the Prospectus.

- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

Please refer to the annual MD&A attached to the Prospectus.

Instruction:

- (1) "Other instruments" are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.
- (2) The discussion under paragraph 6.14(a) should enhance a reader's understanding of the significance of recognized and unrecognized instruments on the Issuer's financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.
- (3) For purposes of paragraph 6.14(c), if the Issuer is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing the Issuer's exposure to price risk.
- (4) For purposes of paragraph 6.14(d), disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.

Interim MD&A

6.15 Date - Specify the date of the interim MD&A.

Please refer to the interim MD&A attached to the Prospectus.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

Please refer to the interim MD&A attached to the Prospectus.

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

Please refer to the interim MD&A attached to the Prospectus.

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

Please refer to the interim MD&A attached to the Prospectus.

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Please refer to the interim MD&A attached to the Prospectus.

Instruction:

- (1) For the purposes of paragraph (b), do not duplicate the discussion and analysis of financial condition in the annual MD&A. For example, if economic and industry factors are substantially unchanged the interim MD&A may make a statement to this effect.
- (2) For the purposes of subparagraph (a)(i), you should generally give prominence to the current quarter.
- (3) In discussing the Issuer's balance sheet conditions or income or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 6.7. Instead, you should

- disclose material changes in the specified contractual obligations during the interim period that are outside the ordinary course of the Issuer's business.
- (4) Interim MD&A is not required for the Issuer's fourth quarter as relevant fourth quarter content will be contained in the Issuer's annual MD&A.

6.17 Additional Disclosure for Issuers without Significant Revenue:

- (a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

Please refer to the interim MD&A attached to the Prospectus.

- (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administration expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and
- (c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

6.18 Description of Securities:

Please refer to the interim MD&A attached to the Prospectus.

- (a) disclose the designation and number or principal amount of:
- (i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,
 - (ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into,

or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

- (b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and
- (c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

6.19 Provide Breakdown:

Please refer to the interim MD&A attached to the Prospectus.

- (a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:
- (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administrative expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and
- (c) provide the disclosure in subsection (a) for the following periods:
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- (i) the two most recently completed financial years, and
- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

- 6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

Please refer to the interim MD&A attached to the Prospectus.

the period of time the proceeds raised are expected to fund operations;

the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

the estimated amount of other material capital expenditures during that period of time.

- 6.21 Additional disclosure for Issuers with significant equity investees:

Please refer to the interim MD&A attached to the Prospectus.

if the Issuer has a significant equity investee

- (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and
- (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

- (i) the two most recently completed financial years, and
- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

- (i) the information required under that subsection has been disclosed in the financial statements included, or
- (ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

7. Market for Securities

- 7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

The Issuer's securities are not listing on any exchange yet. The Issuer is applying for a listing on the CSE.

8. Consolidated Capitalization

- 8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

There was no material change in the share and loan capital of the Issuer, on a consolidated basis, since the date of the Issuer's financial statements for its most recently completed financial period included in the Prospectus. The following table sets forth the consolidated capitalization of the Issuer as at the dates indicated.

Description	Outstanding as at May 31, 2021	Outstanding as at the date hereof
Common Shares	103,854,731 ⁽¹⁾	125,619,492 ⁽²⁾
Share Capital	\$7,598,122	\$11,894,985
Subscription Receipts	10,612,262	0
Warrants	-	7,682,381 ⁽³⁾
Broker Warrants	136,700	136,700
Options ⁽⁴⁾	8,150,000	8,150,000
Subscription Receipts Underlying Warrants	6,856,131	0
Long-term debt	\$0	\$0

Notes:

- (1) It includes one (1) Class B common share.
- (2) The change in the total number of common shares is due to the issuance of 2,000,000 shares to New Age Ventures LLC and 4,000,000 shares to NAN in exchange for the grant of license to use NAN's technology; the issuance of 400,000 in finders fees; the conversion of 13,712,262 subscription receipts into common shares; and the issuance of 1,652,000 shares for the closing of the Units private placement on October 6, 2021.

- (3) Warrants issued on August 20, 2021 and October 6, 2021 under the Units Private Placement, and warrants issued upon the conversion of subscription receipts into common shares
- (4) Options have been allocated, but not granted. The Options grant will be effective upon listing of the Issuer's shares on the Exchange.

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

The Issuer granted the following options to its directors, officers, employees and consultants pursuant to a stock option plan which will only be effective upon listing of the Issuer's shares on the CSE:

Optionee	Title	# of Options	Exercise Price	Vesting
Rodrigo Gallardo	President	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Antonio Grimaldo	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Robert Giustra	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Jordi Chemonte	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Todd Dalotto	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Jorge Martinez	COO	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Andrew Yau	CFO	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Daniela Freitas	Corporate Secretary	250,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Mauricio Pieschacon	Master Grower	250,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Casper Hendrik Van Duijne	Director of Operations	200,000	\$0.20	Upon the award of one of the two Dutch trial licenses to the Company.
Danielle Sweeting	Executive Assistant	100,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Ivonne Maldonado	Accounting Assistant	100,000	\$0.20	Upon listing.
Sean Mitchel	Consultant	100,000	\$0.20	Upon listing.
Ivan Bustos	Colombia Coordinator	50,000	\$0.20	Upon listing.
Diego Chigachi	Senior Agronomist	50,000	\$0.20	Upon listing.
Jean-Pierre Ronderos	Junior Agronomist	50,000	\$0.20	Upon listing.
TOTAL		8,150,000		

The Issuer has a stock option plan enabling it to issue stock options to its employee, directors or officers.

Instruction:

- (1) Describe the options, stating the material provisions of each class or type of option, including:
 - (a) the designation and number of the securities under option;
 - (b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;
 - (c) if reasonably ascertainable, the market value of the securities under option on the date of grant;
 - (d) if reasonably ascertainable, the market value of the securities under option on the specified date; and
 - (e) with respect to options referred to in paragraph (f) of Item 9.1, the particulars of the grant including the consideration for the grant.
- (2) For the purposes of item (f) of section 9.1, provide the information required for all options except warrants and special warrants.

10. Description of the Securities

- 10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

Please refer to the “Description of Securities” section in the attached Prospectus.

- a) dividend rights;
 - b) voting rights;
 - c) rights upon dissolution or winding-up;
 - d) pre-emptive rights;
 - e) conversion or exchange rights;
 - f) redemption, retraction, purchase for cancellation or surrender provisions,
 - g) sinking or purchase fund provisions;
 - h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
 - i) provisions requiring a securityholder to contribute additional capital.
- 10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

None.

- (a) provisions for interest rate, maturity and premium, if any;
- (b) conversion or exchange rights;
- (c) redemption, retraction, purchase for cancellation or surrender provisions,
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;
- (g) the name of the trustee under any indenture relating to the Issuer and
- (h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

None.

10.5 Modification of terms:

None.

- (a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and
- (b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

10.6 Other attributes:

N/A

- (a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed,

include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

- (b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

Please refer to the “Prior Sales” section in the attached Prospectus.

Instruction: In the case of sales by a Related Person, the information required under section 10.7 may be given in the form of price ranges for each calendar month.

10.8 Stock Exchange Price:

N/A.

- a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;
- b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and
- c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

11. Escrowed Securities

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

Please refer to the “Escrowed Securities” section in the attached Prospectus.
ESCROWED SECURITIES

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common Shares	110,799,909	88.20%

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

Please refer to the List of Security Holders attached hereto.

- (a) Name;
 - (b) The number or amount of securities owned of the class to be listed;
 - (c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and
 - (d) The percentages of each class of securities known by the Issuer to be owned.
- (2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.
- (3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.
- (4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including

any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

- (5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Instruction: If a company, partnership, trust or other unincorporated entity is a principal shareholder of an Issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company or membership in the partnership, as the case may be, is a principal shareholder of the company or partnership.

13 Directors and Officers

- 13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

Instruction: If, during the period, a director or officer has held more than one position with the Issuer or the Issuer's controlling shareholder or a subsidiary of the Issuer, state only the current position held.

- 13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- 13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

Instruction: Securities of subsidiaries that are beneficially owned, directly or indirectly, or over which control or direction is exercised by directors or executive officers through ownership or control or direction over securities of the Issuer do not need to be included.

- 13.4 Disclose the board committees of the Issuer and identify the members of each committee.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- 13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- 13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
 - (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
 - (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
 - (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.
- 13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
 - (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.
- 13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.
- 13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- 13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.
- 13.11 Management — In addition to the above provide the following information for each member of management:

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- (a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;
- (b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;

- (c) state whether the individual is an employee or independent contractor of the Issuer;
- (d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:
 - (i) its name and principal business,
 - (ii) if applicable, that the organization was an affiliate of the Issuer,
 - (iii) positions held by the individual, and
 - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the Issuer's industry; and
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Instruction:

- (1) For purposes of this Item "management" means all directors, officers, employees and contractors whose expertise is critical to the Issuer, its subsidiaries and proposed subsidiaries in providing the Issuer with a reasonable opportunity to achieve its stated business objectives.
- (2) The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Please refer to the “Consolidated Capitalization” section in the attached Prospectus and the Annual MD&A.

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>	91,351,397	99,120,478	72.72%	70.01%

Total outstanding (A)	125,619,492	141,588,573		
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	34,268,095	42,468,095	27.28%	29.99%
Total Public Float (A-B)	91,351,397	99,120,478	72.72%	70.01%
<u>Freely-Tradeable Float</u>	12,939,082	18,381,913	10.30%	12.98%
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	112,680,410	123,206,660	89.70%	87.02%
Total Tradeable Float (A-C)	12,939,082	18,381,913	10.30%	12.98%

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	240	91,351,397

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	252	91,351,397
Unable to confirm	Nil	Nil

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	14	34,268,095

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Broker warrants convertible into common shares at an exercise price of \$0.20 per share with expiry date on April 12, 2023. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days.	23,700	23,700

Broker Units entitling the holder to purchase 1 common share and one-half warrant per unit at an exercise price of \$0.20 per Unit, with expiry date on May 27, 2023. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days. Each whole underlying warrant will entitle the holder to acquire one common share at an exercise price of \$0.35 for a period of one year from the date of issuance.	113,000	113,000
Warrants entitling the holder to acquire 1 common share per warrant at an exercise price of \$0.35 per share until April 12, 2022. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days.	2,050,000	2,050,000
Warrants entitling the holder to acquire 1 common share per warrant at an exercise price of \$0.35 per share until May 27, 2022. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days.	3,256,131	3,256,131
Warrants entitling the holder to acquire 1 common share per warrant at an exercise price of \$0.35 per share until July 26, 2022. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days.	1,050,000	1,050,000
Warrants entitling the holder to acquire 1 common share per warrant at an exercise price of \$0.35 per share until August 4, 2022. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days.	662,500	662,500
Warrants entitling the holder to acquire 1 common share per warrant at an exercise price of \$0.35 per share until October 6,	163,750	163,750

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2022. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days.		
Warrants entitling the holder to acquire 1 common share per warrant at an exercise price of \$0.35 per share until August 24, 2022. The Company will be entitled to accelerate the expiry date should closing price of shares on CSE, if listed, be at or greater than \$0.50 per share for 10 consecutive trading days.	500,000	500,000
Stock Options exercisable at \$0.20 per share	8,150,000	8,150,000

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Please refer to the “Executive Compensation” section of the attached Prospectus.

16. Indebtedness of Directors and Executive Officers

Please refer to the “Indebtedness of Directors and Executive Officers” section of the attached Prospectus.

16.1 Aggregate Indebtedness

- (1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:
- (a) a purchase of securities; and
 - (b) all other indebtedness.
- (2) Report separately the indebtedness to:
- (a) the Issuer or any of its subsidiaries (column (b)); and

AGGREGATE INDEBTEDNESS (\$)					
Purpose	To the Issuer or its Subsidiaries	To Another Entity			
(a)	(b)	(c)			
Share purchases					
Other					

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

- (3) “Support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] (\$)	Amount Outstanding as at [the date of the Form] (\$)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

- (1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,
- (a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or
 - (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a

director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

- (a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:
 - (i) the nature of the transaction in which the indebtedness was incurred,
 - (ii) the rate of interest,
 - (iii) the term to maturity,
 - (iv) any understanding, agreement or intention to limit recourse, and
 - (v) any security for the indebtedness;
- (b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and

- (c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

Instruction:

- (1) For purposes of this item, the following interpretation applies to the term "routine indebtedness":
 - (a) A loan, whether or not in the ordinary course of business, is considered as routine indebtedness if made on terms, including terms relating to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the Issuer to employees generally unless the amount at any time during the last completed financial year remaining unpaid under the loans to any one director or executive officer together with his or her associates exceeds \$25,000, in which case the indebtedness is not routine;
 - (b) A loan made by an Issuer to a director or executive officer, whether or not the Issuer makes loans in the ordinary course of business, is routine indebtedness if:
 - (i) the borrower is a full-time employee of the Issuer or a subsidiary of the Issuer,
 - (ii) the loan is fully secured against the residence of the borrower, and
 - (iii) the amount of the loan does not exceed the annual aggregate salary of the borrower from the Issuer and its subsidiaries;
 - (c) If the Issuer makes loans in the ordinary course of business, a loan to a person or company other than a full-time employee of the Issuer or of a subsidiary of the Issuer is routine indebtedness, if the loan:
 - (i) is made on substantially the same terms, including terms relating to interest rate and security, as are available when a loan is made to other customers of the Issuer with comparable credit ratings, and
 - (ii) involves no greater than usual risks of collectability; and
 - (d) Indebtedness for purchases made on usual trade terms, for ordinary travel or expense advances or for loans or advances made for similar purposes is routine indebtedness if the repayment arrangements are in accordance with usual commercial practice.
- (2) For purposes of this item, "support agreement" includes an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.
- (3) No disclosure need be made under this item of indebtedness that has been entirely repaid on or before the date of the Listing Statement.

17. Risk Factors

Please refer to the "Risk Factors" section of the attached Prospectus.

- 17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political

conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

- 17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.
- 17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

Instruction: Disclose risks in the order of seriousness from the most serious to the least serious. A risk factor must not be de-emphasized by including excessive caveats or conditions.

18. Promoters

Instruction: In this Part, "promoter" includes any person performing Investor Relations Activities (as defined in the Policies) for the Issuer.

Please refer to the "Promoters" section of the attached Prospectus.

- 18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:
- (a) the person or company's name;
 - (b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;
 - (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and
 - (d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

- (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and
- (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

- a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:
 - (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
 - (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.
- (5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

Instruction: *The disclosure required by sections 18.2(2), 18.2(4) and 18.2(5) also applies to any personal holding companies of any of the persons referred to in sections 18.2(2), 18.2(4), and 18.2(5).*

- 1. A management cease trade order which applies to a promoter referred to in section 18.1 is an “order” for the purposes of section 18.2(2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*
- 2. For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a “penalty or sanction”. The disclosure in section 18.2(2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The Issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued*

19. Legal Proceedings

Please refer to the “Legal Proceedings and Regulatory Actions” section of the attached Prospectus.

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Instruction: No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 per cent of the current assets of the Issuer and its subsidiaries on a consolidated basis. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings shall be included in computing the percentage.

19.2 Regulatory actions - Describe any:

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. Interest of Management and Others in Material Transactions

Please refer to “Interest of Management and Others in Material Transactions” section in the attached Prospectus.

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

- (a) any director or executive officer of the Issuer;

- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

Instruction:

- (1) The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.
- (2) Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the Issuer.
- (3) For any transaction involving the purchase of assets by or sale of assets to the Issuer or a subsidiary of the Issuer, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.
- (4) This item does not apply to any interest arising from the ownership of securities of the Issuer if the security holder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.
- (5) Information must be included as to any material underwriting discounts or commissions upon the sale of securities by the Issuer if any of the specified persons or companies were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.
- (6) No information need be given in answer to this item as to a transaction, or an interest in a transaction, if
 - (a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;
 - (b) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;
 - (c) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services; or
 - (d) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the Issuer or its subsidiaries.
- (7) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company furnishing the services to the Issuer or its subsidiaries.

21. Auditors, Transfer Agents and Registrars

Please refer to the “Auditor” and “Transfer Agent and Registrar” sections of the attached Prospectus.

- 21.1 State the name and address of the auditor of the Issuer.
- 21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

22. Material Contracts

Please refer to the material contracts filed under the Issuer’s SEDAR profile and referenced in the attached Prospectus.

- 22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

Instruction:

- (1) The term "material contract" for this purpose means a contract that can reasonably be regarded as material to a proposed investor in the securities being listed and may in some circumstances include contracts with a person or company providing the Issuer with promotional or investor relations services.
- (2) Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in Listing Statement and provide particulars about those material contracts for which particulars are not given elsewhere in the Listing Statement.
- (3) Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.

- 22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

23 Interest of Experts

Please refer to the “Expert” section in the attached Prospectus.

- 23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing

Statement or prepared or certified a report or valuation described or included in the Listing Statement.

- 23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.
- 23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.
- 23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

24. Other Material Facts

Please refer to the “Other Material Facts” section in the attached Prospectus.

- 24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. Financial Statements

Please refer to financial statements attached to the Prospectus.

- 25.1 Provide the following audited financial statement for the Issuer:
- (a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and
 - (b) a copy of financial statements for any completed interim period of the current fiscal year.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

- (a) the information required in sections 5.1 to 5.3 for the target;
- (b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;
- (c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:
 - (i) the last full fiscal year of the Issuer, and
 - (ii) any completed interim period of the current fiscal year.

CERTIFICATE OF XEBRA BRANDS LTD.

Dated: October 13, 2021

Pursuant to a resolution duly passed by its Board of Directors, Xebra Brands Ltd., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Xebra Brands Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made..

(Signed) "Rodrigo Gallardo"

Rodrigo Gallardo
Interim CEO

Andrew
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) "Robert Giustra"

Robert Giustra
Director

(Signed) "Jordi Chemonte"

Jordi Chemonte
Director

PROMOTERS

(Signed) "Robert Giustra"

Robert Giustra
Promoter

(Signed) "Rodrigo Gallardo"

Rodrigo Gallardo
Promoter

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This non-offering prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. This non-offering prospectus does not constitute a public offering of securities.

PROSPECTUS

Non-Offering Prospectus

September 30, 2021



XEBRA BRANDS LTD.

No securities are being offered pursuant to this Prospectus

This non-offering prospectus (the “**Prospectus**”) of Xebra Brands Ltd. (“**Xebra**”, the “**Company**” or the “**Issuer**”) is being filed with the British Columbia Securities Commission (the “**BCSC**”) for the purposes of the Company becoming a reporting Issuer pursuant to applicable securities legislation in the Province of British Columbia and allowing Xebra to comply with *Policy 2 – Qualifications for Listing* of the Canadian Securities Exchange (the “**CSE**”) in order for Xebra to meet one of the eligibility requirements for the listing of its common shares (the “**Common Shares**”) on the CSE (the “**Listing**”). Upon the final receipt of this Prospectus by the BCSC, the Company will become a reporting Issuer in British Columbia. As no securities are being sold pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Issuer from its general funds.

The Company applied to list its Common Shares on the CSE under the symbol “XBRA”. Listing on the CSE is subject to the Company fulfilling all of the listing requirements of the CSE including meeting all minimum requirements. The CSE has not conditionally approved the Company’s listing application and there is no assurance that it will do so.

As at the date of this Prospectus, the Issuer has not had any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequis NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

There is currently no market through which the securities of the Issuer may be sold. This may affect the pricing of the Issuer’s securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Issuer’s securities, and the extent of Issuer regulation. See “Risk Factors”.

No underwriter has been involved in the preparation of this Prospectus or performed any review or independent due diligence investigations in respect of the contents of this Prospectus.

Antonio Grimaldo, Jordi Chemonte, and Todd Dalotto, directors of Xebra, reside outside of Canada, and have appointed McMillan LLP of Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7, as their agent for service of process in Canada. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

An investment in the securities of the Issuer should be considered highly speculative and involves a high degree of risk that should be considered by potential investors. The risk factors included in this prospectus should be reviewed carefully and evaluated by prospective purchasers of securities. See “Risk Factors” and “Note Regarding Forward-Looking Information”.

Prospective investors should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide you with different information. Readers should assume that the information appearing in this Prospectus is

accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

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ABOUT THIS PROSPECTUS

Prospective investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of an investment in the Common Shares.

The Issuer is not offering to sell securities under this Prospectus. An investor should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to exclude others. The Issuer has not authorized anyone to provide any information to make representations in connection with the transactions described herein other than those contained in this Prospectus. The Issuer has not authorized anyone to provide potential investors with additional or different information from what is contained herein. If anyone provides a prospective investor with additional, different or inconsistent information, including statements in the media about the Issuer, such information should not be relied on. The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus. The Issuer's business, financial condition, results of operation, and prospects may have changed since the date of this Prospectus.

Unless otherwise noted or the context indicates otherwise, "we", "us", "our", the "Company" or "Xebra" refer to Xebra Brands Ltd., a company incorporated under the laws of the Province of British Columbia and, where applicable, our subsidiaries: Elements Biosciences SAPI de CV, Sativa Group Biosciences SAPI de CV, Medicannabis S.A.S., Desart MX, SA de CV, Xebra Brands Mexico S.A. de CV, Xebra Brands Europe BV, Bleuflor Logistics Ltd., and Bleuflor Logistica SAS.

NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information that reflects expectations of the Issuer's management (the "**Management**") regarding the Issuer's future growth, results of operations, performance and business prospects and opportunities. Often, but not necessarily always, words such as "will", "should", "additional", "affect", "anticipate", "be required", "believe", "budget", "contemplate", "continue", "could", "does not expect", "effect", "estimate", "expect", "intend", "is expected", "may", "plan", "planned", "potential", "target", "predict", "project", "prospects", "results", "will exist" and similar expressions have been used to identify forward-looking information. This information reflects Management's current beliefs and is based on information currently available to Management. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Xebra as of the dates of this Prospectus, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors, including those listed in the "*Risk Factors*" section of this Prospectus, could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, Xebra's ability to successfully execute its business plan or business model; its ability to provide economic, environmental, social, or any benefits of any type, in the communities it operates in or may operate it in the future; its ability to be a first mover in a country, or to obtain or retain government licenses, permits or authorizations in general, specifically in Mexico, Colombia, Canada, the Netherlands, or elsewhere; its ability to raise capital and fund its ongoing operations; its ability to list its shares on a stock exchange or attain a public listing, its ability to successfully apply for and obtain trademarks and other intellectual property in any jurisdiction; its ability to be cost competitive; its ability to cultivate, grow, or process hemp or cannabis in Mexico, Colombia, Canada, the Netherlands, or elsewhere; its ability to manufacture cannabis beverages, wellness products, or other products; its ability to commercialize or sell cannabis beverages, wellness products, or other products, in Mexico, Colombia, Canada, the Netherlands, or elsewhere; its ability to commercialize or to sell Vicious Citrus Lemonade in 2021 or at any time, in any jurisdiction; its ability to commercialize or to sell Elements wellness products in Mexico, in Colombia, or in any jurisdiction in 2021 or at any time; its ability to make cannabis beverages that taste good; its ability to create wellness products that have a therapeutic effect or benefit; plans for future growth and the direction of the business; financial projections including expected revenues, gross profits, and EBITDA (which is a non-GAAP financial measure); plans to increase product volumes, the capacity of existing facilities, supplies from third party growers and contractors; expected growth of the cannabis industry generally; management's expectations, beliefs and assumptions; events or developments that Xebra expects to take place in the future; and general economic conditions; the inability of Xebra to generate sufficient revenues or to raise sufficient funds to carry out its business plan; the inability of Xebra to list its shares for trading on a stock exchange; changes in government legislation, taxation, controls, regulations and political or economic developments in various countries; risks associated with agriculture and cultivation activities generally, including inclement weather, access to supply of seeds, poor crop yields, and spoilage; compliance with import and export laws of various countries; significant fluctuations in cannabis prices and transportation costs; the risk of obtaining necessary licenses and permits; inability to identify, negotiate and complete a potential acquisition for any reason; the ability to retain key employees; dependence on third parties for services and supplies; non-performance by contractual counter-parties; general economic conditions; and the continued growth in global demand for cannabis products and the continued increase in jurisdictions legalizing cannabis; and the timely receipt of regulatory approval for license applications.

The foregoing list is not exhaustive, and Xebra undertakes no obligation to update or revise any of the foregoing except as required by law. Many of these uncertainties and contingencies could affect XEBRA's actual performance and cause its actual performance to differ materially from what has been expressed or implied in any forward-looking statements made by, or on behalf of, XEBRA.

Readers are cautioned that forward-looking statements are not guarantees of future performance, and readers should not place undue reliance on such forward-looking statements

There can be no assurance that forward-looking information in this Prospectus will prove accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this Prospectus. The Issuer does not assume an obligation to update or revise it to reflect new events or circumstances unless otherwise required under applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

GENERAL DISCLOSURE INFORMATION

The Issuer is not offering to sell securities under this Prospectus. An investor should rely only on the information contained in this Prospectus. Prospective investors should read this entire Prospectus and consult their professional advisors to assess the income tax, legal, risk factors and other aspects of an investment in the Common Shares.

Currency and Certain Information

Unless otherwise indicated or the context otherwise requires, all dollar amounts contained in this Prospectus are in Canadian dollars. Aggregated figures in graphs, charts, and tables in this Prospectus may not add up due to rounding. Historical statistical data and/or historical returns do not necessarily indicate future performance. Unless stated otherwise, the market and industry data contained in this Prospectus is based upon information from industry and other publications and the knowledge of management and experience of the Issuer in the markets in which the Issuer operates. While Management believes this data is reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties in any statistical survey. The Issuer has not independently verified any of the data from third-party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources.

Words importing the singular number include the plural and vice versa, and words importing any gender, or the neuter include both genders and the neuter.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third-party sources, including industry publications. The Issuer believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable. Still, there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third-party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

TRADEMARKS AND TRADE NAMES

This Prospectus contains trademarks and trade names such as “HOLAHI”, “It’s High Time”, “HOLAHIGH”, “HOLA-HIGH”, “HOLAHAI”, “HOLA-HAI”, “HOLA-HI”, “MADCAP”, “Crazy Good”, “Knock Yourself Out”, “It’s a Mad, Mad World”, “HIGHJACK”, “Enjoy the trip”, “HIJACK”, “HAIJACK”, “Take Flavour Hostage”, “Drink Adventure”, “VICIOUS CITRUS”, “Lemonade for Renegades”, “CONQUER”, “Protect”, “XEBRA”, “ELEMENTS BIOSCIENCE”, “ELEMENTS”, “PEACE NATURALS”, “CANACA”, “GRAIL”, “HIGH GENICS”, “KUIDA”, “HIGH CASTLE”, “Drink Like a King”, which are protected under applicable intellectual property laws and are the sole property of Xebra. For convenience, the trademarks and trade names referred to in this Prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate in any way that we will not fully assert - under applicable law - our rights to these trademarks and trade names. All other trademarks used in this Prospectus are the property of their respective owners.

GLOSSARY OF TERMS

In this Prospectus, the following terms shall have the meaning set out below, unless otherwise indicated or the context otherwise required:

“**2019 Dalotto Agreement**” has the meaning ascribed to it under “*Executive Compensation – Employment, Consulting and Management Agreement*”;

“**2020 Dalotto Agreement**” has the meaning ascribed to it under “*Executive Compensation – Employment, Consulting and Management Agreement*”;

“**Aurora**” has the meaning ascribed to it under “*Description of the Business – Regulatory Framework Applicable to the Issuer*”;
 “**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**BCSC**” means the British Columbia Securities Commission;

“**Bedrocan**” has the meaning ascribed to it under “*Description of the Business – Regulatory Framework Applicable to the Issuer*”;
 “**Bill**” has the meaning ascribed to it under “*Corporate Structure – Description of the Business*”;

“**Board**” means the Board of Directors of the Issuer;

“**CBD**” has the meaning ascribed to it under “*Summary of Prospectus - Principal Business of the Issuer*”; “**CEO Agreement**” has the meaning ascribed to it under “*Directors and Officers – Management*”; “**Commission**” has the meaning ascribed to it under “*Corporate Structure – Description of the Business*”; “**Common Shares**” means the common shares in the capital of the Issuer;

“**Company**” means Xebra Brands Ltd. or the Issuer;

“**CSE**” means the Canadian Securities Exchange;

“**Current Services Agreement**” has the meaning ascribed to it under “*Management’s Discussion and Analysis – Related Party Transactions*”;

“**Desart**” means Desart MX, SA de CV;

“**Desart SEA**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Desart Bonus Shares**” has the meaning ascribed to it under “*Description of the Business - History*”; “**Desart Cash Consideration**” has the meaning ascribed to it under “*Description of the Business - History*”; “**Desart Consideration Shares**” has the meaning ascribed to it under “*Description of the Business - History*”; “**Desart Shares**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Distribution Rights**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Dutch Contract**” has the meaning ascribed to it under “*Description of the Business – Regulatory Framework Applicable to the Issuer*”;

“**EBITDA**” means the earnings before interest, taxes, depreciation, and amortization;

“**Elements**” means Elements Bioscience SAPI de CV;

“**Elements SEA**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Escrowed Funds**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;

“**Escrowed Proceeds**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;

“**Escrow Release Conditions**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;

“**FNE**” has the meaning ascribed to it under “*Regulatory Framework Applicable to the Issuer – Colombia*”;

“**Gallardo Consulting Agreement**” has the meaning ascribed to it under “*Executive Compensation – Employment, Consulting and Management Agreement*”;

“**ICA**” means the Colombian Agriculture Institute;

“**INVIMA**” has the meaning ascribed to it under “*Regulatory Framework Applicable to the Issuer – Colombia*”;

“**Library**” refers to Medicannabis’ 144 breeding lines filed as *Fuente Semillera*, which include seed genetics with a broad range of phenotypes, chemotypes, environmental adaptations, and other desirable traits;

“**Listing**” means the listing of the Common Shares on the CSE following receipt for the filing of this Prospectus;

“**Listing Deadline**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Listing Termination**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Management**” means the management of the Issuer;

“**Medicannabis**” means Medicannabis S.A.S.;

“**Mexican Subsidiaries**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**MJL**” means the Colombia Ministry of Justice and Law;

“**Minister**” means the Minister of Health of Canada;

“**NAN**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**NAN Agreement**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Orea**” has the meaning ascribed to it under “*Management’s Discussion and Analysis – Related Party Transactions*”;

“**Organto**” means Organto Foods Inc.;

“**PEA**” means Prueba de Evaluación Agronomica (Agronomical Evaluation);

“**Perfect Plants**” has the meaning ascribed to it under “*Description of the Business – Regulatory Framework Applicable to the Issuer*”;

“**Post Construction Date**” has the meaning ascribed to it under “*Description of the Business - History*”;

“**Private Placement**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;

“**Prospectus**” means this prospectus, prepared in accordance with National Instrument 41-01 – *General Prospectus Requirements*, and any amendments thereto;

“**Quotas**” has the meaning ascribed to it under “*Regulatory Framework Applicable to the Issuer – Colombia*”;

“**Recommendr**” has the meaning ascribed to it under “*Description of the Business – Regulatory Framework Applicable to the Issuer*”;

“**Reduced Services Agreement**” has the meaning ascribed to it under “*Management’s Discussion and Analysis – Related Party Transactions*”;

“**Regulations**” has the meaning ascribed to it under “*Corporate Structure – Description of the Business*”;

“**SADER**” has the meaning ascribed to it under “*Corporate Structure – Description of the Business*”;

“**Sativa**” means Sativa Group Biosciences SAPI de CV;

“**Share Marketing**” has the meaning ascribed to it under “*Description of the Business - History*”;

- “**Share Purchase Agreement**” has the meaning ascribed to it under “*Description of the Business - History*”;
- “**Subscription Receipts**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;
- “**Subscription Receipt Agent**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;
- “**Subscription Receipt Agreement**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;
- “**Supreme Court**” has the meaning ascribed to it under “*Corporate Structure – Description of the Business*”;
- “**Technical Quota Group**” has the meaning ascribed to it under “*Regulatory Framework Applicable to the Issuer – Colombia*”;
- “**Termination Date**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;
- “**UFIA**” means the Colombia’s Unit Financial Information and Analysis;
- “**Underlying Share**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;
- “**Underlying Warrant**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;
- “**Vicious Citrus**” has the meaning ascribed to it under “*Description of the Business*”;
- “**Warrant Expiry Date**” has the meaning ascribed to it under “*Description of the Business – Private Placement*”;
- “**WSO**” has the meaning ascribed to it under “*Description of the Business - History*”;f”WSf
- “**Xebra Cost Sharing Agreement**” has the meaning ascribed to it under “*Management’s Discussion and Analysis – Related Party Transactions*”;
- “**Xebra Europe**” means Xebra Brands Europe BV; and
- “**Xebra Services Agreement**” has the meaning ascribed to it under “*Management’s Discussion and Analysis – Related Party Transactions*”.

Schedules

The following Schedules attached hereto are incorporated herein by reference and form an integral part of this Prospectus:

- A** - Issuer’s unaudited condensed interim consolidated financial statements for the three months ended May 31, 2021;
- B** - Issuer’s Management’s Discussion and Analysis for the three months ended May 31, 2021;
- C** - Issuer’s audited consolidated financial statements for the year ended February 28, 2021;
- D** - Issuer’s Management’s Discussion and Analysis for the year ended February 28, 2021; and
- E** - Audit Committee Charter.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data, and financial statements contained elsewhere in this Prospectus. Certain terms used in this Prospectus are defined in the Glossary of Terms.

General

Xebra was incorporated under the BCBCA under the name “1198365 B.C. LTD.” on February 21, 2019. On April 24, 2019, the company changed its name to “Xebra Brands Ltd.”.

The address of the registered and head office of the Issuer is 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9.

The Issuer’s Common Shares do not currently trade in any stock exchange. The Issuer has eight (8) direct or indirect subsidiaries:

- Elements Bioscience SAPI de CV, incorporated in Mexico on September 14, 2018;
- Sativa Group Biosciences SAPI de CV incorporated in Mexico on September 14, 2018
- Medicannabis S.A.S., incorporated in Colombia on July 11, 2016;
- Desart MX, SA de CV, incorporated in Mexico on April 24, 2007;
- Xebra Brands Mexico S.A. de CV, incorporated in Mexico on September 18, 2019;
- Xebra Brands Europe BV, Incorporated in the Netherlands as Organto Foods Europe B.V. on November 3, 2017, and renamed to Xebra Brands Europe B.V. on February 19, 2020;
- Bleuflor Logistics Ltd., incorporated in British Columbia, Canada under the BCBCA on May 7, 2019; and
- Bleuflor Logistica SAS., incorporated in Colombia on June 10, 2019.

For further details, see “*Corporate Structure*”.

Principal Business of the Issuer

Xebra is a Canadian producer of cannabis products, focusing mainly on the design and delivery of cannabis products in areas ranging from wellness, leisure to beverages for sale globally where cannabis is legal or on a path to legalization. The Company is leveraging its Colombian cannabis cultivation and processing licenses to produce cannabis-infused drinks and wellness brands. Xebra has created several cannabis-infused beverages, including seltzers, soft drinks, iced teas, lemonades, and waters, and is currently developing a cannabidiol (“**CBD**”) sports beverage. Xebra has applied for authorizations to manufacture and sell CBD wellness products in Mexico and has also filed the equivalent of more than 400 trademark applications for the Xebra brands in over

40 countries. To date, the Company has not received any revenue from operations and is considered to be in the startup stage.

For further details, see “*Description of the Business*”.

Funds Available and Use of Funds

This Prospectus is a non-offering prospectus. The Issuer is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds. The Issuer has a pro forma working capital of approximately \$1,863,000 as at August 31, 2021.

Below is a breakdown of amounts raised in the Private Placement and the Unit Private Placement as at the date of this Prospectus, net of related costs:

Description	Securities Issued	25% Proceeds Available	75% Proceeds in Escrow	Total Proceeds	Closing Date
Private Placement - Tranche 1	4,100,000	\$205,000	\$615,000	\$820,000	April 12, 2021
Private Placement - Tranche 2	6,512,262	\$325,613	\$976,839	\$1,302,452	May 27, 2021
Private Placement - Tranche 3	2,100,000	\$105,000	\$315,000	\$420,000	July 27, 2021
Unit Private Placement – Tranche 1	1,325,000	\$0	\$0	\$265,000	August 20, 2021
Private Placement – Tranche 4	1,000,000	\$50,000	\$150,000	\$200,000	August 24, 2021
Unit Private Placement – Tranche 2					

Description	Securities Issued	25% Proceeds Available	75% Proceeds in Escrow	Total Proceeds	Closing Date
Finders' Fees	None	\$0	\$0	(\$22,600)	Paid in April 2021
Finders' Fees	None	\$0	\$0	(\$102,260)	Payable on Listing
Subtotal August 2021	15,037,262	\$685,613	\$2,056,839	\$2,916,592	
Unit Private Placement – Tranche 2	232,500	\$0	\$0	\$12,500	(to be closed)
Subtotal September 2021				\$12,500	
Total	15,269,762			\$2,929,092	

The principal purposes for the use of funds will be as follows:

Item	Cost
Funds Available	
Working capital of the Issuer as at August 31, 2021 ⁽¹⁾	\$1,863,000
September 2021 Financing ⁽²⁾	12,500
Total	\$1,875,500
Principal purposes for the use of available funds	
Shared overhead for 12 months following the filing of this Prospectus	\$90,000
Corporate salaries and wages for 12 months following the filing of this Prospectus	\$66,000
Audit and accounting fees for 12 months following the filing of this Prospectus	\$60,000
Investor relations and promotion	\$217,000
Other administrative costs for 12 months following the filing of this Prospectus	\$346,000
Launch THC infused beverage in Canada	\$119,000
Conduct trial cultivation in Holland	\$581,000
Fund Colombia subsidiary until completion of agronomic evaluations	\$186,000
Fund Mexico subsidiary until grant of Amparo	\$19,000
Total	\$1,684,000

Notes:

(1) Includes 75% of the funds raised in tranches 1, 2, 3 and 4 of the Private Placement, held in escrow by the Escrow Agent, estimated to be released in September. It also includes a portion of the Unit Private Placement Tranche 2 proceeds received in August.

(2) Estimated to close in September 2021. Refer to the breakdown of amounts raised in the private placements.

During the three months ended May 31, 2021 and fiscal year ended February 28, 2021, the Issuer had negative operating cash flows. For a further description of the expected negative cash flows and the potential use of the funds available, please see “*Funds Available and Use of Funds.*”

Xebra has several business objectives and milestones that it plans to achieve in the first twelve months of becoming a listed entity. These objectives and milestones are detailed below and are expected to cost approximately \$905,000.

Objectives & Milestones	Cost
Launch THC infused beverage in Canada	
Production and co-packing	\$105,000
Marketing	\$14,000
Total – Launch THC infused beverage in Canada	\$119,000

Objectives & Milestones	Cost
Conduct trial cultivation in Holland	
Salaries & wages	\$240,000
Facility lease	\$38,000
Facility capital expenditures	\$218,000
Operations	\$85,000
Total – Conduct trial cultivation in Holland	\$581,000
Fund Colombia subsidiary until completion of agronomic evaluations	
Licensing, registration and permitting	\$26,000
Salaries & wages	\$54,000
Professional fees & overhead	\$67,000
Operations	\$39,000
Total – Fund Colombia subsidiary until completion of agronomic evaluations	\$186,000
Fund Mexico subsidiary until grant of Amparo	
Overhead	\$19,000
Total – Fund Mexico subsidiary until grant of Amparo	\$19,000
Total	\$905,000

Unless noted otherwise below, all amounts in the above table are the Company’s best estimate. Production and co-packing costs are based on estimated quotes provided by the service provider. There are no amounts payable to related parties in the above Objectives and Milestones.

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Use of funds will be subject to the discretion of management.

For further details, see “*Funds Available and Use of Funds.*”

Risk Factors

The activities of the Issuer are subject to risks inherent in the cannabis industry, as well as those risks normally encountered in a newly established business, including but not limited to: negative cash flow; lack of adequate capital; liquidity concerns and future financing requirements to sustain operations; dilution; no history of operations and revenues, and no history of earnings or dividends; competition, economic changes; and uninsured risks. There is an additional legal risk associated with the developing regulatory environment in which the Issuer operates. There is currently no public market for the Common Shares and there can be no assurance that an active market for the Common Shares will develop or be sustained after the Listing. The value of the Common Shares is subject to volatility in market trends and conditions generally, notwithstanding any potential success of the Issuer in creating revenues, cash flows or earnings.

For further details, see “*Risk Factors.*”

Selected Consolidated Financial Information

The following selected financial information has been derived from and is qualified in its entirety by the consolidated financial statements of the Company for the year ended February 28, 2021 (audited) and the interim consolidated statements of the Company for the three months ended May 31, 2021 (unaudited) and notes thereto included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto included in Schedule A of this Prospectus. All financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS).

All amounts referred to as being derived from the financial statements of the Company are denoted in Canadian Dollars

Category	Three months ended May 31, 2021 (unaudited)	Year ended February 28, 2021 (audited)
Current assets	\$2,172,224	\$334,222
Total assets	\$5,340,235	\$3,596,516
Current liabilities	\$2,658,381	\$551,828
Total liabilities	\$2,712,538	\$618,854
Shareholders' Equity	\$2,627,697	\$2,977,662
Revenue	\$0	\$0
Net Loss for the period	\$352,661	\$1,881,378
Comprehensive Loss for the period	\$360,465	\$1,913,253
Net Loss Attributable To:		
Shareholders	\$326,823	\$1,860,048
Non-controlling Interest	\$25,838	\$21,330
Comprehensive Loss Attributable To:		
Shareholders	\$335,877	\$1,891,919
Non-controlling interest	\$24,588	\$21,334

For further details, see "*Management's Discussion and Analysis*."

CORPORATE STRUCTURE

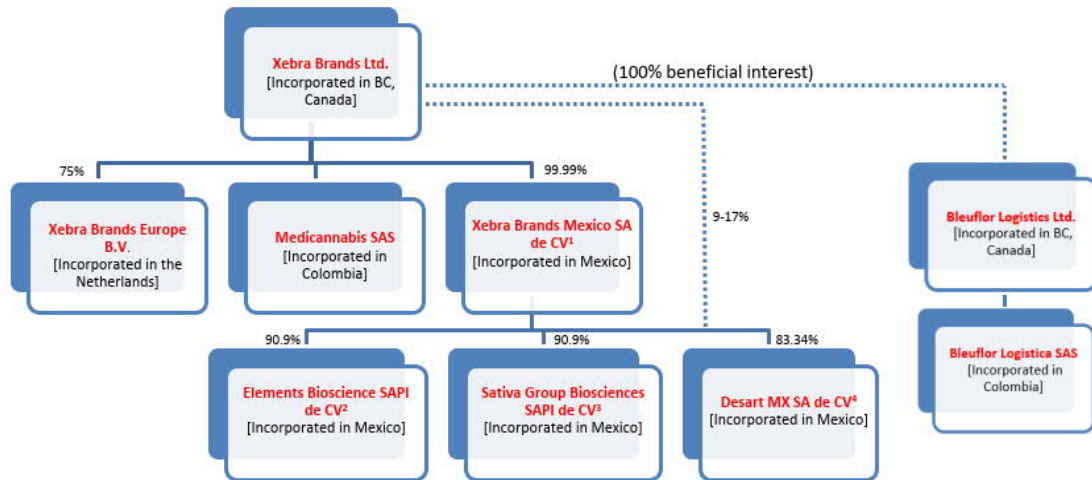
Name, Address and Incorporation

Xebra was incorporated under the BCBCA under the name “1198365 B.C. LTD.” on February 21, 2019. The address of the registered and head office of the Issuer is 1055, West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. The Issuer’s Common Shares do not currently trade in any stock exchange. On April 24, 2019, the Issuer changed its name to Xebra Brands Ltd. The Issuer has eight (8) direct or indirect subsidiaries: Elements Bioscience SAPI de CV, Sativa Group Biosciences SAPI de CV, Medicannabis S.A.S., Desart MX, SA de CV, Xebra Brands Mexico S.A. de CV, Xebra Brands Europe BV, Bleuflor Logistics Ltd., and Bleuflor Logistica SAS.

The Issuer’s Common Shares do not currently trade on any stock exchange.

Intercorporate Relationships of the Issuer

The following diagram summarizes the structure of material subsidiaries of the issuer:



Notes:

- (1) One (1) share being held by Jordi Chemonte to fulfil Mexican regulations.
- (2) Xebra Brands Mexico SA de CV holds 90.9% of the shares, Xebra Brands Ltd holds 9.09% of the shares, one (1) share is held by Sativa Group Biosciences SAPI de CV and one (1) share by Jordi Chemonte to fulfil Mexican regulations.
- (3) Xebra Brands Mexico SA de CV holds 90.9% of the shares, Xebra Brands Ltd holds 9.09% of the shares, one (1) share is held by Desart MX SA de CV, and one (1) share by Jordi Chemonte to fulfil Mexican regulations.
- (4) Xebra Brands Mexico SA de CV holds 83.34% of the shares, Xebra Brands Ltd holds 16.56% of the shares, and Sativa Group Biosciences SAPI de CV holds one share.

DESCRIPTION OF THE BUSINESS

The Issuer is focused on cannabis cultivation and products, with global brands and intellectual property. The issuer’s products cover wellness and leisure and include beverages. The issuer’s main competitive advantages are its intellectual property portfolio, its genetic seed library with 144 cannabis cultivars and breeding lines, the optimal growing conditions it offers in established agricultural jurisdictions, as well as access to low-cost skilled labour and low-cost cultivation.

The Issuer will grow cannabis and hemp in Latin America, in open fields for CBD and inexpensive hoop-houses for THC. Hoop-house greenhouses provide numerous benefits over conventional greenhouses as follows:

	HOOP-HOUSE GREENHOUSE	CONVENTIONAL GREENHOUSE
LIGHTING	Sun	Electrical
HEATING & COOLING	Sun, Convection, Airflow	Electrical, Fossil Fuels
VENTILATION	Fans, Wind	Forced Air
PEST & DISEASE CONTROL	Insects, Biocontrols	Pesticides, Fungicides
FERTILIZERS	Optimized by Microbes	Expensive Products
SOIL	Native Soil (re-use)	Soil-less Media (limited re-use)

The Issuer has created various cannabis-infused beverages, including seltzers, soft drinks, iced teas, lemonades and waters. The Issuer has filed the equivalent of more than 400 trademark applications for its beverage brands in over 40 countries. Beverage brands and products under development include, but are not limited to the following:



Enjoy the Trip!™
Don't be a hostage to boredom! When life feels predictable, break free with the fresh taste of a THC infused energy drink and HighJack some wild new experiences.



Crazy Good!™
MadCap unconventional sodas & seltzers are refreshing as is, or mixed with your favourite spirit. Harness the surreal aspects of THC or the wild benefits of CBD, and don't take life so seriously!



It's High Time!™
Tea is the civilized way to entertain. With just the right touch of THC or CBD, our iced tea is both refreshing and mellow. HoloHi – it's always High Tea!



Lemonade for Renegades™
True rebels are direct, honest, and stand up for what they believe in... just like Vicious Citrus. Our cannabis infused lemonades don't compromise on great taste, and blaze a refreshingly original path.



Protect™
Conquer embodies the evolution of sports beverages. Our "Protect" formulation is loaded with CBD, NAC and other ingredients prized by athletes. Unlock your potential and get in the game!



Drink Like a King™
Available in still and sparkling, our THC and CBD infused waters are procured from the purest sources. With quality customarily reserved for only the most exclusive tables, High Castle is your purveyor of the finest waters in the realm!

The issuer's strategy is to vertically integrate its product offerings from cultivation to processing, manufacturing and sales.

The Issuer has entered into a Manufacturing and Services Agreement (the "MSA") with BevCanna Enterprises Inc. ("BevCanna") effective August 16, 2021, under which BevCanna will provide services related to developing, infusing, packaging, and distributing the Issuer's beverage products infused with Cannabis in certain provinces in Canada. Xebra will not be required to acquire any additional licenses or permits under this arrangement, as such licenses or permits are a requirement for BevCanna and its partners.

Under the MSA, the Company may submit purchase orders to BevCanna on an as needed basis, and in response, BevCanna will provide a quote based then current market conditions, to be accepted, rejected or negotiated by the parties. The MSA does not impose obligations on Xebra to purchase any specific quantities, other than an agreed upon initial purchase order, which is considered the initial volume commitment. BevCanna has exclusivity rights for products identified in the initial purchase order, until the purchase order is fulfilled or a certain period has lapsed following the effective date of the MSA, unless terminated earlier. BevCanna also has a right of first opportunity to manufacture any new Xebra beverage products infused with cannabis.

Upon agreeing to a purchase order, the Company is required to pay 50% in advance, and 50% upon production. The Company has discretion to determine sales price. As such, the Company bears financial risk, whereas BevCanna bears the manufacturing and production risk.

The Company may terminate the agreement under certain conditions, including without cause by giving 30 days' notice and fulfilling the initial volume commitment under the initial purchase order.

The Issuer intends to launch its Vicious Citrus Lemonade (“**Vicious Citrus**”) in Canada in the spring of 2022.

On August 18, 2021, the Company entered into a licensing agreement (the “**NAN Agreement**”) with New Age Nano Tech LLC (“**NAN**”), a non-related party, to license its clinically backed, patent pending delivery technology for cannabinoids, that is able to convert-oil based products into water-soluble oil (“**WSO**”), which is marketed by NAN in association with the trademark Solutech™. Solutech™ has undergone Phase I human clinical trials for relative oral bioavailability and absorption, and it includes both major cannabinoids THC and CBD, and their metabolites. The Phase I, Health Canada-approved study, was led by KGK Science, a clinical research organization. Solutech™ demonstrated improved speed of absorption and elimination (fast onset and offset of effects), peak blood levels and rate of absorption, along with a consumer experience. The Phase I trial is complete and results are pending publication.

On August 31, 2021, pursuant to the terms of the NAN Agreement, Xebra issued six (6) million Class A common shares to NAN as consideration for the Xebra’s right to develop and use the WSO technology in and for its products. The six (6) million Class A common shares are subject to certain resale restrictions. The NAN Agreement is effective August 18, 2021 and has an indefinite perpetual term unless terminated in accordance with the provisions therein, namely:

- (i) The NAN Agreement may be terminated by either party upon the cessation of business conducted in the ordinary course by a party;
- (ii) The NAN Agreement may be terminated by Xebra with one (1) year’s prior written notice for any reason; or
- (iii) by NAN (x) only for a material breach of the NAN Agreement by Xebra that can’t be cured; or (y) for a breach of the NAN Agreement by Xebra that can be cured and but which Xebra has failed to cure within 90 days of receiving written notice of such breach.

Xebra’s license is exclusive in Mexico and Colombia, and non-exclusive in Europe and the rest of the Americas, including Canada, but limited to only California in the United States. The Company intends to apply this technology to its Vicious Citrus launch.

History

Xebra was incorporated under the BCBCA on February 21, 2019.

On June 26, 2019, the Company entered into an agreement (the “**Share Purchase Agreement**”) with Organto Foods Inc. (“**Organto**”), a company related by a common director at the time, Robert Giustra, to acquire all the issued and outstanding shares of its subsidiary, Medicannabis S.A.S. (“**Medicannabis**”) in exchange for (i) issuance of 7,124,630 common shares of Xebra to Organto; (ii) issuance of 2,875,370 common shares of Xebra in satisfaction of certain obligations of Organto; (iii) forgiving \$600,000 owed by Organto to Xebra; (iv) a cash payment of \$321,077; (v) and the right of first refusal to distribute Xebra’s cannabis product in Europe (the “**Distribution Rights**”). On June 7, 2021, Organto, Medicannabis and the Issuer signed an amendment to the Share Purchase Agreement whereby Organto agreed to waive the Distribution Rights in exchange for 200,000 common shares of the issuer. Medicannabis has certain cannabis-related licenses, and at the time of acquisition, was in the process of obtaining additional cannabis-related licenses, which, when fully completed, will allow the Company to commence certain cannabis-related operations in Colombia. Medicannabis did not generate any revenues since the acquisition date.

At the time of acquisition, Medicannabis had filed applications for the cultivation of psychoactive (THC) and non-psychoactive (CBD) cannabis. Medicannabis now holds all cannabis licenses in Colombia, including authorizations to cultivate psychoactive (THC) and non-psychoactive (CBD) cannabis, a license for the use of seeds for cultivation, and a license to process cannabis for the manufacture and export of products. Medicannabis is also a registered Seed Producer and holds one of a select number of registrations as a Seed Breeder and Agronomic Evaluator. Medicannabis is currently undergoing mandatory agronomic evaluations with the Colombian Agricultural Institute (ICA) which, when fully completed, will allow the Company to commence certain cannabis-related operations in Colombia. Medicannabis did not generate any revenues since the acquisition date.

On July 12, 2019, the Company acquired two Mexican entities, Elements Bioscience SAPI de CV (“**Elements**”) and Sativa Group Biosciences SAPI de CV (“**Sativa**”, and together with Elements, the “**Mexican Subsidiaries**”) through a share exchange agreement (the “**Elements SEA**”). Pursuant to the Elements SEA, the Company received 100% of the outstanding shares of the Mexican Subsidiaries in exchange for a combination of 18,000,000 shares of Xebra and \$449,950 in cash payments. As of the date of this Prospectus, the Mexican Subsidiaries have several pending applications with the Mexican governmental agencies, which, when approved, will allow the Company to commence certain advanced stage cannabis-related operations in Mexico. These advanced stage cannabis-related operations include authorizations for the import, distribution and commercialization of various products with CBD content which have a limit of 1% THC. The Mexican Subsidiaries have not generated any revenues since the acquisition date.

On January 10, 2020, the Company acquired Desart MX, SA de CV (“**Desart**”) through a share exchange agreement (the “**Desart SEA**”). Pursuant to the Desart SEA, the Company received 100% of the outstanding shares of Desart (the “**Desart Shares**”) in

exchange for a combination of 2,000,000 common shares of Xebra (the “**Desart Consideration Shares**”) and cash payments of US \$125,000 (the “**Desart Cash Consideration**”), plus 48,000,000 common shares of Xebra to be issued under certain conditions (the “**Desart Bonus Shares**”). The primary requirement for the issuance is when the Supreme Court of Mexico has granted Desart a constitutional injunction under the terms of the *Mexican Law of Amparo* (“**Amparo**”), which provides all authorizations necessary to enable Desart to produce and commercialize CBD. The Desart SEA was amended on February 27, 2020, pursuant to which the Desart’s shareholders had the right to elect to terminate the Desart SEA under the following circumstances:

If the Listing is not been completed within four months of the grant of the Amparo (the “**Listing Deadline**”), then the Desart shareholders would have until the date that is two (2) days following the Listing Deadline to elect to terminate the Desart SEA (the “**Listing Termination**”). Upon the Listing Termination, Xebra shall return the Desart Shares to the Desart shareholders and the Desart shareholders shall not be obligated to return the Desart Consideration Shares nor the Desart Cash Consideration, but will be required to return 45,000,000 of the Desart Bonus Shares to Xebra, if applicable. If the Listing Deadline occurs during the months of June, July or August, then it shall be deemed to have been extended to September 30.

As of this date, the Supreme Court of Mexico has not granted the Amparo to Desart. The Issuer had its listing application filed with CSE on July 12, 2021, and it is estimated that the Listing will be completed by end of September 2021.

The acquisition of the Mexican Subsidiaries and Desart were arm’s length transactions.

The momentum in Mexico to legalize cannabis began unofficially in 2014 with the decriminalization of possession of small quantities of cannabis, followed in 2015 with the granting of the first Amparos for limited personal consumption, on the grounds that it was unconstitutional to deny such right to the individuals making the claim. Over the next several years, additional injunctions were granted by the Supreme Court for personal consumption, and also for the ability to grow a limited number of plants in a household for personal use. To rectify this uneven playing field that favored only certain individuals with Amparos, an initial legal framework was adopted by the Mexican government in 2017 for medicinal cannabis, however, not for recreational purposes.

In 2018, Desart, identified an opportunity to challenge the constitution of Mexico for an injunction to commercialize hemp derived cannabinoids such as CBD and CBG. The constitutional claim was filed in January 2019, and the injunction requested included the right for the importation of seeds, cultivation, harvesting, processing, and the creation of cannabis products with less than 1% THC, and the right to sell those products domestically or via export. In August 2019, the Mexican Supreme Court formally ruled that cannabis prohibition was unconstitutional and ordered the government to draft comprehensive regulations specifically for medicinal cannabis, but did not mandate recreational regulations. In early 2020, Xebra acquired Desart and in September 2020 after making its way through various lesser circuit courts, the claim was received by the Mexican Supreme Court of Justice for a final ruling.

Desart has not generated any revenues since the acquisition date.

On February 19, 2020, the Company entered into an agreement with Organto to acquire 75% of the issued and outstanding shares of its subsidiary, Organto Foods Europe BV in exchange for \$5,899 (€4,125). Organto Foods Europe BV was subsequently renamed to Xebra Brands Europe BV (“**Xebra Europe**”).

Share Marketing & Management Services B.V. (“**Share Marketing**”), the remaining shareholder, owns 25% of Xebra Europe. Share Marketing offers advice and support in the field of marketing, management and business operations, and provides vital local know-how and support, and has been essential in navigating government regulations and the application process.

Xebra Europe is expected to be fully funded by Xebra until certain milestones have been met and the 25% partner will be subject to dilution, as follows:

- (i) if Xebra invests between €3,000,000 and €5,000,000 by the date of completion of the construction of all cultivation facilities necessary to carry on the business, prior to commercial planting of cannabis seeds (the “**Post Construction Date**”), Xebra will hold 80% and Share Marketing will hold 20% of the issued and outstanding shares of Xebra Europe;
- (ii) if Xebra invests between €5,000,000 and €7,000,000 by the Post Construction Date, Xebra will hold 85% and Share Marketing will hold 15% of the issued and outstanding shares of Xebra Europe; and
- (iii) if Xebra invests more than €7,000,000 by the Post Construction Date, Xebra will hold 90% and Share Marketing will hold 10% of the issued and outstanding shares of Xebra Europe.

After the Post Construction Date, if either Share Marketing or the Issuer does not fund its proportionate share of expenditures of Xebra Europe, it will subject to dilution, and if such party’s interest is reduced to 5% or less, then the other party will have the right to acquire the remaining interest for an amount calculated under a pre-determined formula.

Below is a summary of all licenses held by issuer:

Jurisdiction	Ownership	Issuance Date	Expiry Date	Licensed Activities and/or Premises	Status of License/Application	Date Application was submitted	Estimated Date to Receive Application Approval
Cundinamarca, Colombia	Medicannabis SAS	2019-01-04	2024-01-04 (automatic renewal upon request)	<p>Cultivation of non-psychoactive cannabis (CBD) (Ministry of Justice: Resolucion-0018)</p> <p>License allows the cultivation of cannabis plants whose THC percentage is below 1% in dry weight, and comprises the planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal of plants, as well as the export and use for medicinal and scientific purposes.</p>	Granted/Active	N/A	N/A
Cundinamarca, Colombia	Medicannabis SAS	2019-07-17	2024-07-17 (automatic renewal upon request)	<p>Processing of cannabis (Ministry of Health: Resolucion-1906)</p> <p>License allows activities related to the transformation of the psychoactive constituent elements of cannabis in oils, resins, and other forms for medicinal and scientific purposes. The license may include an authorization to carry out any of the following activities: manufacture, acquisition, import, export, storage, transport, trade, and distribution of psychoactive or non-psychoactive cannabis by-products.</p>	Granted/Active	N/A	N/A
Cundinamarca, Colombia	Medicannabis SAS	2019-10-11	2024-10-11 (automatic renewal upon request)	<p>Use of seeds for cultivation (Ministry of Justice: Resolucion-1267)</p> <p>License allows the use of seeds for planting, their acquisition, import, storage, trade, distribution, possession, and final disposal, as well as their export and use for medicinal and scientific purposes.</p>	Granted/Active	N/A	N/A

Jurisdiction	Ownership	Issuance Date	Expiry Date	Licensed Activities and/or Premises	Status of License/Application	Date Application was submitted	Estimated Date to Receive Application Approval
Cundinamarca, Colombia	Medicannabis SAS	2020-02-24	2025-02-24 (automatic renewal upon request)	Cultivation psychoactive Cannabis (THC) (Ministry of Justice: Resolucion-0217) License allows the cultivation of psychoactive cannabis plants whose tetrahydrocannabinol percentage is above 1%, which comprises planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal, as well as export and use for medicinal and scientific purposes.	Granted/Active	N/A	N/A
Cundinamarca, Colombia	Medicannabis SAS	2020-06-03	Indefinite while compliant	Seed Producer (ICA: Resolucion-69254) Registered status allows the production of psychoactive and non-psychoactive cannabis seeds.	Granted/Active	N/A	N/A
Cundinamarca, Colombia	Medicannabis SAS	2020-09-01	Indefinite while compliant	Registration as a Breeding and Research facility (“Unidad de Fitomejoramiento”) of psychoactive and non-psychoactive cannabis (ICA: Resolucion-74584) Registered status allows to carry on research and Agronomical Evaluations under the supervision of the Colombian Agricultural Institute – ICA to then register its own breeds/cultivars in the National Registry allowing to produce, sell, import, and/or export registered cultivars.	Granted/Active	N/A	N/A

Below are Xebra’s pending applications in Mexico:

Jurisdiction	Ownership	Filing Date Date	Expiry Date	Licensed Activities and/or Premises	Estimated Date to Receive Application Approval
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Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Hemp Oil with 1500 mg of CBD, drops, 30 ml.	N/A
Status of License/ Application	<p>The Lower Court published its judgment on October 1, 2020. Said Lower Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted.</p> <p>'Amparo directo' suit was filed to challenge the Lower Court decision and to seek a different ruling ordering COFEPRIS to immediately give a favorable response to the company's request.</p> <p>On March 17th, 2021, the respective Higher Court considered the 'amparo directo claim' admissible; final decision on the 'amparo directo' trial is pending to date.</p>				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Hemp Oil with 500 mg of CBD, drops, 30 ml.	N/A
Status of License/ Application	<p>The Higher Court ruled ordering the Lower Court to render another decision responding the company's request, in the light of the cannabis (CBD) regulation enacted on October 30th, 2018 (which was repealed on March 26th, 2019).</p> <p>The Higher Court ruling gave rise to two judicial precedents (not legally binding but potentially relevant since they may serve as an interpretive parameter for other Federal Courts to solve similar CBD cases).</p> <p>The English translation of those two precedents is:</p> <p>(i) "REQUEST TO TRADE CBD PRODUCTS (HEMP OIL EXTRACT — CANNABIS SATIVA). THE FEDERAL MEXICAN HEALTH AGENCY'S OMISSION TO RESPOND SUCH A REQUEST WHILE THE 'CANNABIS GUIDELINES' WERE IN FORCE, BREACHES THE CONSTITUTIONAL RIGHT OF COMMERCIAL FREEDOM"; and</p> <p>(ii) "REQUEST TO TRADE CBD PRODUCTS (HEMP OIL EXTRACT —CANNABIS SATIVA—). THE FEDERAL MEXICAN HEALTH AGENCY'S OMISSION TO RESPOND SUCH A REQUEST WHILE THE 'CANNABIS GUIDELINES' WERE IN FORCE, BREACHES THE CONSTITUTIONAL PRINCIPLE OF LEGITIMATE EXPECTATION".</p> <p>The details of these precedents can be found in the following links: (i) https://sjf2.scjn.gob.mx/detalle/tesis/2023056; (ii) https://sjf2.scjn.gob.mx/detalle/tesis/2023055. The new decision that the Lower Court shall render (to enforce the Higher Court ruling), is pending to date.</p>				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Hemp Oil with 250 mg of CBD, drops, 30 ml.	N/A
Status of License/ Application	<p>The complaint; the statement of defense; the bill of particulars; and the experts' reports given on behalf of both parties in the legal dispute, have been presented and admitted. Since said experts' reports differ, the Lower Court appointed an official expert on chemistry to render his opinion. Once the official chemistry opinion be rendered, final statements will be submitted, and the Lower Court will begin to draw up the final judgment.</p>				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Hemp Oil with 25 mg of CBD, Capsules, 30 Capsules.	N/A
Status of License/ Application	<p>The Lower Court published its judgment on November 5, 2020. Said Lower Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted. 'Amparo directo' suit was filed to challenge the Lower Court decision and to seek a different ruling ordering COFEPRIS to immediately give a favorable response to the company's request. The Higher Court decision on the 'Amparo directo' trial is pending to date.</p>				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Drink added with 15 mg of CBD, 600 ml.	N/A

Status of License/ Application	The Lower Court published its judgment on April 14, 2020. Said Lower Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted. 'Amparo directo' suit was filed on May 12, 2021, to challenge the Lower Court decision seeking a different ruling so COFEPRIS be compelled to immediately give a favorable response to the company's request. The 'Amparo directo' suit is already assigned to the respective Higher Court, which will first decide upon the admissibility of the case and, once the amparo proceeding stages are concluded, the final ruling shall be given.				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Cream with hemp oil, 20 g.	N/A
Status of License/ Application	The Lower Court entered its final judgment published on September 11, 2020. Said Lower Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted. 'Amparo directo' claim was filed to challenge the Lower Court decision aiming to obtain a different ruling ordering COFEPRIS to immediately give a favorable response to the company's request. The Higher Court considered the 'Amparo directo' claim admissible; final decision on the 'Amparo directo' trial is pending to date.				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Hemp Oil with 1500 mg of CBD, Drops, mandarin flavor, 30 ml.	N/A
Status of License/ Application	The Higher Court entered its final judgment, published on March 10th, 2020. Said Higher Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted. 'Amparo directo' suit was filed to challenge the Lower Court decision and to seek a different ruling ordering COFEPRIS to immediately give a favorable response to the company's request. Higher Court's final decision ruled against the company, confirming the merits of the Lower Court judgment. Said Higher Court decision is unappealable. Regardless of the Higher Court ruling, the Firm a strategy is being implemented aiming to eventually obtain a Court order compelling COFEPRIS to respond the company's request based upon a new cannabis regulation on 'medical cannabis and its scientific research', recently enacted in Mexico.				
Mexico	Elements Bioscience, SAPI de	11/28/2018	N/A	Hemp Oil extract (Cannabis Sativa), Pure oil, 1 L, 5 L, 20 L y 200 L)	N/A
Status of License/ Application	The Lower Court entered its final judgment, published on March 10, 2021. Said Lower Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted. 'Amparo directo' suit was filed, to challenge the Lower Court decision and to seek a different ruling ordering COFEPRIS to immediately give a favorable response to the company's request. The respective Higher Court considered said 'Amparo directo' claim admissible; final decision on the 'Amparo directo' trial is pending to date.				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Hemp Oil with 500 mg of CBD, mandarin flavor Drops, 30 ml.	N/A
Status of License/ Application	The Lower Court entered its final judgment published on March 10, 2020. Said Lower Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted. 'Amparo directo' suit was filed to challenge the Lower Court decision and to seek a different ruling ordering COFEPRIS to immediately give a favorable response to the company's request. The respective Higher Court considered said 'Amparo directo' claim admissible; final decision on the 'Amparo directo' trial is pending to date.				
Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Gummies added with hemp oil with 100 mg of CBD, 30 Gummies	N/A
Status of License/ Application	The complaint, the statement of defense, and the bill of particulars have been presented and admitted by the Lower Court. The procedural stage concerning the formal submission of the chemistry experts' opinions is pending.				

Mexico	Elements Bioscience, SAPI de CV	11/28/2018	N/A	Hemp Oil with 250 mg of CBD, drops, mandarin flavor, 30 ml.	Pending	N/A
Status of License/ Application	The Lower Court entered its final judgment, published on October 5, 2020. Said Lower Court decided that COFEPRIS shall reply the company's request to import and trade the CBD product, once additional cannabis regulation is formally enacted. 'Amparo directo' suit was filed to challenge the Court decision and to seek a different ruling ordering COFEPRIS to immediately give a favorable response to the company's request. The Higher Court's final decision ruled against the company, confirming the merits of the Lower Court judgment. Said Higher Court decision is unappealable. Regardless of the Higher Court ruling, the Firm a strategy is being implemented aiming to eventually obtain a Court order compelling COFEPRIS to respond the company's request based upon a new cannabis regulation on 'medical cannabis and its scientific research', recently enacted in Mexico.					
Mexico	Sativa Group Biosciences SAPI de CV	11/28/2018	N/A	Drink added with 15 mg of CBD, lemon lime flavor 600 ml.	Pending	N/A
Status of License/ Application	The complaint, the statement of defense, the bill of particulars, and the chemistry expert report on behalf of the company, have been presented and admitted. Final pleadings have been also submitted on behalf of the company. The Lower Court final decision is pending (said decision can be challenged by an 'Amparo trial').					
Mexico	Sativa Group Biosciences SAPI de CV	11/28/2018	N/A	Hemp Oil extract (Cannabis Sativa), Pure oil, 1 L, 5 L, 20 L y 200 L)	Pending	N/A
Status of License/ Application	Regardless of the Higher Court ruling, the Firm a strategy is being implemented aiming to eventually obtain a Court order compelling COFEPRIS to respond the company's request based upon a new cannabis regulation on 'medical cannabis and its scientific research', recently enacted in Mexico.					

Intellectual Property of Xebra

Xebra has filed for its complete beverage portfolio 227 different trademarks in 19 countries (Argentina, Australia, Brazil, Canada, Chile, Colombia, Ecuador, Israel, Jamaica, Mexico, Norway, New Zealand, Peru, South Africa, Switzerland, United Kingdom, United States, Uruguay, Zimbabwe) and the European Union (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italia, Latvia, Lithuania, Luxemburgo, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden). Combining the protected territories in which the trademarks are registered is equivalent to over 400 registrations.

The Issuer's genetic seed library includes 144 cannabis cultivars and breeding lines.

Fuente Semillera is a seed genetics record maintained by the Colombian Agricultural Institute (ICA) of all the legalized cannabis cultivars and breeding lines in the country before 2019. All cannabis plants to be grown for commercial or scientific purposes must be derived from *Fuente Semillera*, unless otherwise imported legally. These cultivars may be grown for commercial purposes only after undergoing an agronomical evaluation and becoming a Registered Cultivar by ICA. Because Medicannabis is a registered Investigational Breeding Unit (*Unidad de Investigación en Fitomejoramiento*) (registered by the ICA), it can conduct breeding, research, and other developments with *Fuente Semillera*, develop new cultivars from them and conduct its own agronomical evaluation.

Medicannabis holds a *License for the Use of Cannabis Seeds* from Colombia's Ministry of Justice, which allows it to sell, distribute, and export (subject to granting of export licenses) *Cannabis* seeds and processed cannabis products for both scientific and commercial purposes under the framework of the United Nations' Single Convention on Narcotic Drugs of 1961 (amended by the 1972 Protocol).

Medicannabis has 144 breeding lines filed as Fuente Semillera, which include seed genetics with a broad range of phenotypes, chemotypes, environmental adaptations, and other desirable traits (the "**Library**"). The traits that the Issuer prioritizes the most include:

Phytochemistry

For a cannabis seed library to include various chemotypes suitable for treating the most comprehensive range of medical conditions and producing numerous desirable effects, the chemotype diversity must consist of a wide range of THC:CBD ratios, terpene profiles, and novel cannabinoids, such as tetrahydrocannabivarin (THC-V). One of the Issuer's Board Member, Todd Dalotto, developed many of the Library's cultivars focusing on wide chemotype diversity and medicinal efficacy.

The Library consists of:

65%	Type-1 (High-THC) cultivars,
11%	Type-2 (Balanced THC:CBD)
22%	Type-3 (High-CBD)
2%	Type-4 (High-CBG)
*Some cultivars also contain novel cannabinoids and terpenes	

Growing Environments

The Library includes cultivars that perform well in greenhouse and field cultivation at all latitudes. Medicannabis' breeding team in Colombia achieves excellent environmental adaptability by crossing potent Northern-latitude breeding lines with landraces and cultivars adapted for tropical and subtropical environments.

Regulatory Framework Applicable to the Issuer

Initially, the Issuer intends to be operating in Canada. In the long term, the Issuer may expand its operations to other jurisdictions where it would be lawful for it to do so, such as Mexico, Colombia and the Netherlands. Below is a summary of the laws and regulations applicable to the Issuer's expected near-term business as those have specific application to same.

These laws and regulations are as follows:

Canada

On October 17, 2018, the *Cannabis Act* and the *Cannabis Regulations* came into force, legalizing the sale of cannabis for adult recreational use. Prior to the promulgation of the *Cannabis Act* and the *Cannabis Regulations*, only the sale of cannabis for medical use was legal and which was regulated by the ACMPR under the CDSA. The *Cannabis Act* and the *Cannabis Regulations* replaced the CDSA and the ACMPR as the governing laws and regulations regarding the production, processing, sale and distribution of cannabis and related extracts for medical and adult recreational use. Given that the *Cannabis Act* and the *Cannabis Regulations* are very new, the impact of such regulatory changes on the Company's business is unknown.

The *Cannabis Act* provides a licensing and permitting scheme for the cultivation, processing, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis for non-medical (i.e., adult recreational) use, implemented by the *Cannabis Regulations*. The *Cannabis Act* and its regulations maintain separate access to cannabis for medical purposes. Under the *Cannabis Act* and its regulations, import and export licenses and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp and within the confines of the Industrial Hemp Regulations.

The *Cannabis Regulations*, among other things, set out regulations relating to the following matters: (1) Licenses, Permits and Authorizations; (2) Security Clearances; (3) a National Cannabis Tracking System; (4) Cannabis Products; (5) Packaging and Labelling; (6) Cannabis for Medical Purposes; and (7) Drugs Containing Cannabis.

Transitional provisions of the *Cannabis Act* provide that every license issued under the ACMPR that was in force immediately before the day on which the *Cannabis Act* and its regulations came into force (being October 17, 2018) is deemed to be a license issued under the *Cannabis Act*, and that such license will continue in force until it is revoked or expires.

Licenses, Permits and Authorizations

The Cannabis Regulations establish six classes of licenses: cultivation licenses, processing licenses, analytical testing licenses, sales for medical purposes licenses, research licenses, and cannabis drug licenses. The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each subclass therein carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and subclass. The Cannabis Regulations provide that all licenses issued under the Cannabis Act must include both the license's effective date and expiry date and may be renewed on or before the expiry date.

The Industrial Hemp Regulations under the Cannabis Act came into force on October 17, 2018. The Industrial Hemp Regulations remained largely the same as they were under the CDSA, but now they permit the sale of hemp plants to cannabis license holders and the use of additional parts of the hemp plant (i.e., flowers and leaves), and licensing requirements were introduced in accordance with the low risk posed by industrial hemp. The Industrial Hemp Regulations define "industrial hemp" as cannabis plants – or any part of the plant – in which the concentration of delta-9-tetrahydrocannabinol (THC) is 0.3% or less in the flowering heads and leaves.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders and individuals identified by the Minister of Health (the "**Minister**"), must hold a valid security clearance issued by the

Minister. Under the *Cannabis Regulations*, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This was largely the approach in place under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have histories of non-violent, lower-risk criminal activity (for example, simple possession of cannabis or small-scale cultivation of cannabis plants) are not precluded from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister, and such applications will be reviewed on a case-by-case basis.

Security clearances issued under the ACMPR are considered security clearances for the purposes of the *Cannabis Act* and *Cannabis Regulations*.

Cannabis Tracking System

Under the *Cannabis Act*, the Minister of Health is authorized to establish and maintain a national cannabis tracking system, the Cannabis Tracking System. The *Cannabis Regulations* provide the Minister of Health with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

The Ministerial Order regarding the Cannabis Tracking System was published in the Canada Gazette, Part II, on September 5, 2018 and came into effect on October 17, 2018. The purpose of this system is to track the flow of cannabis throughout the supply chain as a means of preventing the illegal inversion and diversion of cannabis into and out of the regulated system. Under the Cannabis Tracking System, a holder of a license for cultivation, license for processing, or a license for sale for medical purposes is required to submit monthly reports to Health Canada.

Cannabis Products

The Cannabis Regulations set out the requirements for cannabis products and permits the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, cannabis plant seeds, edible cannabis, cannabis extracts and cannabis topicals. The Cannabis Regulations limit the THC content.

Prior to the passage of the Amending Regulations, the Cannabis Act only permitted the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants and cannabis plant seeds. The Amending Regulations permit the production and sale of the New Classes of Cannabis. As is the case for the license requirements for dried or fresh cannabis and cannabis oil, a processing license is required to produce edible cannabis, cannabis extracts and cannabis topicals, and package and label these types of cannabis products for sale to consumers. Holders of processing licenses issued prior to October 17, 2019 were required to implement additional production and facility quality controls before they could begin manufacturing products belonging to New Classes of Cannabis. The Cannabis Regulations require the filing of a notice with Health Canada at least 60 days before releasing a new product to the market. As a result, December 16, 2019 was the earliest date that products in the New Classes of Cannabis could be made available for sale.

In addition, if a holder of a processing license chooses to process edible cannabis and food products on the same site, then the production, packaging, labelling, and storage of cannabis and the production, packaging, and labelling of food products will need to be conducted in separate buildings. All cannabis production is required to occur in a separate building from any food production.

Packaging, Labeling and Promotion

The Cannabis Regulations set out strict requirements pertaining to the packaging and labelling of cannabis products. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis while also reducing the appeal of cannabis to youth.

All cannabis products must be packaged in a tamper-proof and child-resistant manner per the Cannabis Regulations and in plain packaging. The Cannabis Regulations impose strict limits on the use of colours, graphics, and other unique packaging characteristics. Cannabis package labels must include specific information, such as: (i) product source information, including the class of cannabis and the name, phone number and email of the license holder; (ii) a mandatory health warning, rotating between Health Canada's list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content.

Promotion

The Cannabis Act sets out restrictions regarding the promotion of cannabis products. Subject to a few exceptions, all promotions of cannabis products are prohibited unless authorized by the Cannabis Act. While these restrictions also apply to the New Classes of Cannabis, the Amending Regulations also prohibit certain representations and associations on products, their packages and labels and associated promotional activity, including: certain flavours in cannabis extracts (e.g., confectionery, dessert, soft drink, and energy drink) that are appealing to youth; health or cosmetic benefits unless registered as a health product; energy value and nutrient content representations that go beyond those permitted in the list of ingredients and in the cannabis-specific nutrition facts table; statements

reasonably likely to create the impression the edible cannabis or accessory is intended to meet particular dietary requirements; and promotion that could reasonably associate the cannabis, the cannabis accessory or the service related to cannabis with an alcoholic beverage, a tobacco product or a vaping product.

Product Composition

The Amending Regulations introduced restrictions on product composition specific to each New Class of Cannabis including specific THC limits. Examples of other product-specific restrictions include:

- Edible cannabis: must be shelf stable; only food and food additives will be allowed to be used as ingredients in edible cannabis and the use of food additives will need to be in accordance with the limits and purposes that are prescribed for foods; must not have caffeine added. However, the use of ingredients containing naturally occurring caffeine will be permitted in edible cannabis products provided that the total amount of caffeine in each immediate container does not exceed 30 milligrams; must not contain alcohol in excess of 0.5% w/w; must not contain anything that would cause the sale of the edible cannabis, if it was a food regulated under the Food and Drugs Act, to be prohibited and must not be fortified with vitamins or mineral nutrients.
- Cannabis extracts: must not contain ingredients that are sugars, sweeteners or sweetening agents, nor any ingredient listed on Column 1 of Schedule 2 to the Tobacco and Vaping Products Act (which is a list of ingredients that are prohibited in vaping products) except if those ingredients and their levels are naturally occurring in an ingredient used to produce the extract.
- Cannabis topicals: must not contain anything that may cause injury to the consumer's health when the product is used as intended or in a reasonably foreseeable way.

Health Products Containing Cannabis

Under the current regulatory framework, cannabis is not permitted for use in a natural health product or a non-prescription drug product. Phytocannabinoids are included as prescription drugs on the Human and Veterinary Prescription Drug List (“**PDL**”). Although Health Canada has previously authorized prescription drug products containing cannabis, the agency maintains that there remains significant scientific uncertainty regarding the pharmacological actions, therapeutic effectiveness and safety of the majority of phytocannabinoids. The cannabis-based prescription drug products that Health Canada has authorized have been studied, authorized and used in specific conditions. While these authorized products have contributed to the global body of knowledge concerning the safety and efficacy of cannabis-based therapies, Health Canada has stated that the presence of scientific uncertainty and limited market experience gives rise to the need for a precautionary approach. Listing all phytocannabinoids on the PDL addresses this uncertainty by allowing healthcare practitioners to monitor and manage any unanticipated effects. All phytocannabinoids will remain listed on the PDL until there is sufficient scientific evidence (e.g., as demonstrated through submission to Health Canada) to change the prescription status of a particular phytocannabinoid when used in specific conditions.

Cannabis is also expressly prohibited for use in cosmetic products as it is included on Health Canada's Cosmetic Ingredient Hotlist, List of Ingredients Prohibited for Use in Cosmetic Products.

Provincial and Territorial Regulatory Regimes

While the Cannabis Act provides for the regulation of the commercial production of cannabis for adult recreational purposes and related matters by the federal government, the Cannabis Act includes provisions stipulating that the provinces and territories of Canada have authority to regulate other aspects of adult recreational use cannabis (similar to what is currently the case for liquor and tobacco products), such as retail sale and distribution, minimum age requirements above that in place under the Cannabis Act, places where cannabis can be consumed, and a range of other matters. The governments of every Canadian province and territory have, to varying degrees, regulatory regimes for the distribution and sale of cannabis for adult recreational purposes within those jurisdictions. Each of these Canadian jurisdictions has established a minimum age of 19 years for cannabis use, except for Québec and Alberta, where the minimum age is 21 and 18, respectively.

- **Québec:** In Québec, all recreational cannabis is managed and sold through outlets of the Société québécoise du cannabis, a subsidiary of the Société des alcools du Québec, and its online site.
- **Ontario:** In Ontario, the distribution and online retail sale of recreational cannabis are conducted through the Ontario Cannabis Retail Corporation, under the oversight of the Alcohol and Gaming Commission of Ontario (the “**AGCO**”). Ontario also permits the sale of recreational cannabis through private brick-and-mortar retailers. Initially, Ontario employed a “phased” approach to retail licensing, setting a maximum cap of 25 licenses available to be issued to allow operators to open for business beginning April 1, 2019. The Ontario government has now moved to open the market for private cannabis retail stores in Ontario. In addition to removing the cap on the number of private retail stores in Ontario, the previously mandated regional

distribution limiting the number of retail stores permitted in each region was maintained only until March 2, 2020 and then eliminated entirely. Since the date of its inception and until today, the AGCO authorized approximately 683 cannabis stores to open.

- **British Columbia:** In British Columbia, recreational cannabis is to be sold through both public and privately operated stores, with the provincial Liquor **Distribution** Branch handling wholesale distribution.
- **Alberta:** In Alberta, cannabis products are sold by private retailers that receive their products from a government- regulated distributor (the Alberta Gaming & Liquor Commission), similar to the distribution system currently in place for alcohol in the province. Only licensed **retail** outlets are to be permitted to sell cannabis with online sales run by the Alberta Gaming and Liquor Commission.
- **Saskatchewan:** In Saskatchewan, recreational cannabis is sold by private retailers. The Saskatchewan Liquor and Gaming Authority (the “**SLGA**”) has selected operators for the province’s 51 cannabis private retail store permits, with municipalities having the option of opting out of having a cannabis store if they choose. Saskatchewan is the only jurisdiction to allow for private distribution and wholesale (but regulated by the SLGA).
- **Manitoba:** In Manitoba, cannabis distribution and wholesale is government-run by the Manitoba Liquor and Lotteries Corporation (the “**MBLL**”), with retail sale privately operated. Manitoba has opened the cannabis retail application process to all prospective retailers. This includes the **introduction** of a new controlled-access license for retailers. Manitoba will also continue to offer age-restricted licenses for retailers wishing to open stand-alone stores. To become a retailer, applicants will be required to successfully complete the required application process, enter into a Cannabis Store Retailer Agreement with MBLL, and be issued an applicable license from the Liquor, Gaming and Cannabis Authority of Manitoba.
- **New Brunswick:** In New Brunswick, recreational cannabis is sold and online sales are run by Cannabis NB, a subsidiary of a network of tightly controlled, stand-alone stores through the New Brunswick Liquor Corporation (the “**NBLC**”). The NBLC also controls the distribution and wholesale of cannabis in the province. The New Brunswick government has issued a request for proposals in order to find a single private operator to take over the Cannabis NB operations , which would privatize the government-operated corporation created to handle the retail sale of adult-use cannabis. This would result in the retail model changing from government-operated to privately-operated in New Brunswick.
- **Nova Scotia:** In Nova Scotia, the Nova Scotia Liquor Corporation (the “**NSLC**”) is responsible for the regulation of cannabis in the province, and recreational **cannabis** is only to be sold publicly through government-operated storefronts and online sales. There is no private licensing of retail. The NSLC also controls the distribution and wholesale of cannabis in the province.
- **Prince Edward Island:** In Prince Edward Island, similar to Nova Scotia, the sale of cannabis is government-run through government retail sales and online. There is no private licensing of retail. The PEI Cannabis Management Corporation is responsible for the distribution and wholesale of cannabis in the province.
- **Newfoundland and Labrador:** In Newfoundland and Labrador, recreational cannabis is sold through licensed private retail stores, with its Crown-owned liquor corporation, the Newfoundland and Labrador Liquor Corp. (the “**NLC**”), overseeing the wholesale and distribution to the private **sellers**. The NLC controls the possession, sale and delivery of cannabis, and sets prices. It is also the initial online retailer, although licenses may later be issued to private interests.
- **Yukon:** The Yukon limits the initial distribution and sale of recreational cannabis to government outlets and government- run online stores and allows for the later licensing of private retailers. The Yukon Liquor Corporation is responsible for the distribution and wholesale of cannabis in the territory while the Cannabis Licensing Board is the regulatory body in the Yukon.
- **Northwest Territories:** The Northwest Territories relies on the N.W.T. Liquor and Cannabis Commission to control the importation and **distribution** of cannabis, whether through retail outlets or by mail order service run by the Liquor Commission. Communities in the Northwest Territories will be able to hold a plebiscite to prohibit cannabis sales in their communities, similar to options currently available to restrict alcohol in the Northwest Territories.
- **Nunavut:** Nunavut **permits** the sale of cannabis through private retailers, including online. The Nunavut Liquor and

- Cannabis Commission is responsible for distribution and wholesale in the territory.

Mexico

The momentum in Mexico to legalize cannabis began unofficially in 2014 with the decriminalization of possession of small quantities of cannabis, followed in 2015 with the granting of the first Supreme Court injunctions for limited personal consumption, on the grounds that it was unconstitutional to deny such right to the individuals making a claim.

On June 19, 2017, Mexico enacted certain amendments to the General Health Law of Mexico, allowing the use of cannabis and its derivatives for medicinal purposes that could be commercialized and prescribed by any licensed physician and sold in pharmacies, as long as the products contain less than 1% THC, as well as for the sale of other products with broad industrial uses as long as a cumulative dose of 1% THC is not exceeded. However, this reform did not allow growing or harvesting cannabis for personal consumption.

Thus, over the next several years, additional injunctions were granted by the Supreme Court in favor of various individuals in order to allow them to grow, harvest and process a limited number of Cannabis plants within their households for the sole purpose of self-consumption and with a clear limitation on commercial purposes. At the time these injunctions were only applicable for the interested parties, this is, only individuals that applied for the injunctions were protected by the Court while the general prohibition remained in place. However, there were so many cases regarding this same criterion, that the Supreme Court ended up ruling a general mandate ordering Congress to change the law in order to allow personal production and self-consumption for personal (non-commercial) use of cannabis.

The limit date for this mandate to be complied by Congress was on April 30th, 2021. However, this did not occur, as Congress tried to pass a very comprehensive bill that would create a new paradigm regarding cannabis that did not generate the Consensus required to pass. Thus, on June 28th, 2021, the Mexican Supreme Court mandated the elimination of the absolute prohibition for self production and consumption with a general effect for the whole population. It is important to mention that this did not imply any sort of commercial regulation or authorization.

On August 14, 2019, Mexico's Supreme Court of Justice (the "**Supreme Court**") resolved an amparo trial setting forth an obligation for the Ministry of Health to regulate the medical and therapeutic use of cannabis and its derivatives, to guarantee the human right to health to the public at large. A Bill was presented in Congress by the United Commissions of Justice, Health, and Legislative Studies of the Senate, to enact the Federal Law for the Regulation of Cannabis and the amendments to certain provisions set forth in the General Health Law and the Criminal Code (the "**Bill**"). On January 12, 2021, the Regulations of the General Health Law on sanitary control for the production, research and medicinal use of cannabis and its pharmacological derivatives was published in the Federal Official Gazette (the "**Regulations**"). The Regulations provides for the primary production for the supply and production of seed, research for health and pharmacology, manufacture of pharmacological derivatives and medicines, and the medicinal use of cannabis. However, it disregards whether to allow foreign investment or limit the percentage of its investment, the exclusivity of licenses and authorizations, nor does it limit the number of licenses that can be obtained per company or establishment, for one or all the regulated activities. The Regulations entered into force on January 13, 2021.

Finally, on March 10, 2021, the Chamber of Deputies approved the general terms of the Bill, which was returned to the Senate to discuss certain amendments proposed by the Chamber of Deputies. The Bill regulates the following uses of cannabis and its derivatives: personal, commercialization for recreational purposes, scientific and/or research, and hemp production for industrial uses. The National Commission against Addictions (the "**Commission**") and the Agriculture and Rural Development Ministry (the "**SADER**") will be the governmental entities responsible for granting the licenses and permits required to carry out the activities regulated thereby. The Bill distinguishes between the following types of cannabis: a) psychoactive cannabis, containing THC (tetrahydrocannabinol) on a concentration that amounts to or more than 1% THC, and b) hemp or no-psychoactive cannabis, which does not produce a psychoactive effect and it contains a concentration that amounts to or less than 1% THC. The Bill does not limit the percentage of foreign investment for Mexican corporations eligible to request any license. In addition, it does not prohibit the use of "neutral investment", as allowed in the Foreign Investments Law. A further analysis on this issue will be needed as the proposed legal framework for cannabis and future regulations evolves. As of this date the Bill has not been passed and its approval in the short term do not seem plausible.

Colombia

Law 1787 of 2016 enacted by Colombian Congress, Decree 613 of 2017, regulatory resolutions (resolutions 577, 578 and 579 of August 8 of 2017 enacted by the Ministry of Justice and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health, and Resolution 3168 of 2015 enacted by the ICA) are the main regulations of cannabis for medicinal and scientific purposes in Colombia.

Approved on July 6, 2016, Law 1787 created a regulatory framework that allows the safe access and informed use of cannabis and its derivatives for medicinal and scientific purposes. Decree 613 of 2017 establishes the type of cannabis licenses available and addresses, in general terms, the requirements to obtain them. Decree 2106, 2019 transferred the competence of the Ministry of Health and granted to the National Institute of Drug and Food Surveillance (Instituto Nacional de Vigilancia de Medicamentos y Alimentos

("INVIMA") (governmental entity attached to the Ministry of Health) the task to process and issue the Licenses of cannabis derivatives manufacturing.

Law 1787 amended articles 375, 376, and 377 of the Colombian Criminal Code to remove sanctions against the medical and scientific use of cannabis used under a license duly granted by the relevant authorities according to Colombian laws. This amendment was required given that the Criminal Code expressly provided a general prohibition to the cultivation, conservation or financing of marijuana plantations among other related activities.

In order to regulate the activities that had become legal by way of Law 1787, the Ministries of Health, Justice and Agriculture issued Decree 613 of 2017 whereby they defined the different types of licenses that may be granted in respect of permissible activities related to medical cannabis including: (i) production of cannabis derivatives, (ii) use of seeds for planting, (iii) planting of psychoactive cannabis plants and (iv) planting of non-psychoactive cannabis plant. The Decree also sets out the requirements and criteria for the assignment of quotas for psychoactive cannabis plant cultivation, and cannabis by-product manufacture in favor of holders of licenses by the Technical Quota Group (as this term is defined below); and other related activities.

Other legal and administrative orders that control the operation of the cannabis sector are:

- (i) Resolutions 577, 578 and 579 of August 8, 2017, enacted by the Ministry of Justice, regulate the cultivation of non-psychoactive and psychoactive cannabis.
- (ii) Resolutions 2891 and 2892 of August 11, 2017, enacted by the Ministry of Health, regulate the production and/or manufacturing of cannabis derivatives (extracts). The Resolutions define whether the derivatives are to be used in the national market as raw material for final medicinal products or if they are to be exported to international markets.
- (iii) If a product or extract will be exported, the license holder must, among others, obtain a permit from the National Narcotics Fund (Fondo Nacional de Estupefacientes) ("FNE") allowing for the delivery of psychoactive cannabis. In practice for the non-psychoactive cannabis the FNE for export purposes issues a non-control certificate. The permit process is regulated in Resolution 1478 of 2006, an administrative order that also regulates the quotas that the country requests from the International Narcotic Control Board.
- (iv) Resolution 3168 of 2015 of the ICA regulates the production, import, and export of seeds, as well as the registrations of the agronomical evaluation units and/or breeding research units.

Licences

The INVIMA (governmental entity attached to the Ministry of Health) is the entity responsible for the process and granting licenses for the production of derivatives from cannabis, while the Ministry of Justice is the entity responsible for granting licenses for the use of seeds for planting, planting of psychoactive cannabis plants, and planting of non-psychoactive cannabis plants.

On November 22 of 2019, the Colombian Public Service Administrative Department issued the Decree 2106 of 2019. Pursuant to articles 85 and 86, this Decree assigns to the INVIMA the powers that the Ministry of Health had in relation to the issuance and monitoring of cannabis fabrication licenses. Therefore, as of November 22, 2019: (i) The rules that refer to the Ministry of Health in relation to the issuance of cannabis fabrication licenses shall be understood as referring to the INVIMA; and (ii) all the applications that were filed before the Ministry of Health and Social Protection will continue to be evaluated and processed by it. INVIMA will take care of the new applications

Decree 613 authorizes the granting of four (4) types of licences permitting the following activities:

1. Production of derivatives from cannabis: This license authorizes activities related to the transformation of the psychoactive constituent elements of cannabis in oils, resins, and other forms for medicinal and scientific purposes. The license may include an authorization to carry out any of the following activities: manufacture, acquisition, import, export, storage, transport, trade, and distribution of psychoactive or non-psychoactive cannabis by-products.
2. Use of seeds for sowing: This license authorizes the management of seeds for planting which comprises their acquisition, import, storage, trade, distribution, possession, and final disposal, as well as their export and use for medicinal and scientific purposes.
3. Cultivation of psychoactive cannabis plants: This license authorizes the cultivation of psychoactive cannabis plants whose THC percentage is above 1%, which comprises planting, acquisition, and production of seeds, storage, trade, distribution, and final disposal, as well as export and use for medicinal and scientific purposes.
4. Cultivation of non-psychoactive cannabis plants: This license authorizes the cultivation of cannabis plants whose THC percentage is below 1% in dry weight, and comprises the planting, acquisition, and production of seeds,

storage, trade, distribution, and final disposal of plants, as well as export and use for medicinal and scientific purposes.

Self-cultivation activities, which refer to non-commercial cultivation of up to 20 cannabis plants for personal consumption, do not require a plant cultivation license, nor will be subject to the licensing and quota system referred to in the Decree 613.

Licenses are not transferable, exchangeable or assignable, are valid for 5 years and may be renewed for an equal period as many times as requested by the licensee. Licenses cannot be granted to individuals or legal persons who intend to carry on licensed activities on lands that are in national parks or in protected areas established by the National System of Protected Areas.

Quotas

Colombia, as part of the Convention on Narcotic Drugs, reports annually to the International Narcotics Control Board (“**INCB**”) on its estimates of quantities of drugs that expects to produce, consume, or use to manufacture other drugs. The INCB confirms the production estimates provided by the reporting countries and amends or publishes its own estimates for each reporting country.

The totals of the estimates enable the reporting countries to determine the maximum quantity of drugs that a State may acquire under the Convention on Narcotic Drugs through import and/or manufacture.

In Colombia, quotas are the maximum amount of cannabis that a licensee requires to (i) cultivate crops of psychoactive cannabis plants; or (ii) to manufacture cannabis derivatives (the “**Quotas**”). The Ministry of Health (manufacturing of cannabis derivatives) or the Ministry of Justice (crop of psychoactive cannabis) grant production Quotas for prior approval by a special technical group of Quotas (the “**Technical Quota Group**”). According to Decree 613, the Technical Quota Group was created in order to carry out the analysis, evaluation and monitoring of all aspects related to the allocation of Quotas for cannabis for medicinal and scientific purposes in accordance with the provisions contained in the Convention on Narcotic Drugs. The Technical Quota Group is comprised of members of the Ministry of Justice, Ministry of Health, the ICA, the INVIMA and the FNE.

The Quotas allocated to licensees depend on the production estimates recognized by the INCB Board for Colombia. Therefore, Quota allocations may not exceed the production estimates of the country confirmed by the INCB Board.

Licensees must use the Quotas allocated annually before the end of the corresponding calendar year. Quotas are valid from the allocation until December 31 of the current calendar year and shall be allocated no more than 30 days after the INCB confirms the production estimates to the country.

Licensees must file their application for “ordinary quotas” with the INVIMA, or with the Ministry of Justice, as appropriate, on the last business day of April of each calendar year. Such ordinary Quotas, once granted, will be effective the following calendar year.

Licensees may request from the Ministry of Justice or the Ministry of Health, by way of exception, allocation of a “supplementary quota”, when required upon the occurrence of certain special circumstances such as for additional research projects; the fulfillment of initial quotas due to unforeseen circumstances; and others. The supplementary quotas shall be effective upon approval by the corresponding Ministry, until December 31 of the corresponding calendar year.

According to the Estimated World Requirements of Narcotic Drugs for 2021, the board of INCB confirmed for Colombia 116,248,860 grams of cannabis and 100 grams of cannabis resins.

Netherlands

The Dutch Opium Act distinguishes drugs with a low risk of harm (‘soft drugs’) from drugs with a high risk of harm (‘hard drugs’). Cannabis is listed under the soft drugs category (Category II), which means that use, possession and trade are forbidden by the Dutch Opium Act, but openly tolerated under certain circumstances by official policy.

The use of medicinal cannabis has been allowed in the Netherlands since 2003. The Dutch framework is an example of a long-established system that allows access to medicinal cannabis. However, it is a closed system. All activities related to medicinal cannabis are strictly regulated and the Dutch Office of Medicinal Cannabis has full control. This means that authorisations have to be obtained for the cultivation, import, and sale of medicinal cannabis. Authorisations will only be granted in a limited number of circumstances. In the Netherlands, so far only one company – Bedrocan (as defined below) – is authorised to cultivate cannabis for medical use.

Since medicinal cannabis is subject to the Dutch Medicines Act, a marketing authorisation is required in order to bring the product onto the market. This requirement however does not apply to the medicinal cannabis cultivated by Bedrocan; a special access scheme allows the medical use of this particular cannabis product without marketing authorisation.

Patients have access to medicinal cannabis through their pharmacies, provided they have a prescription. Cannabis can also be obtained from ‘coffee shops’ since sale and possession of small amounts of cannabis (under 5 grams) for personal use is tolerated. However, the quality of medicinal cannabis obtained through pharmacies is better protected since it is subject to strict regulations.

It is legally permitted in the Netherlands to cultivate, import and sell industrial hemp as long as the hemp is intended for fibre production or seed production for fibre varieties. According to European guidelines, the cannabis variety must be listed in the plant variety database and the THC level cannot exceed 0.2%. There are no requirements regarding the CBD level.

Cannabis-based-products are patentable in the Netherlands, as long as the commercial exploitation is not contrary to public policy or morality. However, commercial exploitation cannot be held contrary to public policy or morality on the mere fact that exploitation is prohibited by law. The chances of a successful appeal to public policy or morality are very limited in the Netherlands. Therefore, even a patent on an invention of a cannabis-based-product that is illegal in the Netherlands, is in practice allowed.

A legislative proposal regarding an experiment for a closed coffee shop chain is currently under review with the Dutch Senate. This experiment involves the appointment by the Minister of Health of certain cultivators that will supply all coffee shops in participating municipalities with strictly monitored cannabis so that recreational cannabis can be legally purchased by and sold from these shops. The aim of this experiment is to legalise recreational cannabis while regulating its quality and safety.

Another recent development concerns the Dutch Office of Medicinal Cannabis initiating a tender process to award a total of two contracts to cultivate cannabis. This is necessary in order to meet the growing foreign demand of medicinal cannabis and the need for new cannabis varieties on the Dutch market. The newly licensed cultivators are expected to be announced in April 2023.

International Operations

Xebra’s international operations include:

Netherlands

Xebra’s Dutch operations are carried through its 75% owned European subsidiary, Xebra Europe. Share Marketing, the remaining shareholder owns 25% of Xebra Europe.

The Dutch government has selected Xebra Europe as one of five (5) parties authorized to participate in medicinal cannabis cultivation trials. Two (2) of the five parties will eventually be granted licenses for a four-year contract with the Dutch government (the “**Dutch Contract**”). The two (2) parties will supply the entire Dutch medicinal industry, including sales through pharmacies. Five thousand kilograms of products will be sold annually at a fixed price of €2,350/kg under the four-year agreement with an optional two-year extension, resulting in a total sales value of the contract of approximately €70.5 million.

The other four parties authorized to participate in the Dutch medicinal cannabis cultivation trials are:

- (i) Bedrocan Nederland B.V. (“**Bedrocan**”), an EU-GMP certified supplier of pharmaceutical grade cannabis to the Dutch Office of Medicinal Cannabis (OMC). Bedrocan operates two indoor cultivation facilities and an R&D facility in the Netherlands;
- (ii) Aurora Nederland B.V. (“**Aurora**”), a company with a global footprint spanning 25 countries across 5 continents. Aurora has helped develop emerging medical markets in Europe and elsewhere, increasing patient access to safe, consistent and high-quality cannabis worldwide. Aurora is the producer of various brands such as CanniMed, MedRelief, Aurora, and others;
- (iii) Combination Perfect Plants (“**Perfect Plants**”), a company that offers tissue culture for worldwide distribution, genetic storage and focus on breeding new plant varieties; and
- (iv) Recommendr VOF (“**Recommendr**”), a consultancy company specialized in entering new markets and developing innovative concepts. Recommendr operates in the field of business development and digital transformation.

The final two license holders will be selected based on their Plan of Approach and on the product quality and consistency of three trial crops to be cultivated starting in 2021.

The Plan of Approach will be submitted on September 7, 2021. The three trial crops must be submitted as follows:

- (i) Trial crop 1: March 29, 2022;
- (ii) Trial crop 2: September 19, 2022; and

(iii) Trial crop 3: March 6, 2023.

The trial product will be evaluated for the following:

- (i) Color, smell and texture;
- (ii) Appearance;
- (iii) Presence of leaves, seeds, stems and/or fibres;
- (iv) Presence of foreign matter (such as glass, sand, soil, etc.), mould, and signs of spoilage;
- (v) Presence of insects;
- (vi) No pesticides are used; and
- (vii) Conditions of packaging and labels and/or markings assessed.

The criteria for the evaluation establish that the samples to be evaluated must come from the harvest in one batch, record of each batch must be maintained, and all the samples must be numbered.

After the third trial crop, the results of the three trials are combined and rated. The award decision is expected to be announced in April 2023.

If Xebra Europe is one of the companies awarded with the Dutch Contract, an investment of approximately €12.5 million in a full GMP licensed facility will be required.

If Xebra Europe is not one of the companies awarded with the Dutch Contract, the company will seek other business opportunities such as using its current facilities to produce biomass and develop other medicinal applications for the Netherlands and abroad; develop the facility for crop testing, R&D and breeding and transforming it into a training and educational institution. The other alternative can be the disposal of the facility, since it is modular structured and containerized and can be sold complete. The landlord has expressed interest in taking over the facility.

Colombia

In Colombia, Xebra operates through its wholly owned subsidiary Medicannabis SAS. Xebra holds all cannabis licenses in Colombia, including authorizations to cultivate psychoactive (THC) and non-psychoactive cannabis, a license for the use of seeds for cultivation, and a license to process cannabis for the manufacture and export of products. Xebra is also a registered Seed Producer and holds one of a select number of registrations as a Seed Breeder and Agronomic Evaluator. Medicannabis is one of the limited number of companies that successfully filed seed genetics in Colombia by the December 2018 deadline, and thereby owns a cannabis seed genetics library of 144 cultivars (Fuente Semillera), with a broad range of cannabinoid varieties and types that can be interbred and adapted to the various microclimates present in Colombia. Agronomic evaluations to fully register up to 10 of the cultivars in the National Cultivar Registry are presently underway and are scheduled to be completed in the fall of 2021. Once fully registered, those cultivars are eligible for cultivation, sale and export. Cannabis production quotas for licensed producers are determined by the end of April every year; this is the final step to enable Xebra to commence commercial operations.

Xebra's research and breeding facility in Colombia is located on a 1.5-hectare property in Guasca, Cundinamarca, 30 kilometres from Bogota's International Airport. The facility includes over 600m² of greenhouses, a water reservoir and irrigation system, and a seed breeding laboratory capable of undertaking certified agronomic evaluations. Xebra has taken a lower-risk asset-light approach to commercialize its cannabis cultivation. Under Colombian law, a large-scale cultivator must source at least 10% of its annual production quota from "small growers"; however, Xebra's unique asset-light model will enable it to produce 100% of its production on third-party land, thereby mitigating cultivation risk, reducing labour costs, and eliminating land leases and greenhouse construction costs. This scalable cultivation model is planned to commence in early 2022, under an exclusive partnership with a local consortium of licensed small growers, whereby initially up to 7 hectares of hoop houses, will be made available on approximately 14 hectares of licensed land in the Guasca area.

The competitive conditions in Colombia are various and have been greatly influenced by the pandemic in 2020 and 2021. Several peers have been unable to continue to fund their application, research and production activities. Xebra has been able to move forward despite the many challenges. This has been a key advantage over our peers. Other competitive advantages are being fully licensed to research, cultivate and produce, its low-cost cultivation plan in partnership with small-growers, and the potential and synergy with its international operations in Mexico, Canada and Holland as cannabis regulations worldwide continue to move towards legalization and the opening of new markets for the space. Xebra considers Aphria,

Avicanna, Blueberries Medical, Chemesis, Khiron, MYM Nutraceuticals, and Pharmacielo as its major cultivation, processing and exporting competitors in the country.

As a registered Breeding and Research facility and holder of all licenses, Xebra is able to perform its own **PEAs**, allowing the company to breed and evaluate inhouse its own cultivars for registration with the ICA. Once this mandatory requirement is completed, seeds and cultivars may be used for agricultural and commercial purposes, including for export. Xebra expects to register the 10 cultivars currently under PEA evaluation by December of 2021; opening the doors to profit generating operations in and outside of the country.

Xebra also considers the Colombian licensed Breeding and Research facility as an overall asset to its operations outside of the country.

Mexico

On July 12, 2019, the Company acquired two Mexican entities, Elements Bioscience SAPI de CV (“**Elements**”) and Sativa Group Biosciences SAPI de CV (“**Sativa**”, and together with Elements, the “**Mexican Subsidiaries**”) through a share exchange agreement (the “**Elements SEA**”). Pursuant to the Elements SEA, the Company received 100% of the outstanding shares of the Mexican Subsidiaries in exchange for a combination of 18,000,000 shares of Xebra and \$449,950 in cash payments. As of the date of this Prospectus, the Mexican Subsidiaries have several pending applications with the Mexican governmental agencies, which, when approved, will allow the Company to commence certain advanced stage cannabis-related operations in Mexico. These advanced stage cannabis-related operations include authorizations for the import, distribution and commercialization of various products with CBD content which have a limit of 1% THC. The Mexican Subsidiaries have not generated any revenues since the acquisition date.

On January 10, 2020, the Company acquired Desart MX, SA de CV (“**Desart**”) through a share exchange agreement (the “**Desart SEA**”). Pursuant to the Desart SEA, the Company received 100% of the outstanding shares of Desart in exchange for a combination of 2,000,000 common shares of Xebra and cash payments of US \$125,000, plus 48,000,000 common shares of Xebra to be issued under certain conditions. The primary requirement for the issuance is when the Supreme Court of Mexico has granted Desart a constitutional injunction under the terms of the *Mexican Law of Amparo* (“**Amparo**”), which provides all authorizations necessary to enable Desart to produce and commercialize CBD.

The acquisition of the Mexican Subsidiaries and Desart were arm’s length transactions.

The momentum in Mexico to legalize cannabis began unofficially in 2014 with the decriminalization of possession of small quantities of cannabis, followed in 2015 with the granting of the first Amparos for limited personal consumption, on the grounds that it was unconstitutional to deny such right to the individuals making the claim. Over the next several years, additional injunctions were granted by the Supreme Court for personal consumption, and also for the ability to grow a limited number of plants in a household for personal use. To rectify this uneven playing field that favored only certain individuals with Amparos, an initial legal framework was adopted by the Mexican government in 2017 for medicinal cannabis, however not for recreational purposes.

In 2018, Desart, identified an opportunity to challenge the constitution of Mexico for an injunction to commercialize hemp derived cannabinoids such as CBD and CBG. The constitutional claim was filed in January 2019, and the injunction requested included the right for the importation of seeds, cultivation, harvesting, processing, and the creation of cannabis products with less than 1% THC, and the right to sell those products domestically or via export. In August 2019, the Mexican Supreme Court formally ruled that cannabis prohibition was unconstitutional and ordered the government to draft comprehensive regulations specifically for medicinal cannabis, but did not mandate recreational regulations. In early 2020, Xebra acquired Desart and in September 2020 after making its way through various lesser circuit courts, the claim was received by the Mexican Supreme Court of Justice for a final ruling.

Desart has not generated any revenues since the acquisition date.

The Issuer currently has no immediate plans to offer its products or services to markets outside those listed above. However, it may seek to offer its technology platform to business customers or accept customers located in other markets in the long term. In all such cases, the Issuer and all of its subsidiaries shall only conduct its business and offer its products and services to markets where it is lawful to do so and comply with applicable cannabis and cannabis-related regulations and legislation.

The Private Placements

In August 2021, Xebra completed a four-tranche private placement (the “**Private Placement**”), pursuant to which Xebra issued \$2.7 million of subscription receipts (the “**Subscription Receipts**”), representing 13,712,262 Subscription Receipts at a price of \$0.20 per Subscription Receipt.

Each Subscription Receipt will entitle the holder thereof to receive, automatically and without payment of any additional consideration and with no further action on the part of the holder thereof, and subject to adjustment, one common share (an “**Underlying Share**”) and one-half of one common share purchase warrant (each whole such warrant an (“**Underlying Warrant**”) upon the satisfaction or waiver (to extent such waiver is permitted) of the Escrow Release Conditions (as defined herein) on or before the Escrow Release Date (as defined herein).

Each whole Underlying Warrant will entitle the holder to acquire one additional common share of the Company, at an exercise price of \$0.35 per share, for a period of one year from the date of issue (the “**Warrant Expiry Date**”). The Company will be entitled to accelerate the Warrant Expiry Date by notice to the Underlying Warrant holders should the closing price of the Common Shares on the Exchange (as defined hereunder), if listed, be at or greater than \$0.50 per share for ten consecutive trading days.

As part of the Private Placement, the Issuer and Computershare (the “**Subscription Receipt Agent**”) entered into a subscription receipt agreement on April 12, 2021 (the “**Subscription Receipt Agreement**”) governing the terms of the Subscription Receipts. It is expected that, pursuant to the Subscription Receipt Agreement, closing date of each tranche, 75% of the gross proceeds from the Private Placement (the “**Escrowed Proceeds**”) will be delivered to and held in escrow by the Subscription Receipt Agent and invested in an interest-bearing account, short-term obligations of, or guaranteed by, the Government of Canada or any other investments that may be approved by the Company (the Escrowed Proceeds, together with any interest and other income earned thereon, are referred to herein as the “**Escrowed Funds**”) pending the satisfaction or waiver of the Escrow Release Conditions. Twenty-five percent of the gross proceeds of the Private Placement will be immediately available to the Company and will not form part of the Escrowed Funds.

The Escrowed Funds shall be released from escrow to the Company upon the satisfaction or waiver (to the extent such waiver is permitted), of all of the following conditions (the “**Escrow Release Conditions**”) on or before the Termination Date:

- a) the common shares of the Company being conditionally approved for listing on the Canadian Securities Exchange (CSE), and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrowed Funds; and
- b) the issuance of a final receipt for the non-offering prospectus of the Company.

The date on which the Escrow Release Conditions are satisfied is hereinafter referred to as the “**Escrow Release Date**”, which shall be no later than the October 12, 2021 (the “**Termination Date**”) except as may be extended in accordance with the terms of the Subscription Receipt Agreement.

Unless waived under the terms of the Subscription Receipt Agreement, if the Escrow Release Conditions are not satisfied or waived on or prior to the Termination Date (as the same may be extended in accordance with the terms of the Subscription Receipt Agreement), then the Escrowed Funds shall be used to pay the holders of the corresponding Subscription Receipts an amount equal to 75% of the Issue Price per Subscription Receipt held (plus an amount equal to a pro-rata share of any interest or other income earned thereon) and the corresponding issued and outstanding Subscription Receipts shall be cancelled.

For greater certainty, 25% of the issued and outstanding Subscription Receipts shall convert into the corresponding number of Underlying Shares and Underlying Warrants regardless of whether the Escrow Release Conditions are satisfied or not.

In September 2021, Xebra is expected to complete a private placement for units (the “**Unit Private Placement**”), pursuant to which Xebra will issue up to 2,000,000 units at \$0.20 per unit (the “**Unit**”). Each Unit will be comprised of one common share and one-half of one common share purchase warrant (the “**Unit Warrant**”). Each whole such Unit Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 per share, for a period of one year from the date of the issue (the “**Unit Warrant Expiry Date**”). The Company will be entitled to accelerate the Unit Warrant Expiry Date by notice to the Unit Warrant holders should the closing price of the Common Shares on the Exchange (as defined hereunder), if listed, be at or greater than \$0.50 per share for ten consecutive trading days.

DIVIDENDS OR DISTRIBUTIONS

The Company has neither declared nor paid any dividends on its Common Shares. The Company currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company’s financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

FUNDS AVAILABLE AND USE OF FUNDS

This Prospectus is a non-offering prospectus. The Issuer is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds.

Below is a breakdown of amounts raised in the Private Placement and the Unit Private Placement as at the date of this Prospectus, net of related costs:

Description	Securities Issued	25% Proceeds Available	75% Proceeds in Escrow	Total Proceeds	Closing Date
Private Placement - Tranche 1	4,100,000	\$205,000	\$615,000	\$820,000	April 12, 2021
Private Placement - Tranche 2	6,512,262	\$325,613	\$976,839	\$1,302,452	May 27, 2021
Private Placement - Tranche 3	2,100,000	\$105,000	\$315,000	\$420,000	July 27, 2021
Unit Private Placement – Tranche 1	1,325,000	\$0	\$0	\$265,000	August 20, 2021
Private Placement – Tranche 4	1,000,000	\$50,000	\$150,000	\$200,000	August 24, 2021
Unit Private Placement – Tranche 2	None	\$0	\$0	\$34,000	To be closed
Finders' Fees	None	\$0	\$0	(\$22,600)	Paid in April 2021
Finders' Fees	None	\$0	\$0	(\$102,260)	Payable on Listing
Subtotal August 2021	15,037,262	\$685,613	\$2,056,839	\$2,916,592	
Unit Private Placement – Tranche 2	232,500	\$0	\$0	\$12,500	(to be closed)
Subtotal September 2021				\$12,500	
Total	15,269,762			\$2,929,092	

The Issuer has a pro forma working capital of approximately \$1,863,000 as at August 31, 2021. The principal purposes for the use of funds will be as follows:

Item	Cost
Funds Available	
Working capital of the Issuer as at August 31, 2021 ⁽¹⁾	\$1,863,000
September 2021 Financing ⁽²⁾	12,500
Total	\$1,875,500
Principal purposes for the use of available funds	
Shared overhead for 12 months following the filing of this Prospectus	\$90,000
Corporate salaries and wages for 12 months following the filing of this Prospectus	\$66,000
Audit and accounting fees for 12 months following the filing of this Prospectus	\$60,000
Investor relations and promotion	\$217,000
Other administrative costs for 12 months following the filing of this Prospectus	\$346,000
Launch THC infused beverage in Canada (details below)	\$119,000
Conduct trial cultivation in Holland (details below)	\$581,000
Fund Colombia subsidiary until completion of agronomic evaluations (details below)	\$186,000
Fund Mexico subsidiary until grant of Amparo (details below)	\$19,000
Total	\$1,684,000

Notes:

- (1) Includes 75% of the funds raised in tranches 1, 2, 3 and 4 of the Private Placement, held in escrow by the Escrow Agent, estimated to be released in September. It also includes a portion of the Unit Private Placement Tranche 2 proceeds received in August. The Unit Private Placement Tranche 2 is estimated to be closed in September 2021. The \$102,260 finders fees payable upon Listing has been included in the use of available funds and deducted from the working capital in August 2021.

(2) Estimated to close in September 2021.

During the three months ended May 31, 2021 and fiscal year ended February 28, 2021, the Issuer had negative operating cash flows. For a further description of the expected negative cash flows and the potential use of the funds available, please see “*Funds Available and Use of Funds*.”

Xebra has several business objectives and milestones that it plans to achieve in the first twelve months of becoming a listed entity. These objectives and milestones are detailed below and are expected to cost approximately \$905,000.

Objectives & Milestones	Cost
Launch THC infused beverage in Canada	
Production and co-packing	\$105,000
Marketing	\$14,000
Total – Launch THC infused beverage in Canada	\$119,000
Conduct trial cultivation in Holland	
Salaries & wages	\$240,000
Facility lease	\$38,000
Facility capital expenditures	\$218,000
Operations	\$85,000
Total – Conduct trial cultivation in Holland	\$581,000
Fund Colombia subsidiary until completion of agronomic evaluations	
Licensing, registration and permitting	\$26,000
Salaries & wages	\$54,000
Professional fees & overhead	\$67,000
Operations	\$39,000
Total – Fund Colombia subsidiary until completion of agronomic evaluations	\$186,000
Fund Mexico subsidiary until grant of Amparo	
Overhead	\$19,000
Total – Fund Mexico subsidiary until grant of Amparo	\$19,000
Total	\$905,000

Unless noted otherwise below, all amounts in the above table are the Company’s best estimate. Production and co-packing costs are based on quotes provided by the service provider. There are no amounts payable to related parties in the above Objectives and Milestones.

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Use of funds will be subject to the discretion of management.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following table sets forth the most recent selected financial information of the Issuer as follows:

	Year End	Year End	Year End
	2021	2020	2019
	(\$)	(\$)	(\$)

Net loss for the year	(1,881,378)	(2,790,881)	-
Basic and diluted net loss per share	(0.02)	(0.04)	-

	Feb 28, 2021 (\$)	Feb 29, 2020 (\$)	Feb 28, 2019 (\$)
Cash	93,334	955,407	1
Total assets	3,596,516	5,143,077	-
Total non-current financial liabilities	(67,026)	(321,270)	-

	Q1 2022 (\$)	Q4 2021 (\$)	Q3 2021 (\$)	Q2 2021 (\$)	Q1 2021 (\$)	Q4 2020 (\$)	Q3 2020 (\$) ¹
Net loss attributable to shareholders	(326,823)	(167,368)	(236,074)	(576,157)	(880,449)	(2,029,610)	(522,431)
Basic and diluted net loss per share attributable to shareholders	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.02)	(0.01)

¹ The Company has not presented quarterly information for its past eight quarters as it has not prepared quarterly financial statements for such quarters as a private company in 2020.

	May 31, 2021 (\$)	Feb 28, 2021 (\$)	Nov 30, 2020 (\$)	Aug 31, 2020 (\$)	May 31, 2020 (\$)	Feb 29, 2020 (\$)	Nov 30, 2019 (\$) ¹
Cash	197,941	93,334	55,438	74,545	213,072	955,407	929,830
Total assets	5,340,235	3,596,516	3,694,882	3,877,135	4,332,976	5,143,077	3,141,862
Total non-current financial liabilities	(54,157)	(67,026)	(78,247)	(84,181)	(288,793)	(321,270)	-

¹ The Company has not presented quarterly information for its past eight quarters as it has not prepared quarterly financial statements for such quarters as a private company in 2020.

The financial information of the Issuer as of the date hereof should be read in conjunction with:

- Issuer's audited consolidated financial statements for the year ended February 28, 2021;
- Issuer's Management's Discussion and Analysis for the year ended February 28, 2021;
- Issuer's unaudited condensed interim consolidated financial statements for the three months ended May 31, 2021; and
- Issuer's Management's Discussion and Analysis for the three months ended May 31, 2021.

which are attached to this Prospectus as Schedules C, D, A and B, respectively. Certain information included in the documents referred to above is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Note Regarding Forward-Looking Information" for further detail.

Off-Balance Sheet Arrangements

The Issuer does not have any off-balance sheet arrangements.

Related Party Transactions

The Company entered into a cost-sharing agreement (the "Xebra Cost Sharing Agreement") with Orea Mining Corp. ("Orea"), effective October 1, 2019, whereby certain overhead and administration costs are shared, which Xebra reimburses to Orea on a periodic basis and is included in general and administration expense. The Xebra Cost Sharing Agreement was terminated effective August 31, 2020, and replaced with a fixed fee agreement (the "Xebra Services Agreement"), whereby Orea provides certain overhead and administration services in exchange for a fixed fee of \$10,000 per month and a reduction in compensation of \$8,000 per month to a certain officer in common. The Xebra Services Agreement was terminated on November 30, 2020, and replaced with a reduced services agreement (the "Reduced Services Agreement") effective January 1, 2021, for \$2,000 per month which was terminated on May 31, 2021 and replaced with a new cost sharing agreement effective on June 1, 2021, under which Orea will provide certain overhead and administration services to Xebra in exchange for a fixed fee of \$30,000 per month (the "Current Services Agreement"). The increase of the monthly fixed fee under the Current Services Agreement was due to the work load and time demanded from the shared staff to attend to the process of the Issuer's Private Placement and Prospectus preparation. The monthly fixed fee under the shared services agreements is subject to frequent changes, depending on the Issuer's work load and time required from the shared staff. The Current Services Agreement is automatically renewed every month unless terminated:

- (a) immediately by Xebra, in its sole discretion, upon delivery of written notice to Orea specifying the basis for termination, if:
- (i) Orea commits any material fraudulent act in performing any of its obligations or any material, deliberate misrepresentation to the Recipient or to its directors, officers or shareholders;
 - (ii) Orea fails to perform its duties and discharge its obligations under the Current Services Agreement;
 - (iii) Orea commits an act of malfeasance or misfeasance in the performance of its duties; or
 - (iv) an order is made or resolution passed for the liquidation or winding up of Orea, or a receiver or receiver manager is appointed in respect of Orea, or Orea becomes insolvent or acknowledges its insolvency;
- (b) immediately by Orea, in its sole discretion, upon delivery of written notice to Xebra if any of the following occurs:
- (i) Xebra fails to pay the monthly fixed fee or any portion thereof in the manner and within 10 days of receipt of an invoice from Orea; or
- (c) by either party hereto on not less than 90 days' prior written notice delivered to the other party.

The Company and Orea have the following director and officers in common: Robert Giustra, Andrew Yau, Jorge Martinez and Daniela Freitas.

The following is a summary of related party transactions:

	Three Months Ended		Year Ended	
	May 31, 2021 (\$)	May 31, 2020 (\$)	February 28, 2021 (\$)	February 29, 2020 (\$)
Fees paid to Orea under the Services Agreement	6,000	126,000	227,450	166,000
Management fees paid to Columbus Capital Corporation, a company controlled by Robert Giustra, a director of the Company	-	53,400	66,800	40,000
Management fees paid to Todd Dalotto, a director of the Company	-	64,098	121,756	183,549
Management fees paid to Accounting Group ADR and Associates SC., a company controlled by Rodrigo Gallardo, CEO of the Company	8,080	32,000	84,000	-
Management fees paid Andrew Yau, CFO of the Company	-	-	-	15,000
Management fees paid to Applied Media Dynamics, a company controlled by Jorge Martinez, COO of the Company	-	-	3,000	15,000
	14,080	275,498	503,006	419,549

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	May 31, 2021 (\$)	February 28, 2021 (\$)
Fees payable to Orea for management and administration services	(10,000)	(4,000)
Fees payable to Applied Media Dynamics, a company controlled by Jorge Martinez, COO of the Company	(3,000)	(3,000)
	(13,000)	(7,000)

Changes in Accounting Policies Including Initial Adoption

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

DESCRIPTION OF THE SECURITIES

Common Shares

The Issuer is authorized to issue an unlimited number of Common Shares, of which, as of the date of this Prospectus, 125,291,992 Class A Common Shares and one (1) Class B Common Share are issued and outstanding as fully paid and non-convertible.

The holders of Common Shares are entitled to receive notice of any meeting of the shareholders of the Issuer and to attend and vote thereat, except those meetings at which only the holders shares of another class or of a particular series are entitled to vote.

Each Common Share entitles its holder to one vote. The holders of Common Shares are entitled to receive on a pro-rata basis such dividends as the board of directors may declare out of funds legally available therefor. In the event of the dissolution, liquidation, winding-up or other distribution of the Issuer's assets, such holders are entitled to receive on a pro-rata basis all of assets of the Issuer remaining after payment of all liabilities. The Common Shares carry no pre-emptive or conversion rights.

Issuer Options

The Issuer does not currently have a stock option plan enabling it to issue stock options to its employee, directors or officers.

Following the filing of this Prospectus, the Issuer will adopt a Stock Option Plan, which will be a "rolling" stock option plan, pursuant to which the board of directors of the Issuer may from time to time, in its discretion, and, as applicable, in accordance with the CSE requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase the Common Shares, provided that the number of the Common Shares reserved for issuance will not exceed 10% of its then issued and outstanding shares. The options will be exercisable up to ten years from the date of the grant, so long as the optionee maintains the optionee's position with the Issuer. The number of Common Shares reserved for issuance to any optionee will not exceed 5% of the then issued and outstanding Common Shares, and the number of Common Shares reserved for issuance to consultants will not exceed 2% of the then issued and outstanding Common Shares.

The minimum exercise price of an option granted under the Stock Option Plan will not be less than the closing trading price of the Common Shares on (a) the trading day prior to the date of the grant of such option; and (b) the date of the grant of such option. Options granted to an optionee who does not continue as a director, officer, employee or consultant of the Issuer, will have 30 days after such optionee ceases to be a director, officer, employee or consultant of the Issuer to be exercised.

CONSOLIDATED CAPITALIZATION

As of the date of this Prospectus, the total number of issued and outstanding shares of the Issuer is 125,291,992 Class A common shares. The 13,712,262 subscription receipts issued under the Private Placement as of today will be converted into Class A common shares upon the issuance of the Prospectus final receipt by the BCSC, which will result in 125,291,992 issued and outstanding Class A common shares on that.

There was no material change in the share capital of the Issuer, on a consolidated basis, since the date of the Issuer's financial statements for its most recently completed financial period included in the Prospectus. The following table sets forth the consolidated capitalization of the Issuer as at the dates indicated.

Description	Outstanding as at May 31, 2021	Outstanding as at the date of this Prospectus
Common Shares	103,854,731 ⁽¹⁾	125,291,992 ⁽²⁾
Share Capital	\$7,598,122	\$9,087,033
Subscription Receipts	10,612,262	13,712,262
Warrants	-	662,500 ⁽³⁾
Broker Warrants	136,700	136,700
Options ⁽⁴⁾	8,150,000	8,150,000

Subscription Receipts Underlying Warrants	6,356,131	6,856,131
Long-term debt	\$0	\$0

Notes:

- (1) It includes one (1) Class B common share.
- (2) The change in the total number of common shares is due to the issuance of 2,000,000 shares to New Age Ventures LLC and 4,000,000 shares to NAN in exchange for the grant of license to use NAN's technology.
- (3) Warrants issued on August 20, 2021 under the Units Private Placement.
- (4) Options have been allocated, but not granted. The Options grant will be effective upon listing of the Issuer's shares on the Exchange.

On January 4, 2021, the Company received a loan of \$155,000 from a third party. The loan is repayable on or before March 31, 2021. In consideration, the loan bears a fixed interest of \$7,000. If the loan is not repaid by March 31, 2021, the third party may elect to convert the loan and interest into class A common shares of Xebra at the lesser of \$0.15 per share or 50% of the price per class A common share of the most recent Xebra equity financing at the time. The loan and interest was fully repaid by Xebra on March 30, 2021.

PRIOR SALES

No securities are being distributed under this Prospectus.

The following table summarizes the details of the issuance of securities of the Issuer during the twelve-month period prior to the date of this Prospectus:

Date	Description of Securities	Number of Securities	Issue Price or Exercise Price, as applicable
September 4, 2020	Common Shares	538,263	\$0.30
September 4, 2020 ⁽¹⁾	Common Shares	43,061	\$0.30
December 14, 2020	Common Shares	278,100	\$0.30
February 12, 2021	Common Shares	119,067	\$0.30
February 12, 2021 ⁽²⁾	Common Shares	6,333	\$0.30
May 3, 2021	Common Shares	11,250	\$0.30
April 12, 2021	Subscription Receipts	4,100,000	\$0.20
April 12, 2021 ⁽³⁾	Warrants	23,700	\$0.20
May 27, 2021	Subscription Receipts	6,512,262	\$0.20
May 27, 2021 ⁽³⁾	Warrants	113,000	\$0.20
June 22, 2021 ⁽⁴⁾	Common Shares	200,000	\$0.20
July 27, 2021	Subscription Receipts	2,100,000	\$0.20
August 4, 2021 ⁽⁵⁾	Common Shares	200,000	\$0.20
August 20, 2021	Common Shares	1,325,000	\$0.20
August 20, 2021	Warrants	662,500	\$0.35
August 24, 2021	Subscription Receipts	1,000,000	\$0.20
August 31, 2021 ⁽⁶⁾	Common Shares	6,000,000	\$0.20

Notes:

- (1) Shares paid to various individuals under consulting agreements dated September 4, 2020.
- (2) 8% Finder's shares paid to Armando Aguirre for amounts raised under the \$0.30 private placement.
- (3) Broker warrants paid on 25% of amounts raised under the Private Placement.
- (4) Shares issued to Organto Foods Inc. in exchange for waiving the right of first refusal to distribute Xebra's cannabis product in Europe.
- (5) Shares issued to Peter Gianulis as finder's fee under the agreement with BevCanna.
- (6) Shares issued under license agreement with New Age Nanotech LLC.

Prior to the twelve-month period included in the table above, Xebra issued the following securities:

Date	Description of Securities	Number of Securities	Issue Price or Exercise Price, as applicable
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March 21, 2019	Common Shares	12,750,000	\$0.02
March 28, 2019	Common Shares	17,950,000	\$0.02
April 30, 2019	Common Shares	4,100,000	\$0.02
May 16, 2019	Common Shares	5,200,000	\$0.02
May 29, 2019	Common Shares	10,410,000	\$0.10
May 31, 2019	Common Shares	2,775,000	\$0.10
June 7, 2019	Common Shares	6,783,000	\$0.10
June 18, 2019	Common Shares	3,365,530	\$0.10
July 12, 2019 ⁽¹⁾	Common Shares	19,260,000	\$0.02
December 18, 2019 ⁽²⁾	Common Shares	10,000,000	\$0.10
January 10, 2020 ⁽³⁾	Common Shares	200,000	\$0.30
January 11, 2020 ⁽⁴⁾	Common Shares	2,359,338	\$0.15
January 15, 2020	Common Shares	2,247,892	\$0.30
January 23, 2020 ⁽⁵⁾	Common Shares	2,000,000	\$0.30
February 7, 2020	Common Shares	2,106,583	\$0.30
February 14, 2020	Common Shares	834,873	\$0.30
March 5, 2020	Common Shares	224,937	\$0.30
April 23, 2020 ⁽⁶⁾	Common Shares	291,503	\$0.30
Total		102,858,656	

Notes:

- (1) Shares issued in connection with the acquisition of the Mexican Subsidiaries.
- (2) Shares issued in connection with the acquisition of Medicannabis.
- (3) Shares issued as finders' fees.
- (4) Shares issued in connection with the acquisition of the Mexican Subsidiaries.
- (5) Shares issued in connection with the acquisition of Desart.
- (6) Shares issued as finders' fees for amounts raised in financings.

ESCROWED SECURITIES**CSE Escrow Shares and Contractual Restrictions on Resale**

Some of the Common Shares of the Issuer will be required by the CSE to be held in escrow pursuant to the NP 46-201, and certain securities are subject to an escrow pool pursuant to the terms of the Escrow Agreement among the Issuer, an escrow agent and certain shareholders.

A total of 18,481,106 shares are held by directors, officers, employees and consultants (the "Insiders") and are all subject to NP 46-201 (the "CSE Escrow Shares"). The CSE Escrow Shares will be released as follows: 10% of total Shares held after 5 months from Listing, and 15% of total common shares held as of the Listing date every 6 months thereafter.

A total of 41,752,974 shares are subject to contractual restrictions (the "Contractual Escrow Shares"). The Contractual Escrow Shares will be released as follows: 10% of total Shares held after 5 months from Listing, and 15% of total common shares held as of the Listing date every 6 months thereafter.

An aggregate of 46,366,330 shares are intended to be pooled in escrow (the "**Proposed Pooled Shares-A**"). The Proposed Pooled Shares-A are estimated to be released as follows: 20% of total shares held on the later of: (a) the Listing date or (b) on the date that is 4 months and 1 day from the share or subscription receipt issuance date; and 20% of the total shares held on Listing date every 3 months thereafter.

Another total of 3,937,500 shares are proposed to be pooled in escrow (the "**Proposed Pooled Shares-B**"). The Proposed Pooled Shares-B will be released as follows: 25% of total shares held on the later of: (a) the Listing date or (b) on the date that is four months and one day from the share or subscription receipt issuance date; and 25% of the total shares held on Listing date every one month thereafter.

The CSE Escrow Shares, the Contractual Escrow Shares, the Proposed Pooled Shares-A, and the Proposed Pooled Shares-B, will be collectively referred to as the "Escrow Shares" from hereon.

The total number of Escrow Shares is as follows:

Description	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	110,537,909	88.22%

The Escrow Agreement will provide that the Escrow Shares will be held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner, except in accordance with the Escrow Agreement. In the event of the bankruptcy of an escrow shareholder, the Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Escrow Shares, as the case may be, in accordance with the Escrow Agreement, and such shares will remain in escrow subject to the Escrow Agreement. In the event of the death of an escrow shareholder, the Escrow Shares held by the escrow shareholder will be released from escrow in accordance with the Escrow Agreement. The Escrow Shares are subject to timed releases as follows and in accordance with the Escrow Agreement:

CSE Escrow Shares	
Release Date	Amount Released
5 Months After the Listing Date	1,848,111
11 Months After the Listing Date	2,772,166
17 Months After the Listing Date	2,772,166
23 Months After the Listing Date	2,772,166
29 Months After the Listing Date	2,772,166
35 Months After the Listing Date	2,772,166
41 Months After the Listing Date	2,772,166
TOTAL CSE ESCROW SHARES	18,481,106

Contractual Escrow Shares	
Release Date	Amount Released
5 Months After the Listing Date	4,175,297
11 Months After the Listing Date	6,262,946
17 Months After the Listing Date	6,262,946
23 Months After the Listing Date	6,262,946
29 Months After the Listing Date	6,262,946
35 Months After the Listing Date	6,262,946
41 Months After the Listing Date	6,262,946
TOTAL CONTRACTUAL ESCROW SHARES	41,752,974

Proposed Pooled Shares-A	
Release Date	Amount Released
February 28, 2022	350,000
March 21, 2022	265,000
May 29, 2022	350,000
June 21, 2022	265,000
August 29, 2022	350,000
September 21, 2022	265,000
November 29, 2022	350,000
December 21, 2022	265,000
3 Months After the Listing Date	10,976,582
6 Months After the Listing Date	10,976,582
9 Months After the Listing Date	10,976,582
12 Months After the Listing Date	10,976,582
TOTAL PROPOSED POOLED SHARES-A	46,366,330

Proposed Pooled Shares-B

Release Date	Amount Released
October 29, 2021	1,312,500
November 29, 2021	1,312,500
December 29, 2021	1,312,500
TOTAL PROPOSED POOLED SHARES-A	3,937,500

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and senior officers of the Xebra, no person or company, as at the date of this Prospectus, beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the outstanding voting rights attached to the Common Share.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the name, municipality and province of residence, position and office held with the Issuer, the principal occupation during the five preceding years, and the number and percentage of the Common Shares which are beneficially owned, directly or indirectly, by each of the directors and officers of the Issuer.

Name, Municipality of Residence, and Current Position with the Issuer	Date Appointed	Principal Occupation for the Past Five Years	Number of Common Shares	% Held on Listing
Antonio Grimaldo ⁽²⁾ Mexico Director	October 27, 2020	Partner at VECEGEA, S.C. and DESART MX S.A. de C.V.; Public servant at the Mexican Institute of Social Security; Public servant at the Mexican Federal Commission for the Protection Against Sanitary Risks (COFEPRIS)	417,496	0.33%
Jordi Chemonte ⁽²⁾ Mexico Director	May 13, 2019	General Manager at CYH Ingenieros Electromecanicos S.A. de C.V. and Construtora Arie S.A. de C.V.; Co-founder and CEO of Elements Bioscience Sapi de C.V. and Stiva Group Elements Sapi de C.V.	6,455,196	5.23%
Robert Giustra ⁽²⁾ Vancouver, British Columbia Director	February 21, 2019	President of Columbus Capital Corp. and Chairman of Orea Mining Corp.	5,227,724	4.17%
Todd Dalotto ⁽¹⁾ Oregon, United States Director	March 1, 2021	Cannabis industry consultant specializing in horticultural science and public policy	690,200	0.55%
Rodrigo Gallardo ⁽³⁾ Mexico President(acting as interim CEO)	June 15, 2020	CEO and Mexico's Country Manager of Xebra Brands Ltd; Legal Director of Elements Bioscience SAPI de C.V. & Sativa Group Biosciences SAPI de C.V.; CEO of Grupo Fishmart SA de C.V.	3,365,490	2.69%
Jorge Martinez Vancouver, British Columbia Chief Operating Officer	January 24, 2020	Vice President of Corporate Operations of Orea Mining Corp.	2,000,000	1.60%
Andrew Yau Vancouver, British Columbia Chief Financial Officer	January 1, 2020	Executive Vice President & Chief Financial Officer of Orea Mining Corp.	75,000	0.06%
Daniela Freitas Vancouver, British Columbia Corporate Secretary	January 1, 2020	Corporate Secretary of Orea Mining Corp.	150,000	0.12%

Notes:

(1) Mr. Dalotto acted as the President of the Issuer from June 2019 until February 2021.

(2) Members of the Audit Committee

⁽³⁾ Mr. Gallardo is acting as an interim CEO until a full-time CEO is appointed.

All individuals listed above are independent contractors and none has signed either a non-competition agreement or a non-disclosure agreement with the Issuer.

The directors and officers of the Issuer as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 18,481,106 of Common Shares, representing 16.56% of the issued and outstanding Common Shares (on an undiluted basis).

A total of 18,481,106 Common Shares held by the directors, officers and consultants of the Issuer are subject to escrow or contractual restrictions and will be released as follows: 0 Common Shares on Listing; 10% of total Common Shares held after 5 months from Listing; and 15% of Common Shares held every 6 months thereafter.

Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

The audit committee of the Board of Director of the Issuer is composed of: Antonio Grimaldo, Jordi Chemonte and Robert Giustra. All of them are independent members. All members are considered financially literate. There are no other committees of the Board at this time. The Board will oversee all corporate governance and compensation matters.

The directors and officers will devote their time and expertise as required by the Issuer. However, it is not anticipated that any director will devote 100% of their time to the Issuer's activities. None of the directors are employees of the Issuer.

Management

Mr. Gallardo, 46, the Company's President, provides overall leadership and vision in developing the Company's strategic direction in consultation with the Board. The President also manages the company's overall business to ensure its strategic plan is effectively implemented, and the results are monitored and reported to the Board.

Mr. Gallardo is an international business executive with two decades of experience in marketing and business development. A lawyer by training, with a certification in Executive Management, Mr. Gallardo has held executive roles in a number of entrepreneurial driven ventures, which have also provided him with broad experience in the food and entertainment industries. Mr. Gallardo was a co-founder of Elements Bioscience, a first-mover in the Mexican cannabis industry.

The Issuer entered into a consulting agreement with Rodrigo Gallardo for his services as Chief Executive Officer in September 2020 (the "**CEO Agreement**"). The CEO Agreement was amended on June 1, 2021, whereby Mr. Gallardo ceased acting as the CEO of the Company and started serving as the President of the Company. Mr. Gallardo will fulfill his role in a full-time capacity with the Issuer. As part of this consulting agreement, Mr. Gallardo will agree to confidentiality, non-compete and non-disclosure provisions.

Mr. Yau, 41, the Company's Chief Financial Officer, is responsible for establishing and maintaining financial disclosure controls and procedures for the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

Mr. Yau holds a Bachelor of Commerce and Business Administration degree from the University of British Columbia, and has been in finance and accounting roles with publicly listed companies since 2006. Mr. Yau previously held senior financial positions with several Toronto Stock Exchange and TSX Venture Exchange listed companies, where he was responsible for all aspects of finance, accounting, tax, banking, regulatory reporting, and internal controls. Mr. Yau's strong business acumen combined with his knowledge of public company requirements and of International Financial Reporting Standards, have made him essential in the completion of complex international M&A transactions. Mr. Yau intends to commit 50% of his time to the Company. Mr. Yau has agreed to enter into confidentiality, non-compete and non-disclosure agreements with the Company.

Mr. Martinez, 49, the Company's Chief Operating Officer, is responsible for overseeing corporate processes and communication management. He oversees all operations in Colombia and in Canada. Mr. Martinez manages product development and distribution of beverage brands. Mr. Martinez is a Colombian national with 25 years of experience in venture capital, with both private and publicly traded companies. Throughout his career, he has worked in Latin America, the United States and in Canada, in the hospitality, technology and resource sectors. Mr. Martinez specializes in the areas of corporate operations and efficiency, technology, and marketing. He holds a BA from the University of Miami with concentrations in Business Administration and Engineering, and has completed executive studies in Project Management at the University of British Columbia in Vancouver, Canada and in Advertising at the School of Communications of UPB University in Medellin, Colombia. Mr. Martinez intends to commit 50% of his time to the Company. Mr. Martinez has agreed to enter into confidentiality, non-compete and non-disclosure agreements with the Company.

Mrs. Freitas, 55, the Corporate Secretary, is responsible for ensuring compliance with statutory and regulatory requirements and implementing decisions made by the Board. Ms. Freitas has been providing bookkeeping and paralegal services to publicly traded and private companies since 2011. Her knowledge and experience with internal controls and of regulatory, governance and compliance policies, is essential in the operations of publicly listed companies. Prior to 2011, Ms. Freitas worked for the World Bank and the

United Nations Development Program (UNDP) in Brazil. Ms. Freitas was educated at the Universidade Estadual de Londrina, in Brazil and resides in Vancouver, Canada. Mrs. Freitas has agreed to enter into confidentiality, non-compete and non-disclosure agreements with the Company. Mrs. Freitas intends to commit 30% of her time to the Company.

The current board of directors of Xebra include:

Antonio Grimaldo (Director)

Mr. Grimaldo, 39, is a lawyer with a Masters in International Tax Law from the Vienna Economics University and a Masters in Social Policy and Development from the London School of Economics. He has held high-level positions in the Mexican Institute of Social Security and the Federal Commission for Protection against Health Risks (the Mexican equivalent of the U.S. Food and Drug Administration), where he dealt with a wide range of legal issues. Mr. Grimaldo was part of the team responsible for implementing the 2014 resolution of the Mexican Supreme Court that allowed personal consumption of cannabis for the first time and which set the grounds for the 2017 legal reform. In addition, in 2016 he organized the discussion forums and debates regarding cannabis legalization in Mexico that allowed the exchange of opinions and arguments of several experts and academics in the field; these forums led to the 2017 framework for the legalization of medicinal cannabis and CBD products, which the Mexican government formally adopted in 2018. Mr. Grimaldo intends to commit 20% of his time to the Company.

Jordi Chemonte (Director)

Mr. Chemonte, 45, is an entrepreneur who has co-founded several enterprises. He has held executive positions in the food and services, entertainment, real estate, construction, and engineering sectors. He was recently the co-founder and CEO of Elements Bioscience, a first mover in the Mexican cannabis industry. Mr. Chemonte intends to commit 20% of his time to the Company.

Robert Giustra (Director)

Mr. Giustra, 51, has been actively engaged in venture capital markets for 25 years. He is a former investment banker with a national investment dealer (now Canaccord Genuity). He co-founded the institutional equity sales department, and he has held senior executive positions and board seats with several publicly traded companies. Mr. Giustra is the co-founder, Chairman, and former CEO of a publicly listed gold company, which in 2015, 2017 and 2018 was selected from a peer group of some 1,200 mining companies as a TSX Venture 50 company, ranking the top 10 companies in each of the five major industry sectors that make up the TSX Venture Exchange; and in 2016 it was one of only two Metals & Mining sector companies to graduate its listing to the senior Toronto Stock Exchange, during the previous one-year period. Mr. Giustra is a former member of the TSX Venture Exchange's Local Advisory Committee. Mr. Giustra intends to commit 25% of his time to the Company.

Todd Dalotto (Director)

Mr. Dalotto, 50, is a horticultural scientist, public policy consultant, and court-qualified expert witness specializing in cannabis. He breeds and conducts horticultural research, teaches, and consults businesses on the horticultural science and public policy of cannabis. Over the past twenty years, his research objectives include breeding of in-bred lines, morphology, sustainable practices, semi-passive greenhouse production, and mutualisms. He created the curriculum for and taught the Cannabis Horticultural Science Course, a certificate course on the core horticultural science topics such as Soil Science, Seed Biology, Plant Pathology, Breeding & Genetics, and more. Mr. Dalotto has a horticultural research degree with emphasis on sustainable agriculture and plant breeding from Oregon State University, is former Chair of the Oregon Health Authority's Advisory Committee on Medical Marijuana (ACMM), as well as the ACMM's Horticulture, Research & Safety Committee, has served on various policy advisory committees for the State of Oregon, and helped draft the regulations for Oregon's Medical Marijuana Dispensary Program and founded Oregon's first cannabis medical clinic, education & support center. Mr. Dalotto intends to commit 10% of his time to the Company.

Other Reporting Issuer Experience

The following table sets out the expected directors, officers and promoters of the Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Robert Giustra	Orea Mining Corp., British Columbia, Canada	TSX	Director	September 2004	Present
	Organto Foods Inc., British Columbia, Canada	TSX-V	Director	May 2007	April 2021

	Columbus Gold Corp., British Columbia, Canada	TSX	CEO	May 2011	January 2018
	Allegiant Gold Ltd., British Columbia, Canada	TSX-V	Chairman	January 2018	May 2020
	Allegiant Gold Ltd., British Columbia, Canada	TSX-V	CEO	July 2018	September 2019
	Zazu Metals, British Columbia, Canada	TSX-V	Director	May 2012	July 2017
Todd Dalotto	Organto Foods Inc., British Columbia, Canada	TSX-V	Division President	January 2019	June 2019
Jorge Martinez	Orea Mining Corp., British Columbia, Canada	TSX	Vice President of Corporate Operations	February 2021	Present
Andrew Yau	Orea Mining Corp., British Columbia, Canada	TSX	Executive Vice President and Chief Financial Officer	May 2016	Present
	Allegiant Gold Ltd., British Columbia, Canada	TSX-V	Chief Financial Officer	June 2018	September 2019
	Organto Foods Inc., British Columbia, Canada	TSX-V	Chief Financial Officer	May 2016	December 2017
Daniela Freitas	Orea Mining Corp., British Columbia, Canada	TSX	Corporate Secretary	January 2019	Present
	Allegiant Gold Ltd., British Columbia, Canada	TSX-V	Corporate Secretary	January 2019	September 2019

Cease Trade Orders.

Other than as disclosed herein, to the best of the Issuer's knowledge, no director, or officer of the Issuer, nor any shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer is, or within the ten years prior to the date hereof has been, a director or CEO or CFO of any corporation that, while that person was acting in the capacity of director or CEO or CFO of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days.

Bankruptcies

To the best of the Issuer's knowledge, no proposed director or officer of the Issuer, nor any shareholder holding a sufficient securities of the Issuer to materially affect control of the Issuer, as at the date of this Prospectus, or has been within 10 years of the date of this Prospectus, a director or executive officer of any company (including the Issuer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the best of the Issuer's knowledge, no proposed director or officer of the Issuer, nor any shareholder holding a sufficient securities of the Issuer to materially affect control of the Issuer has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the best of the Issuer's knowledge, no proposed director or officer of the Issuer, nor any shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy

or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests, which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a board meeting, any director in a conflict will disclose his interest and abstain from voting on such a matter.

To the best of the Issuer's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Issuer's proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies. Therefore a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company does not have a formal compensation program for its directors or management. The Board relies on the experience of its members as current or former officers or directors of companies to ensure that total compensation paid to the Company's management is fair and reasonable. The Board meets to discuss and determine management compensation without reference to formal objectives, criteria or analysis. The general philosophy of the Company's compensation strategy is to: (a) encourage management to achieve a high level of performance and results intending to increase long-term shareholder value; (b) align management's interests with the long-term interest of shareholders; (c) provide a reasonable compensation package to attract and retain highly qualified executives and directors; and (d) ensure that total compensation paid takes into account the Company's overall financial position.

Incentive Plan Awards

The Issuer granted the following options to its directors, officers, employees and consultants pursuant to a stock option plan effective upon listing of the Issuer's shares on the Exchange:

Optionee	Title	# of Options	Exercise Price	Vesting
Rodrigo Gallardo	President	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Antonio Grimaldo	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Robert Giustra	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Jordi Chemonte	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Todd Dalotto	Director	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Jorge Martinez	COO	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Andrew Yau	CFO	1,000,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Daniela Freitas	Corporate Secretary	250,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Mauricio Pieschacon	Master Grower	250,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Casper Hendrik Van Duijne	Director of Operations	200,000	\$0.20	Upon the award of one of the two Dutch trial licenses to the Company.
Danielle Sweeting	Executive Assistant	100,000	\$0.20	One third upon listing, and then one third every three (3) months thereafter.
Ivonne Maldonado	Accounting Assistant	100,000	\$0.20	Upon listing.

Sean Mitchel	Consultant	100,000	\$0.20	Upon listing.
Ivan Bustos	Colombia Coordinator	50,000	\$0.20	Upon listing.
Diego Chigachi	Senior Agronomist	50,000	\$0.20	Upon listing.
Jean-Pierre Ronderos	Junior Agronomist	50,000	\$0.20	Upon listing.

Summary Compensation Table

The following table sets out the compensation to the Issuer's President, COO and CFO for the most recently completed financial year. The Issuer does not intend to make any material changes to the compensation of the individuals listed below.

Name and Position	Year	Salary, consulting fee, retainer or commission ¹⁾	Bonus	Committee or meeting fees	Pension value	Value of all other compensation	Total compensation
Rodrigo Gallardo ⁽²⁾ President	2021	\$41,000	Nil	Nil	Nil	\$15,000	\$56,000
Jorge Martinez ⁽¹⁾ Chief Operating Officer	2021	\$36,500	Nil	Nil	Nil	Nil	\$36,500
Andrew Yau ⁽¹⁾ Chief Financial Officer	2021	\$49,600	Nil	Nil	Nil	Nil	\$49,600
Todd Dalotto ⁽³⁾	2021	\$105,096	Nil	Nil	Nil	\$31,885	\$136,981

Notes:

(1) Mr. Yau and Mr. Martinez received their salaries through Orea under a service agreement between Orea and the Issuer (the "Service Agreement"). During March 2020 to August 2020, the pro-rata portions of their compensation is allocated in the table above. The Service Agreement was subsequently amended for September 2020 to December 2020 whereby all the shared costs were included under a fixed monthly fee of \$10,000 per month (the "Fixed Monthly Fee"). The Fixed Monthly Fee was further amended and decreased to \$2,000 per month effective January 2021. Mr. Yau's and Mr. Martinez's salaries and consulting fees are not allocated under the Fixed Monthly Fee, and therefore not included in the above table.

(2) Mr. Gallardo received 300,000 class A common shares of the Company at a fair value of \$0.05 per share as part of his compensation under a consulting agreement.

(3) Mr. Dalotto received 40,200 class A common shares of the Company at a fair value of \$0.05 per share as part of his compensation under a consulting agreement. Mr Dalotto also received a one-time bonus of \$29,875 in September 2020.

It is anticipated that the Issuer will pay non-executive directors an amount per person per Board meeting at a rate to be determined.

The definition of "director" under securities legislation includes an individual who acts in a capacity similar to that of a director.

Stock Options and Other Compensation Securities

As of the date of this Prospectus, the Board has approved an option grant concurrent with the listing. The option grant will allow Directors, Officers and certain consultants to acquire an aggregate amount of 8,150,000 common shares of the Company at \$0.20 per common share.

Pension Plan Benefits and Other Deferred Compensation Plans

It is anticipated the Issuer will not have any pension or deferred compensation plan in the 12 months following the filing of this Prospectus.

Employment, Consulting and Management Agreement

The Issuer entered into a consulting agreement on September 16, 2020 with Rodrigo Gallardo, as Chief Executive Officer, which was amended on June 1, 2021, whereby Mr. Gallardo agrees to cease acting as the CEO of the Company and to start serving as the President of the Company (the "Gallardo Consulting Agreement"). The Issuer anticipates assuming employment contracts with executive officers at such time as the Issuer determines.

The Gallardo Consulting Agreement provides for the following terms:

- Compensation of \$8,000 per month and an aggregate of 300,000 common shares of the Company;
- Entitlement to 4 weeks' vacation per calendar year;

- Entitlement to medical benefits reimbursement estimated to be \$1,400 per month; and
- Standard confidentiality and intellectual property assignment provisions.

The Issuer entered into a consulting agreement on June 14, 2019 (the “**2019 Dalotto Agreement**”) with Todd Dalotto, under which Mr. Dalotto served as the President of the Company. The Dalotto Consulting Agreement was terminated on June 15, 2020. The 2019 Dalotto Agreement provided for the following terms:

- Compensation of US\$15,300 per month; and
- Standard confidentiality and intellectual property assignment provisions.

The Issuer then entered into a new consulting agreement with Mr. Dalotto on June 15, 2020 (the “**2020 Dalotto Agreement**”), under which Mr. Dalotto continued to serve as the President of the Company. The 2020 Dalotto Agreement was terminated on September 15, 2020.

The 2020 Dalotto Agreement provided for the following terms:

- Compensation of US\$5,000 per month plus an aggregate of 40,200 common shares of the Company;
- Entitlement to 2 weeks’ vacation during the term of the agreement; and

Standard confidentiality and intellectual property assignment provisions

Oversight and Description of Director and Named Executive Compensation

The Board determines the annual compensation of named executive officers. Current market conditions, market compensation, and company finances are taken into account when determining compensation. See “*Executive Compensation*” above.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, no director, executive officer or employee of Xebra or their respective associates or affiliates is or has been indebted to Xebra at any time.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE AUDIT COMMITTEE’S CHARTER

The text of the audit committee’s charter is attached hereto as Schedule E.

Composition of the Audit Committee

The members of the audit committee of the Issuer are Antonio Grimaldo, Jordi Chemonte and Robert Giustra. All members are financially literate and independent. Robert Giustra will serve as the Chair of the Audit Committee.

Relevant Education and Experience

Each audit committee member has had extensive experience reviewing financial statements. Each member has an understanding of the Issuer’s business and has an appreciation for the relevant accounting principles for that business.

Robert Giustra, Director

Mr. Giustra has been actively engaged in venture capital markets for 25 years. He is a former investment banker with a national investment dealer (now Canaccord Genuity). He co-founded the institutional equity sales department, and he has held senior executive positions and board seats with several publicly traded companies. Mr. Giustra is the co-founder, Chairman, and former CEO of a publicly listed gold company, which in 2015, 2017 and 2018 was selected from a peer group of some 1,200 mining companies as a TSX Venture 50 company, ranking the top 10 companies in each of the five major industry sectors that make up the TSX Venture Exchange; and in 2016 it was one of only two Metals & Mining sector companies to graduate its listing to the senior Toronto Stock Exchange, during the previous one-year period. Mr. Giustra is a former member of the TSX Venture Exchange’s Local Advisory Committee.

Jordi Chemonte, Director

Mr. Chemonte is an entrepreneur who has co-founded several enterprises. He has held executive positions in the food and services, entertainment, real estate, construction, and engineering sectors. He was recently the co-founder and the CEO of Elements Bioscience, a first mover in the Mexican cannabis industry.

Antonio Grimaldo, Director

Mr. Grimaldo is a lawyer with a Masters in International Tax Law from the Vienna Economics University and a Masters in Social Policy and Development from the London School of Economics. He has held high level positions in the Mexican Institute of Social Security and the COFEPRIS (the Mexican equivalent of the U.S. Food and Drug Administration), where he was responsible of all legal issues. Mr. Grimaldo was part of the team responsible for implementing the 2014 resolution of the Mexican Supreme Court that allowed personal consumption of cannabis for the first time, and which set the grounds for the 2017 legal reform. In addition, in 2016 he organized the discussion forums and debates regarding cannabis legalization in Mexico that allowed the exchange of opinions and arguments of several experts and academics in the field; these forums led to the 2017 framework for the legalization of medicinal cannabis and CBD products, which the Mexican government formally adopted in 2018.

Audit Committee Oversight

At no time since the beginning of the fiscal year completed February 28, 2021 was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the beginning of the fiscal year ended February 29, 2020 or February 28, 2021, has the Issuer relied on any of the following exemption: (a) the exemption in section 2.4 (De Minimis Non-audit Services); (b) the exemption in subsection 6.1.1 (4) (Circumstances Affecting the Business or Operations of the Venture Issuer); (c) the exemption in subsection 6.1.1 (5) (Events Outside Control of Member); (d) the exemption in subsection 6.1.1 (6) (Death, Incapacity or Resignation); or (e) an exemption from NI 51-110, in whole or in part, granted under Part 8 (Exemption).

Pre-Approval Policies and Procedures

The audit committee of the Issuer has not adopted specific policies and procedures for the engagement of non-audit services, but all such services will be subject to the prior approval of the audit committee. It is not anticipated that the Issuer will adopt specific policies and procedures.

External Auditor Fees

The aggregate fees billed by the external auditors of the Issuer for the fiscal year ended February 28, 2021 for the following fees are:

Fiscal Year Ended	Audit Fees	Audit-Related Fees	Tax Fees ⁽¹⁾	All Other Fees
February 29, 2021	62,500	0	5,500	0

(1) All Tax Fees were incurred for the preparation of the Issuer's corporate tax returns.

The aggregate fees billed by the external auditors of the Issuer for the period from incorporation to May 31, 2021 for the following fees are:

Period Ended	Audit Fees	Audit-Related Fees	Tax Fees ⁽¹⁾	All Other Fees
May 31, 2021	129,000	0	11,185	0

Notes:

(1) All Tax Fees were incurred for the preparation of the Issuer's corporate tax returns.

Exemption

The Issuer is a "venture issuer" as defined in NI 52-110 and will rely on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

Assessments

The Board monitors but does not formally assess individual Board members or committee members' performance or contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

Corporate Governance Disclosure

The Issuer has adopted certain practices and procedures to ensure that effective corporate governance practices are followed and to ensure that the Board functions independently of management. The Issuer's disclosure of corporate governance practices pursuant to NI 58-101 is set out below in the form required by Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

Board of Directors

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Issuer, other than interests and relationships arising from holding shares or securities of the Issuer. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either Issuer or the significant shareholder. The independent directors would exercise their responsibilities for independent management oversight and meet independently of management whenever deemed necessary.

The Board of the Issuer is currently comprised of four directors, the majority of which is expected to be "independent" (as that term is defined in section 1.2 of NI 58-101). Todd Dalotto is not considered independent due to the fact that he acted as the President of the Issuer from June 2019 until February 2021. All other directors are considered independent.

Directorships

The following proposed directors of the Issuer are also directors of the reporting issuers listed below:

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Antonio Grimaldo	N/A	N/A	N/A	N/A	N/A
Jordi Chemonte	N/A	N/A	N/A	N/A	N/A
Robert Giustra	Orea Mining Corp., British Columbia, Canada	TSX	Chairman	September 20, 2004	Present
Todd Dalotto	N/A	N/A	N/A	N/A	N/A

Orientation and Continuing Education

The Board has not adopted formal steps to orient new Board members. The Board's continuing education is typically derived from correspondence with the legal counsels of the Issuer to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the Board of the Issuer will adopt formal steps in the 12 months following the filing of this Prospectus.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating Board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its Board members independent of corporate matters.

Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the nomination members, including both formal and informal discussions among nomination members. It is not anticipated that the nomination committee of the Issuer will adopt a formal process to determine new nominees in the 12 months following the filing of this Prospectus.

Compensation

The Board decides on the compensation for officers and directors, based on industry standards and the Issuer's financial situation.

Other Board Committees

The Issuer will not have any other Board committees except for the audit committee.

Assessments

The Board does not feel it is necessary to establish a committee to assess the effectiveness of individual Board members. Each Board member has considerable experience in the management of companies or public companies, and this is sufficient to meet the needs currently anticipated of the Issuer. On an annual basis, however, the Board assesses the contributions of each of the individual directors and of the Board as a whole in order to determine whether each is functioning effectively.

PLAN OF DISTRIBUTION

This is a non-offering prospectus. No securities are being offered pursuant to this Prospectus.

Upon the issuance of a receipt for the filing of this Prospectus, the Company intends to apply to list its Common Shares on the CSE under the symbol "XBRA". Listing on the CSE is subject to the Company fulfilling all of the listing requirements of the CSE including meeting all minimum requirements. The CSE has not conditionally approved the Company's listing application and there is no assurance that it will do so.

As at the date of this Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.).

RISK FACTORS

The following are certain factors relating to the business of the Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Issuer. These risks and uncertainties are not the only ones facing the Issuer.

Additional risks and uncertainties not presently known to the Issuer may also impair the operations of the Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Issuer could be materially and adversely affected, and the ability of the Issuer to implement its growth plans could be adversely affected.

An investment in the Issuer is speculative. An investment in the Issuer will be subject to certain material risks and investors should not invest in securities of the Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Issuer.

General

A purchase of any of the securities of the Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Issuer's securities prior to purchasing any of the securities.

Risks Related to the Issuer

No Market for Securities

There is currently no market through which any of the Common Shares may be sold and there is no assurance that the Common Shares will be listed for trading on a Canadian stock exchange, or if listed, will provide a liquid market for such securities. Until the Common Shares are listed on a Canadian stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if the Listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained. 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. The Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Limited Operating History

The Issuer began carrying on business in 2019 and has not yet generated material income. Therefore, the Issuer is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of operations.

Global Economic Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Issuer. If uncertain market conditions persist, the Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Issuer's operations and the trading price of the Common Shares on the stock exchange.

Changing Economic Conditions

The demand for entertainment and leisure activities, including cannabis consumption, can be highly sensitive to changes in consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond the Issuer's control. Unfavourable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and increasing fuel or transportation costs or the perception by customers of weak or weakening economic conditions, may reduce customers' disposable income or result in fewer individuals engaging in entertainment and leisure activities, such as cannabis consumption. As a result, the Issuer cannot ensure that demand for its product offerings will remain constant. Adverse developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in certain financial markets, increased interest rates, foreign exchange fluctuations, increased energy costs, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding epidemics and the spread of contagious diseases,

could lead to a further reduction in discretionary spending on leisure activities, such as cannabis consumption. Any significant or prolonged decrease in consumer spending on entertainment or leisure activities could adversely affect the demand for the Issuer's product offerings, reducing its cash flows and revenues. If the Issuer experiences a significant unexpected decrease in demand for its product offerings, its business may be harmed.

Economic Environment

The Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently impact the Issuer's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Issuer's management. Nevertheless, as of the date hereof, neither country in which the Issuer operates has any specific banking customs or banking system preventing the Issuer to conduct its operations as it would normally do in Canada.

The Company has a Colombian subsidiary which has a bank account in Colombia. There are no restrictions on its ability to transfer and/or verify the existence of funds in this bank account.

The Company has Mexican subsidiaries which have bank accounts in Mexico. There are no restrictions on its ability to transfer and/or verify the existence of funds in these bank accounts. The Company does not have commercial cannabis operations in Mexico as at the date of this document.

Risks Associated with Acquisitions

As part of the Issuer's overall business strategy, the Issuer may pursue select strategic acquisitions after the completion of the Listing, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Issuer prepared the Issuer's financial estimates, projections and other forward-looking information accompanying this document without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Forward-looking statements relate to future events or future performance and reflect Issuer management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "projects", "proposes", "potential" "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Issuer provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements are based on certain assumptions and analyses made by the Issuer in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this Prospectus, the Issuer has made various material assumptions, including but not limited to assumptions related to: (i) the availability of financing at all or on reasonable terms; (ii) the Issuer's ability to successfully execute its plans and intentions, including with respect to construction and operation of the Issuer's cultivation facilities; (iii) general business and economic conditions, particularly in the Canadian, Colombian and Mexican cannabis markets; (iv) regulation of the markets in which the Issuer operates; (v) the Issuer's ability to attract and retain skilled staff; (vi) market competition, including the products and technology offered by the Issuer's competitors; and (vii) maintenance of the Issuer's current good relationships with its suppliers, service providers and other third parties. Although the Issuer believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Issuer cannot assure that actual results will be consistent with these forward-looking statements.

There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for many reasons, including increases in operational expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the Issuer and its subsidiaries' actual results.

Difficulty to Forecast

The Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industries. A failure in demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Issuer.

Competition General

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Issuer. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Issuer. The Issuer will require a continued high level of investment in research and development, marketing, sales, and client support to remain competitive.

Management of Growth

The Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage 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 Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Reliance on Management

The Issuer's success will be dependent upon the ability, expertise, judgment, discretion, and good faith of its key executives, including the directors and officers of the Issuer and a small number of highly skilled and experienced executives and personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results, or financial condition. The competition for highly skilled technical, research and development, management, and other employees is high. There can be no assurance that the Issuer will be able to engage or retain such qualified personnel in the future.

The Company's management reviews books and records of its foreign subsidiaries on a monthly basis. Cash expenditure reports are reviewed in detail. In addition, cash balances in foreign subsidiaries are generally kept low, and replenished as necessary. Financial statement audits are also conducted annually. In Colombia, the Company safeguards its assets through various procedures, including: (i) Fully securing and gating the facility; (ii) Installation of electric fences and security cameras at the facility; (iii) Logging of personnel and third party entries and departures; (iv) Ensuring labs, building structures are always locked and secured when not in use; (v) Controlled access through segregation of duties; (vi) Remote backups and copies of strategic assets; and (vii) Frequent (weekly) video conferencing to monitor operations.

Board meetings are held regularly and on an as needed basis for management to communicate information from a foreign jurisdiction to the board. Any future material transaction will require the approval of the Board.

Furthermore, equity-based awards comprise a key component of executive and senior management compensation, and if the Issuer's common share price declines or is volatile, it may be difficult to retain such individuals. The Issuer's retention and recruiting may require significant increases in compensation expense, which may adversely affect its operation results.

Risks Relating to Insurance

While Xebra does not currently have any type of insurance in place, its current broker is in the process of trying to obtain an insurance coverage to protect its assets, operations and employees. Such insurance may be subject to customary coverage limits and exclusions and may not be available for the risks and hazards to which the Issuer is exposed in its current state of operations. In addition, no assurance can be given that such future insurance policy will be adequate to cover Xebra's liabilities or will be generally available in the future.

No Dividends

The Issuer has never paid any cash dividends on its Common Shares. Xebra does not anticipate paying any cash dividends on its Common Shares in the foreseeable future because, among other reasons, the Issuer currently intends to retain any future earnings to finance its business. The future payment of cash dividends will be dependent on factors such as cash on hand and achieving profitability, the financial requirements to fund growth, the Issuer's general financial condition and other factors the board of directors may consider appropriate in the circumstances. Until Xebra pays cash dividends, which it may never do, the Issuer's shareholders will not be able to receive a return on their Common Shares unless they sell them.

Negative Cash Flows From Operating Activities

During the year ended February 28, 2021, the Company had negative cash flows from operations of \$911,319. For the three months ended May 31, 2021, the Company had negative cash flows from operations of \$195,997. The Company intends to increase working capital through additional equity offerings in the future. However, there can be no guarantee that such activity and financial resources will be possible. Until the Company can generate positive cash flow from operations, its ability to finance its operations will depend on its ability to obtain additional external financing and ultimately generate future profitable operations.

The Company may also continue to have negative cash flow from operating activities until sufficient levels of sales are achieved. Although the Company anticipates that it will have positive cash flow from operating activities in future periods, it cannot guarantee that such future positive cash flow from operating activities will be obtained. In addition, negative cash flows may continue longer than the Company has planned for which could cause liquidity issues. The Company may also be unable to obtain future borrowings in an amount sufficient to enable them to pay debt or to fund other liquidity needs. If sufficient liquidity is not obtained, the Company may need to refinance or restructure all or a portion of its debt on or before maturity, sell assets or borrow more money or issue equity, which may not be possible on terms satisfactory to the Company, or at all. In addition, any refinancing could be at higher interest rates and may require the Company to comply with more onerous covenants, further restricting its business operations. If the Company continues to report negative cash flows from operating activities, or any failure to obtain any required additional financing on favourable terms, or at all, such events could have a material adverse effect on the business, financial condition and results of operation of the Company.

Risks Related to Regulation in the Cannabis Industry

Highly Regulated Industry

The Company operates in a highly regulated and rapidly evolving market. The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. The Company's operations are subject to a variety of laws, regulations, guidelines and policies, whether in Canada or elsewhere, relating to the cultivation, manufacture, import, export, management, transportation, storage, packaging/labelling, advertising and promotion, sale, health and safety and disposal of cannabis, including, but not limited to, the Cannabis Act (Canada) (the "Cannabis Act"), any regulations thereunder, and laws, regulations, guidelines and policies relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment, and applicable stock exchange rules and regulations. Any amendment to or replacement of existing laws, regulations, guidelines or policies may cause adverse effects to the Company's operations. The risks to the Company's business represented by subsequent regulatory changes could reduce the addressable market for the Company's products and could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals required may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Any potential non-compliance could cause the Company's business, financial condition, results of operations and prospects to be adversely affected. Further, any amendment to or replacement of the Cannabis Act and other applicable rules and regulations governing the Company's business activities may cause adverse effects on the Company's business, financial conditions and results of operations.

The federal legislative framework pertaining to the Canadian adult-use cannabis market is still very new. In addition, the governments of every Canadian province and territory have implemented different regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. There is no guarantee that the legislative framework regulating the cultivation, processing, distribution and sale of cannabis for adult-use purposes will not be amended or replaced or that any current legislation will create the growth opportunities that the Company currently anticipates. While the impact of any new legislative framework for the regulation of the Canadian adult-use cannabis market is uncertain, any of the foregoing could result in a material adverse effect of the Company's business, financial condition, results of operations and prospects.

Further, as the commercial cannabis industry is a relatively new industry in Canada, we anticipate that regulations governing cannabis in Canada will be subject to change as the Canadian federal government monitors licensees in action. Health Canada may change their administration, interpretation or application of the applicable regulations or their compliance or enforcement procedures at any time. Any such changes could require the Company to revise its ongoing compliance procedures, requiring the Company to incur increased compliance costs and expand additional resources. There is no assurance that the Company will be able to comply or continue to comply with applicable regulations.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations could subject the Company to regulatory or agency proceedings or investigations and may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include damage awards, fines, penalties or corrective measures requiring capital expenditures or remedial actions. Parties may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation and no assurance can be given that

any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws or regulations, may have a material adverse impact on the Company's business, resulting in increased capital expenditures or production costs, reduced levels of cannabis production or abandonment or delays in the development of facilities.

In addition, the introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada or any of the jurisdictions in which the Company operates could result in an increase in taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect. Due to the complexity and nature of the Company's operations, various legal and tax matters may be outstanding from time to time. If the Company is unable to resolve any of these matters favourably, it may have a material adverse effect on the Company.

Laws and Regulations Governing Cannabis in Foreign Jurisdictions

The Company's ability to achieve its business objectives in foreign jurisdictions is contingent, in part, upon its compliance with regulatory requirements enacted by governmental authorities and the Company obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the impact of the compliance regime that countries such as Mexico, the Netherlands or Colombia are implementing and the method in which their governmental authorities will implement the adult-use or medical cannabis industry. Similarly, the Company cannot predict how long it will take to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that governmental authorities may require. The impact of the various compliance regimes, any delays in obtaining or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

As of now, there are no restrictions by the Colombian government to operate as long as the company holds the necessary licenses and maintains them in full compliance per the governing laws. Xebra currently holds all licenses and registrations to operate in Colombia and has maintained them in good standing since their grant. Law 1787 of 2016 enacted by Colombian Congress, Decrees 613 (April 10 of 2017) and 811 (July 23, 2021), regulatory resolutions (resolutions 577, 578 and 579 of August 8 of 2017 enacted by the Ministry of Justice and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health, and Resolution 3168 of 2015 enacted by ICA, the agronomic regulatory body) are the main regulations of cannabis in Colombia. The management of the relationship with the Colombian government and regulatory authorities is overseen by Xebra's COO, Mr. Jorge Martinez who is also the Corporate and Legal Representative of Medicannabis SAS, Xebra's Colombian subsidiary. Mr. Martinez' corporate and legal representation, and the controlling relationship of Medicannabis SAS by Xebra Brands Ltd. is duly registered with the governing corporate registry body in Bogota, Colombia at the Camara de Comercio de Bogota. Mr. Jorge Martinez is a dual citizen of Colombia and Canada and is fluent in Spanish and English, with experience in private and publicly traded companies.

With respect to Mexican operations, the Company's future ability to operate in Mexico is primarily dependent on the granting of the Amparo. If the Amparo is granted to the Company, the resolution of such Amparo will be granted by the Mexican Supreme Court of Justice, the highest judicial authority of Mexico. Such resolution is expected to be irrevocable and cannot be challenged by any other authority. Therefore, the Company believes there wouldn't be any restrictions or conditions imposed by the Mexican government nor regulatory authorities for its planned operations, and finally there wouldn't be any related impact on the company's ability to operate in Mexico. The Company does not expect to commence operations in Mexico until the Amparo is granted, or until such time the laws and regulations of Mexico allows. The management of the relationship with the Mexican government and regulatory authorities is overseen by Xebra's interim CEO and President, Mr. Rodrigo Gallardo who is based in Mexico and is a lawyer by training, and is also the Corporate and Legal Representative of all four Mexican subsidiaries (Xebra Brands Mexico SA de CV, Elements Bioscience SAPI de CV, Sativa Group Biosciences SAPI de CV and Desart MX SA de CV). Mr. Rodrigo Gallardo's corporate and legal representation, and the controlling relationship of Mexican subsidiaries by Xebra Brands Ltd. is duly registered with the Mexican Public Commerce Registry body and with the National Foreign Investment Register under the supervision of the Mexican Ministry of Economics.

The Company currently incurs and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on the Company's part to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on its operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Foreign Investment in Cannabis Companies

Certain jurisdictions may prohibit or restrict their citizens or residents from investing in or transacting with companies involved in the cannabis industry, even if such companies only conduct business in jurisdictions where cannabis is legal. For example, if an investor in the United Kingdom profits from an investment in a cannabis producer or supplier, such investment may technically violate the *United Kingdom Proceeds of Crime Act 2002*. Similar prohibitions or restrictions may apply in other jurisdictions where cannabis has not been legalized. In the U.S., there have been certain instances of U.S. Customs and Border Protection preventing citizens of foreign countries from entering the U.S. for reasons related to the cannabis industry.

Operations in Foreign Jurisdictions

The Company maintains operations in various emerging markets and may have operations in additional foreign jurisdictions in the future. Such operations expose the Company to the socioeconomic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates; military repression; war or civil war; social and labor unrest; organized crime; corruption and fraud; title and property disputes; hostage-taking; terrorism; violent crime; expropriation and nationalization; public health crises including epidemics, pandemics or outbreaks of new illnesses, infectious diseases or viruses (including, most recently, the novel coronavirus (COVID-19)); renegotiation or nullification of existing licences, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; changing political norms; banking and currency controls; and governmental regulations that favor or require the Issuer to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry or investment policies or shifts in political attitude in the countries in which the Company operates may adversely affect its operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, impact of amended or new local laws and customs on ownership rights and rights to property; restrictions (temporary or otherwise) on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licences, approvals and permits, environmental matters, land use, land claims of local people, water use, workplace safety, permitted public activities, domestic and international travel and permitted commercial operations. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licences, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company has not yet commenced commercial operations in Colombia nor Mexico, and as such, there are no major suppliers nor customers. The Company's Interim CEO & President, Mr. Rodrigo Gallardo, has oversight of Xebra's Mexican subsidiaries and activities. Mr. Rodrigo Gallardo is based in Mexico, is a lawyer by training and is fluent in Spanish and English. The Company's COO, Mr. Jorge Martinez has oversight of Xebra's Colombian subsidiaries. Mr. Jorge Martinez is a dual citizen of Colombia and Canada and is fluent in Spanish and English, with experience in private and publicly traded companies. There is no formal policy for local site visits, but the Board and Management intends to visit such sites on an as needed basis. The books and records of the Company's Colombian and Mexican subsidiaries are based on the subsidiaries respective country of incorporation. There are no access restrictions.

The Company's corporate structure does not limit or inhibit the ability of the board to oversee and monitor management of foreign operations. The management team reports to the board regularly, and material transactions are approved by the Board. Mr. Rodrigo Gallardo, Interim CEO & President, is the Corporate and Legal Representative of all four Mexican subsidiaries (Xebra Brands Mexico SA de CV, Elements Bioscience SAPI de CV, Sativa Group Biosciences SAPI de CV and Desart MX SA de CV). Mr. Rodrigo Gallardo's corporate and legal representation, and the controlling relationship of Mexican subsidiaries by Xebra Brands Ltd. is duly registered with the Mexican Public Commerce Registry body and with the National Foreign Investment Register under the supervision of the Mexican Ministry of Economics. Mr. Jorge Martinez is the Corporate and Legal Representative of Medicannabis SAS, Xebra's Colombian subsidiary. Mr. Martinez' corporate and legal representation, and the controlling relationship of Medicannabis SAS by Xebra Brands Ltd. is duly registered with the governing corporate registry body in Bogota, Colombia at the Camara de Comercio de Bogota. The Canadian parent, Xebra Brands Ltd., is able to effectively change the board and management of its foreign operating entities through its powers as shareholders.

The Company continues to monitor developments and policies in the emerging markets in which it operates and assess its impact on the Company's operations; however, such developments cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and results of operations and prospects.

Demand for Cannabis and Derivative Products

The legal cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity, could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. In an effort to ensure that the distribution of its products is not tied to one market, the Issuer is focusing its distribution efforts internationally, specifically in Colombia, in Mexico and the Netherlands.

Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. The Issuer's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and

marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialize into significant demand may have an adverse effect on the Issuer's financial condition.

Public Health Crises

A public health crisis, such as local, regional, national or international epidemics, pandemics or outbreaks of illnesses, infectious diseases or viruses (including COVID-19) could cause interruptions to the Company's operations, increase operating expenses, result in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred. Depending on its severity and reach, such an event could affect the Company's workforce resulting in the inability to continue to operate the Company's production facilities. Further, the Company's operations could be adversely affected if its supply partners, contractors, customers and/or transportation carriers were prevented from conducting business activities for an indefinite period of time, including due to the spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. In addition, a health crisis, such as the COVID-19 pandemic, could have an adverse effect on local economies and potentially the global economy, which may adversely impact the price and demand for the Company's products, the market for the Company's securities and/or its ability to obtain financing.

In particular, as of the date of this Prospectus, the full extent of the effects of COVID-19 are unknown. The continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment of the Company's products and adversely impact the Company's business, financial condition, results of operations and prospects. In addition, there can be no assurance that the Company will not lose members of its workforce or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks. The effects of the pandemic on the Company's international operations contributed to the Company recording an impairment loss. The Company is actively assessing and responding, where possible, to the potential impact of the COVID-19 pandemic. The Company continued its operations throughout the crisis by implementing appropriate measures designed to protect the health and safety of its employees.

In addition, at this time, persistent social distancing measures and restrictions imposed by the federal, provincial and territorial governments in Canada on the movement of individuals and the distribution of cannabis in the country may adversely affect the Company's cannabis sales. It is difficult to predict how the COVID-19 pandemic may affect the Company's business in the future, including its effect (positive or negative; long or short term) on the price of, and demand for, cannabis. It is possible that the COVID-19 pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and prospects as well as the market for its securities and/or its ability to obtain financing. The extent to which the COVID-19 pandemic impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and its duration outbreak and the actions to contain its impact.

Emerging Markets Risks

The Company's business objectives and model involves operations or additional target market into emerging markets. Emerging Markets are those that the Company views as markets with regulatory or commercial environments in which profitability and high-margin sales are more challenging for consumer product-focused companies currently, or barriers to entry are too cost prohibitive or onerous. In addition, emerging markets have greater political and economic volatility and are far more susceptible to labour disruptions than established markets.

Moreover, emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. For instance, Colombia, where the Issuer has a part of its operations, has a history of geopolitical instability and crises, including drug cartels. While there is no current major political instability in Colombia, this could be subject to change in the future and could adversely affect the Issuer's business, financial condition and results of operations.

One of the emerging markets currently explored by the Company is Mexico. The Issuer currently has subsidiaries incorporated in Mexico. The Issuer's subsidiaries are subject to the legal framework pertaining to the cannabis industry in Mexico if and when the Issuer's subsidiaries commence operations. For a detailed corporate structure of the Issuer's subsidiaries in Mexico, please refer to "*Intercorporate Relationships of the Issuer*".

While the Company is awaiting the Amparo, the Company's strategy will be to focus on strategic partnerships which would allow the Company to establish a market presence in Mexico without deploying the resources necessary for success as an in-state operator. For instance, the Board and management of the Company have engaged professional advisors (legal) with the relevant expertise to provide assistance in the political, legal and cultural realities of Mexico. The Board and management of the Issuer will continue to have access to those professional advisors and may seek additional advisors in any new jurisdiction in which the Issuer may determine to operate in the future. Also, two of the three key management (Mr. Rodrigo Gallardo, Interim CEO & President, and Mr. Jorge Martinez, COO) are fluent in Spanish and review key foreign language documents including material contracts and bank documents as needed. Mr. Andrew Yau, CFO, reviews such key documents, including books and records, as needed by having it translated into English. Mr. Andrew Yau is also supported by Xebra's corporate accountant based in Vancouver, who was originally educated in Mexico and is a Chartered Professional Accountant (Mexico).

In addition, the Company has selected a reputable external Canadian auditor, DMCL LLP, registered with the Canadian Public Accountability Board. DMCL is associated with the Moore Global Network Limited, and therefore has access to a global network of auditors, including local external auditors in Colombia and Mexico. The annual audit of Xebra by DMCL is on a consolidated basis, and as such, includes Colombia and Mexico subsidiaries, which allows the audit committee to evaluate the audit process in Mexico and Colombia as needed.

While the Company intends to continue expanding in Mexico, the ability of the Company to do so, from both an operational and regulatory perspective, is subject to significant uncertainty and risks. The Company will need to obtain and maintain injunctions, licenses, permits and/or other authorizations to operate a business involving cannabis in these jurisdictions, and the Company cannot guarantee it will be able to do so successfully, or with the amount of time and resources that will be required to do so. In addition to regulatory uncertainty, the Company expects the cannabis market in the Emerging Markets to be highly competitive. The Company cannot provide any assurances that it will be able to successfully expand its business in these or other jurisdictions. Nevertheless, as the Company has various opportunities available, including licenses in Colombia, beverage production in Canada, trial cultivation in Holland, the Company does not expect significant impacts of delayed Mexican licenses. The Company will be able to deploy and re-allocate resources strategically when and if needed.

Moreover, the expansion into Mexico presents challenges related to more volatile economic conditions, competition from companies that are already present in the market, the need to identify correctly and leverage appropriate opportunities for sales and marketing, poor protection of intellectual property, inadequate protection against crime (including counterfeiting, corruption and fraud), inadvertent breaches of local laws or regulations and difficulties in recruiting sufficient personnel with appropriate skills and experience. However, two of the Company's current directors reside in Mexico, enabling the Company to have experienced directors on site to address any concerns or issue that might arise from the Company's expansion in Mexico. Both directors have also the appropriate level of knowledge and expertise of cultural practices of Mexico.

Xebra is Subject to Additional Corruption Risks Inherent in doing Business in Colombia and Mexico

Some of the Company's current or future operations are located in Colombia and Mexico. There are additional business and financial risks inherent in doing business in Colombia or Mexico as compared to the United States or Canada. Since 1996, Transparency International has published the Corruption Perceptions Index ("CPI"), which annually ranks countries by their perceived levels of public sector corruption, as determined by expert assessments and opinion surveys. The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt). In 2020, out of 180 countries in the world, Canada was ranked 11th with a CPI score of 77, the United States was ranked 25th with a CPI score of 67, Colombia was ranked 92nd with a score of 37, and Mexico was ranked 124th with a score of 31. The average score on the 2020 CPI was 43 out of 100. Anything below a score of 50 indicates governments are failing to tackle corruption and represents a challenge in those countries requiring extra attention by those who conduct business there.

Corruption does not only occur with the misuse of public, government or regulatory powers, it also can occur in a business's supplies, inputs and procurement functions (such as illicit rebates, kickbacks and dubious vendor relationships), as well as the inventory and product sales functions (such as inventory shrinkage or skimming). Employees, as well as external parties (such as suppliers, distributors and contractors), have opportunities to commit procurement fraud, theft, embezzlement and other wrongs against the Company. While corruption, bribery and fraud risks can never be fully eliminated, the Company reviews and implements controls to reduce the likelihood of these irregularities occurring.

Reliance on International Advisors and Consultants

The legal and regulatory requirements in the foreign countries in which the Company operates or will operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. To a great extent, the Company must rely on local legal counsel, consultants, and advisors retained by it to keep apprised of legal, regulatory and governmental developments as they pertain to and affect the Company's business assist the Company with its governmental relations. The Company must rely, to some extent, on those members of management and the Board who have previous experience working and conducting business in these countries, if any, in order to enhance its understanding of and appreciation for the local business culture and practices. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labour, litigation, tax and public health matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business, financial condition, results of operations and prospects.

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of adult-use or medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company's business, financial condition, results of operations and prospects and could cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Risks Inherent in an Agricultural Business

The Company's business involves the growing of adult-use or medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, pests, plant diseases and similar agricultural risks. Although the Company expects that any such growth will be completed under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Third-Party Transportation

For customers of the Company to receive their product, the Company must rely on third-party transportation services. This can cause logistical problems and delays in patients and customers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's business, financial condition, results of operations and prospects.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach, including any failure to comply with recommendations or requirements of Health Canada for the transportation of cannabis, could impact the Company's ability to continue operating under its licences or the prospect of renewing its licences, if any.

Reliance on Key Personnel

The Company's success depends on the ability, expertise, judgment, discretion, and good faith of its executive management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of a member of the Company's executive management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all.

In addition, the COVID-19 pandemic imposes a high risk to all of the Company's activities, including the potential that an executive team member may become ill and the Company's ability to continue to rely on its key personnel throughout the pandemic. The Company established a policy to diligently monitor developments relating to the COVID-19 pandemic and its impact on the Company's personnel, and the Company established contingency plans in the event members of its executive team are negatively impacted by the virus.

Product Liability

As a manufacturer and distributor of products designed to be ingested or vaporized by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is

expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Recent Announcements and Risks Regarding Vaporizer Products

On October 4, 2019, the U.S. Food and Drug Administration issued a warning to the public to stop using vaping liquids containing cannabis derivatives and ingredients, such as CBD and THC, in light of a potential but unconfirmed link to lung injuries such as severe pulmonary illness. Lung injuries associated with the use of cannabis derivative containing vaping liquid have also been reported in Canada resulting in certain provinces either banning or delaying the sale of vaping liquids and vaping products to consumers. In response, Health Canada issued an information update advising Canadians who use cannabis derivative containing vaping liquids to monitor themselves for symptoms of pulmonary illness. There may be further governmental and private sector actions aimed at reducing the sale of or prohibiting cannabis containing vaping liquids and/or seeking to hold manufacturers of cannabis containing vaping liquids responsible for the adverse health effects associated with the use of these vaping products. These actions, combined with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for the Company's vaporizer products. Federal, provincial and local regulations or actions that prohibit or restrict the sale of the Company's vaporizer products including cannabis derivative vaping liquids, or that decrease consumer demand for the Company's products by prohibiting their use, raising the minimum age for their purchase, raising the purchase prices to unattractive levels via taxation, or banning their sale, could adversely impact the Company's business, financial condition, results of operations and prospects.

Long-Term Health Impacts Associated with Use of Cannabis and Cannabis Derivative Products

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using the Company's cannabis and cannabis derivative products. The Company's cannabis and cannabis derivative products should always be used only as specifically instructed by the Company on the packaging and associated product information or product insert prepared by the Company. Consumers should never modify cannabis products or cannabis derivative products or add substances to such products, resulting in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a healthcare practitioner.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company maintains detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Wholesale Price Volatility

The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labour costs, shipping costs, economic situation, government regulations and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond the control of the Company. The Company's operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as the Company's profitability is directly related to the price of cannabis. The price of cannabis is affected by numerous factors beyond the Company's control. Any price decline may have a material adverse effect on the Company's business, financial condition and results of operations.

Limited Standardized Research on the Effect of Cannabis

To date, there is limited standardization in the research of the effects of cannabis, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis. Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages.

Future research and clinical trials may draw opposing conclusions to statements in this Prospectus or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for the Company's products.

Unfavourable Publicity or Consumer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis and related products distributed to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition, prospects and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis and related products in general, or the Company's products specifically, or associating the consumption of cannabis or related products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputational loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other Companies. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, making it more difficult for the Company to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company. There is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Expansion Efforts and Operations

There is no guarantee that the Company's expansion strategy (including receiving any required regulatory approvals in Canada, Colombia, Mexico or the Netherlands, licences and permits in a timely fashion, if at all) will be completed in the currently proposed form, if at all, nor is there any guarantee that the Company will be able to expand into additional jurisdictions. There is also no guarantee that the Company's intentions to acquire and/or construct additional cannabis production and manufacturing facilities in Canada, Colombia, Mexico, the Netherlands or in other jurisdictions with nationally legal cannabis markets, and to expand the Company's marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licences and permits (such as licences from Health Canada under the Cannabis Act, or the Supreme Court decision in Mexico, as applicable) and there is no guarantee that all required approvals, licences and permits will be obtained in a timely fashion or at all.

The Company's expansion into jurisdictions outside of Canada (Colombia, Mexico, Netherlands) is subject to additional business risks, including new or unexpected risks or could significantly increase the Company's exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition, as well as operational, regulatory, compliance and reputational and foreign exchange rate risk. In addition, future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions.

The Company may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with the Company's existing operations as anticipated. There is also no guarantee that the Company will be able to complete any of the foregoing activities at all. The Company's failure to successfully execute its domestic or international expansion strategy (including receiving required regulatory approvals, licences and permits) could adversely affect the Company's business, financial condition, results of operations and prospects and may result in the Company failing to meet anticipated or future demand for its cannabis products, when and if it arises.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anticompetitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company infringed on their lawful rights. However, such licences may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Customer Acquisitions

The Company's success depends on its ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to the Company's brand awareness, its ability to continually produce desirable and effective cannabis products and the successful implementation of customer-acquisition plans. The failure to acquire and retain customers could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition to being subject to general business risks applicable to a business involving an agricultural product and a regulated consumer product, the Company will need to make significant investments in its business strategy. These investments include the procurement of raw material, extraction equipment, site improvements and research and development projects. The Company expects that competitors will undertake similar investments to compete with it. Competitive conditions, consumer preferences, customer requirements and spending patterns in this industry and market are relatively unknown and may have unique circumstances that differ from other existing industries and markets and cause the Company's future efforts to develop its business to be unsuccessful or to have undesired consequences for it. As a result, the Company may not be successful in its efforts to attract customers or develop new cannabis products and produce and distribute these cannabis products. These activities may require significantly more resources than it currently anticipated to be successful.

Risks Related to Investment in a Colombian Company

Economic and Political Risks Inherent with any Investment in Colombia

The Issuer's operations are partially located in Colombia. Consequently, the Issuer is dependent upon Colombia's economic and political developments. As a result, the Issuer's business, financial position and results of operations may be affected by the general conditions of these economies, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting Colombia, over which the Issuer has no control. In the past, Colombia has

experienced periods of weak economic activity and deterioration in economic conditions. The Issuer cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on the Issuer's business, financial condition or results of operations.

Operational Risks

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require the Issuer to suspend operations on its properties. Although the Issuer is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Issuer's operations, or other matters.

Enforcement of Judgments

The Issuer is incorporated under the laws of the Province of British Columbia. However some of its assets are located in Colombia. Furthermore, certain of the Issuer's directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Issuer's directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Guerrilla Activity in Colombia

Colombia is subject to sustained civil unrest due to the activities of guerrilla groups such as non-demobilized groups within the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*), or "FARC," the National Liberation Army (*Ejército de Liberación Nacional*), or "ELN," paramilitary groups, drug cartels and criminal gangs (*Bacrim*). In remote regions of the country with minimal governmental presence, these groups have exerted influence over the local population and funded their activities by protecting and rendering services to drug traffickers and participating in drug trafficking activities. The drug trade has funded armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups, and consequently, Colombia has experienced significant social upheaval and criminal activity. Insurgents have attacked, and kidnapped civilians, and violent guerrilla activity exists in many parts of the country. Any terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with the Issuer's operations. The Issuer's primary operations are in Guasca, Cundinamarca, which is not an isolated or remote area.

Anti-Money Laundering and Terrorist Financing Activities Regulations

The Issuer is subject to a variety of laws and regulations in Canada, Colombia, and internationally that involve money laundering, financial record keeping and proceeds of crime, including, among other legislation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), *Law 599 of 2000 Colombian Criminal Code*, and the *United Nations Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances* (Law 67 of 1993), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued administered or enforced by governmental authorities in Canada or Colombia or abroad.

If the Issuer's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in Colombia or Canada were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any applicable legislation. This could restrict or otherwise jeopardize the ability of the Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds. To mitigate these risks, the Issuer engages a reputable financial institution every time that funds are wired to or from the bank account of the Issuer's Colombian subsidiary. In addition, the Issuer maintains a permanent and active relationship with the relevant authorities in Colombia.

PROMOTERS

Robert Giustra, director, and Rodrigo Gallardo, President of the Issuer, may be considered to be promoters of Xebra and will therefore be the only persons who have been within the two years preceding the date of this Prospectus, a promoter of the Issuer or its subsidiaries. Mr. Giustra and Mr. Gallardo each owns 5,227,724 and 3,365,490 common shares of Xebra, representing 5.02% and 3.23% of the issued and outstanding shares of Xebra on an undiluted basis, respectively.

Other than as disclosed in this Prospectus, no person who will have been a promoter of the Issuer or any of its subsidiaries within the last two years:

1. will have received anything of value, directly or indirectly, from the Issuer or a subsidiary;
2. sold or otherwise transferred any asset to the Issuer or a subsidiary within the last two (2) years;
3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
6. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

ENFORCEMENT OF CIVIL LIABILITIES

Antonio Grimaldo, Jordi Chemonte, and Todd Dalotto, directors of Xebra, reside outside of Canada, and have appointed McMillan LLP of Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7, as their agent for service of process in Canada. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Xebra is not and was not a party to, and none of its property is or was the subject of, since the beginning of the most recently completed financial year for which financial statements are included in this Prospectus, any legal proceedings, nor is it aware of any such proceedings known to be contemplated.

No penalties or sanctions have been imposed against Xebra by a court relating to provincial and territorial securities legislation or otherwise or by a securities regulatory body or any other regulatory body within the three years immediately preceding the date of this Prospectus. Management of Xebra is not aware of any such penalties or sanctions imposed against Xebra.

Xebra has not entered into any settlement agreements before a court relating to provincial, state and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of Xebra is not aware of any such settlement agreements entered into by Xebra.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

From incorporation on February 21, 2019 to the date of this Prospectus, none of the following persons or companies has had any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the Company: (a) any director or executive officer of the Company; (b) any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company's outstanding voting securities; and (c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

The following directors and officers received shares of the Company in connection with the acquisition of subsidiaries:

Director/Officer	Entity	Number of Xebra Shares Received in Connection with Acquisition
Rodrigo Gallardo	Elements Biosciences and Sativa Group	1,170,000
Jordi Chemonte	Elements Biosciences and Sativa Group	3,960,000
Antonio Grimaldo	Desart MX SA de CV	450,000

AUDITOR

The auditor of Xebra is DMCL Chartered Professional Accountants, located at 1140 W Pender street, Suite 1500-1700, Vancouver, British Columbia, V6E 4G1. Such firm is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Issuer is Computershare, with address at 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Issuer or Xebra within two years prior to the date hereof which are currently in effect and considered to be currently material:

1. Share Exchange Agreement dated April 25, 2019, pursuant to which the Issuer acquired the Mexican Subsidiaries;
2. Share Purchase Agreement dated June 26, 2019 pursuant to which the Issuer acquired all of the issued and outstanding shares of Medicannabis;
3. Share Exchange Agreement dated January 10, 2020 pursuant to which the Issuer acquired all of the issued and outstanding shares Desart;
4. Agreement for the acquisition of Xebra Brands Europe dated February 19, 2020;
5. Amendment to Mexican Subsidiaries SEA dated June 28, 2019;
6. Amendment to Mexican Subsidiaries SEA dated January 11, 2020;
7. Amendment to Medicannabis SPA dated June 7, 2021;
8. Amendment to Desart SEA dated February 27, 2020;
9. Agreement with BevCanna dated August 16, 2021; and
10. Orea-Xebra Current Services Agreement.

Copies of these agreements will be available electronically at www.sedar.com.

EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus: DMCL Chartered Professional Accountants, and which are independent of the Issuer according to the auditor's rules of professional conduct.

To the knowledge of management of the Company, as of the date hereof, no expert, nor any associate or affiliate of such person has any beneficial interest, direct or indirect, in the property of the Company or of an associate or affiliate of the Company, and, as of the date hereof, each expert, or any associate or affiliate of such person, as a group, beneficially owns, directly or indirectly, less than 1% of the outstanding securities of the Company and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of an associate or affiliate of the Company.

OTHER MATERIAL FACTS

There are no material facts about the Company that is not otherwise disclosed in this Prospectus.

FINANCIAL STATEMENTS

The Issuer's interim financial statements for the three months ended May 31, 2021 are included in this Prospectus as Schedule A.

The Issuer's consolidated financial statements for the year ended are included in this Prospectus as Schedule C.

SCHEDULE A

(See attached.)



**Xebra Brands Ltd.
1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada**

**Condensed Interim Consolidated Financial Statements
(Unaudited)**

**For the Three Months Ended
May 31, 2021**

(Expressed in Canadian Dollars)

Xebra Brands Ltd.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)



	May 31, 2021 (\$)	February 28, 2021 (\$)
Asset		
Current Assets		
Cash	197,941	93,334
Funds held in escrow (note 6b)	1,591,840	-
Receivables (note 3)	153,103	21,330
Prepaid expenses	229,340	219,558
	2,172,224	334,222
Non-current Assets		
Intangible assets (note 4)	2,851,229	2,970,378
Property, plant and equipment (note 5)	235,946	212,709
VAT receivable (note 3)	80,836	79,207
	5,340,235	3,596,516
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts payable (note 5 and 7)	493,269	511,828
Accrued liabilities	50,000	40,000
Subscriptions received (note 6b)	2,115,112	-
	2,658,381	551,828
Non-current Liabilities		
Lease liabilities (note 5)	54,157	67,026
	2,712,538	618,854
Shareholder's Equity		
Share capital (note 6)	7,598,122	7,609,829
Subscriptions received (note 6)	-	3,750
Reserves (note 6d)	53,269	36,366
Deficit	(4,975,059)	(4,648,236)
Equity attributable to shareholders	2,676,332	3,001,709
Non-controlling interest (note 6)	(48,635)	(24,047)
	2,627,697	2,977,662
	5,340,235	3,596,516

Nature of operations and going concern (note 1)

Subsequent events (note 11)

Approved by the Board of Directors

Robert Giustra

Robert Giustra – Director

Jordi Chemonte

Jordi Chemonte – Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Xebra Brands Ltd.

Condensed Interim Consolidated Statement of Comprehensive Loss (Unaudited)
 (Expressed in Canadian Dollars)



	<u>Three Months Ended</u> May 31, 2021 (\$)	<u>Three Months Ended</u> May 31, 2020 (\$)
Operating Expenses		
General and administration (note 7)	35,481	247,412
Investor relations	490	4,191
Management fees (note 7)	63,865	185,483
Marketing and business development	1,172	11,070
Professional fees	101,512	105,300
Travel	2,357	2,339
Amortization (note 4 and 5)	140,381	137,423
Loss before other items	(345,258)	(693,218)
Other Items		
Finance expense (note 5)	(8,106)	(3,504)
Foreign exchange gain (loss)	703	(184,874)
Net loss for the period	(352,661)	(881,596)
Items that may subsequently be reclassified to net income or loss:		
Foreign currency translation gain (loss)	(7,804)	95,929
Comprehensive loss for the period	(360,465)	(785,667)
Net loss attributable to:		
Shareholders	(326,823)	(880,449)
Non-controlling interest	(25,838)	(1,147)
	(352,661)	(881,596)
Comprehensive loss attributable to:		
Shareholders	(335,877)	(784,430)
Non-controlling interest	(24,588)	(1,237)
	(360,465)	(785,667)
Basic and diluted net loss per share	(0.00)	(0.01)
Basic and diluted weighted average number of shares outstanding	103,581,492	100,998,656

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Xebra Brands Ltd.

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)
 (Expressed in Canadian Dollars)



	<u>Three Months Ended</u> May 31, 2021 (\$)	<u>Three Months Ended</u> May 31, 2020 (\$)
Operating Activities		
Net loss for the period	(352,661)	(881,596)
Items not involving cash		
Shares issued for services	3,047	-
Amortization	140,381	137,423
Finance expense	892	3,461
Unrealized foreign exchange (gain) loss	(324)	63,263
	(208,665)	(677,449)
Changes in non-cash working capital		
Receivables and prepaid expenses	(143,184)	42,585
Accounts payable and accrued liabilities	155,852	(70,078)
Cash used in operating activities	(195,997)	(704,942)
Investing Activities		
Intangible assets	(1,210)	(19,746)
Equipment	(54,686)	(52,129)
Cash used in investing activities	(55,896)	(71,875)
Financing Activities		
Share offerings	2,877	53,129
Subscriptions received	2,111,362	(53,701)
Funds held in escrow	(1,591,840)	-
Treasury shares issued	8,326	35,150
Payment of lease liabilities	(9,644)	(31,472)
Loan repayment	(155,000)	-
Interest paid	(7,000)	-
Cash from financing activities	359,081	3,106
Effect of foreign exchange on cash	(2,581)	31,376
Change in cash	104,607	(742,335)
Cash, beginning of period	93,334	955,407
Cash, end of period	197,941	213,072
Non-cash Transactions:		
Shares issued for services (note 6)	1,875	-
Shares issued for debt (note 6)	9,123	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Xebra Brands Ltd.

Condensed Interim Consolidated Statements of Shareholders' Equity (Unaudited)
(Expressed in Canadian Dollars)



	Share Capital				Reserves			Retained Earnings (\$)	Non-Controlling Interest (\$)	Total (\$)
	Class A Shares	Class B Share	Share Capital (\$)	Treasury shares (\$)	Subscriptions received (\$)	Warrants (\$)	Translation Adjustment (\$)			
Balance, March 1, 2020	99,980,073	1	7,292,874	(127,850)	90,001	-	68,237	(2,788,188)	(2,713)	4,532,361
March 2020 private placement, net of issuance costs	224,937	-	53,129	-	-	-	-	-	-	53,129
March 2020 private placement finders' fees	291,503	-	-	-	-	-	-	-	-	-
Treasury shares (note 6)	502,143	-	-	35,150	-	-	-	-	-	35,150
Subscriptions received (note 6)	-	-	-	-	(53,701)	-	-	-	-	(53,701)
Comprehensive loss	-	-	-	-	-	-	96,019	(880,449)	(1,237)	(785,667)
Balance, May 31, 2020	100,998,656	1	7,346,003	(92,700)	36,300	-	164,256	(3,668,637)	(3,950)	3,781,272
Balance, March 1, 2021	103,573,373	1	7,623,034	(13,205)	3,750	-	36,366	(4,648,236)	(24,047)	2,977,662
May 2021 private placement, net of issuance costs (note 6)	18,750	-	2,877	375	(3,750)	-	-	-	-	(498)
Shares for debt (note 6)	182,466	-	-	9,123	-	-	-	-	-	9,123
Shares for services (note 6)	37,500	-	-	1,875	-	-	-	-	-	1,875
Finders' fees (note 6)	42,641	-	(1,832)	1,832	-	-	-	-	-	-
Share-based payments (note 6c)	-	-	(25,957)	-	-	25,957	-	-	-	-
Comprehensive loss	-	-	-	-	-	-	(9,054)	(326,823)	(24,588)	(360,465)
Balance, May 31, 2021	103,854,730	1	7,598,122	-	-	25,957	27,312	(4,975,059)	(48,635)	2,627,697

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars)



1. Nature of Operations and Going Concern

Xebra Brands Ltd. (the “Company” or “Xebra”) was incorporated on February 21, 2019 under the laws of the Province of British Columbia, Canada. On April 24, 2019, the Company changed its name from 1198365 B.C. LTD to Xebra Brands Ltd. The Company’s head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

The Company’s principal business activities are the cultivation, processing, manufacturing, design and delivery of cannabis products in areas ranging from wellness to leisure. Xebra will leverage its Colombian cannabis cultivation and processing licenses to produce cannabis-infused beverages and wellness brands. To date, the Company has not received any revenue from operations and is considered to be in the start-up stage.

These condensed interim consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to the carrying values of assets and liabilities may be required. As at May 31, 2021, the Company had working capital deficiency of \$486,157 (February 28, 2021 deficiency - \$217,606) and deficit of \$4,975,059 (February 28, 2021 - \$4,648,236). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and has adversely affected global workforces, financial markets, and the general economy. It is not possible for the Company to determine the duration or magnitude of the adverse results of COVID-19 nor its effects on the Company’s business or operations. The timing of the Company’s financing activities have been affected by COVID-19.

2. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ending February 28, 2021. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on August 18, 2021.

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three Months Ended May 31, 2021

(Expressed in Canadian Dollars)

**3. Receivables**

	May 31, 2021 (\$)	February 28, 2021 (\$)
Current		
GST receivable – Canada	1,804	602
VAT receivable – Europe	34,933	17,517
Other	116,366	3,211
	153,103	21,330
Non-Current		
VAT receivable – Mexico	80,836	79,207
	233,939	100,537

4. Intangible Assets

	Colombian Cannabis Licenses (\$)	Product Applications (\$)	Brands and Trademarks (\$)	Product Development (\$)	Total (\$)
Balance, March 1, 2020	2,255,209	745,058	285,066	15,000	3,300,333
Additions	-	-	142,463	-	142,463
Amortization	(451,042)	-	(21,376)	-	(472,418)
Balance, February 28, 2021	1,804,167	745,058	406,153	15,000	2,970,378
Additions	-	-	4,299	-	4,299
Amortization	(112,760)	-	(10,688)	-	(123,448)
Balance, May 31, 2021	1,691,407	745,058	399,764	15,000	2,851,229

5. Property, Plant and Equipment

	Office Furniture and Equipment (\$)	Leasehold Improvements (\$)	Right of Use Assets (\$)	Construction In Progress (\$)	Total (\$)
Cost					
Balance, March 1, 2020	1,312	48,618	414,323	13,552	477,805
Additions (dispositions)	1,057	94,901	(224,840)	(12,682)	(141,564)
Foreign exchange	(140)	(6,539)	(29,540)	(870)	(37,089)
Balance, February 28, 2021	2,229	136,980	159,943	-	299,152
Additions	1,388	-	-	53,298	54,686
Foreign exchange	(167)	(9,403)	(10,978)	(510)	(21,058)
Balance, May 31, 2021	3,450	127,577	148,965	52,788	332,780
Accumulated Amortization					
Balance, March 1, 2020	(209)	(454)	(9,673)	-	(10,336)
Amortization	(272)	(24,599)	(53,019)	-	(77,890)
Foreign exchange	25	639	1,119	-	1,783
Balance, February 28, 2021	(456)	(24,414)	(61,573)	-	(86,443)
Amortization	(176)	(8,272)	(8,485)	-	(16,933)
Foreign exchange	35	1,974	4,533	-	6,542
Balance, May 31, 2021	(597)	(30,712)	(65,525)	-	(96,834)
Net book value, February 28, 2021	1,773	112,566	98,370	-	212,709
Net book value, May 31, 2021	2,853	96,865	83,440	52,788	235,946

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
 For the Three Months Ended May 31, 2021
 (Expressed in Canadian Dollars)

**5. Property, Plant and Equipment – continued**Lease liability

The estimated fair value of lease liabilities was based on an incremental borrowing rate of 20%. Leases consist of a property lease located in Colombia.

At the beginning of fiscal 2020, the Company had lease agreements on two properties, one in Guasca for its main facilities, and a second one in Zipaquirá for planned expansion upon receipt of required licenses for operations. Both agreements were affected by the COVID-19 pandemic. The Company applied a practical expedient under IFRS 16 on the Guasca lease as the lessor waived five months of rent as a relief for the pandemic. During the 2021 fiscal year, a total of \$26,956 has been accounted for as a gain on the lease. The Zipaquirá lease was terminated in June 2020.

Maturity Analysis

	\$
Contractual undiscounted cash flows:	
Less than one year	35,599
Two to three years	55,820
Total undiscounted lease liabilities as at May 31, 2021	91,419
Interest	(4,311)
Total discounted lease liabilities as at May 31, 2021	87,108
Lease liabilities in Consolidated Statements of Financial Position as at May 31, 2021	
Current (included in accounts payable)	32,951
Non-current (included in lease liabilities)	54,157
	87,108

Amounts Recognized in Consolidated Statements of Comprehensive Loss

	Three Months Ended	
	May 31, 2021	May 31, 2020
	\$	\$
Interest expense on lease liabilities	892	3,461
Expenses relating to short-term leases	560	7,167
	1,452	10,628

6. Share Capital

(a) Common Shares

As at May 31, 2021, the Company had 103,854,730 (February 28, 2021 – 103,573,373) class A shares and 1 (February 28, 2021 – 1) class B share issued and outstanding. The Company also had nil shares held in treasury as at May 31, 2021 (February 28, 2021 – 270,107).

On May 17, 2021, the Company entered into a share purchase agreement with certain shareholders to buy back 2,262,359 Class A common shares at a price of \$0.02 for a total of \$45,247. Additionally, the Company entered into assignment agreements under which the Company has assigned the right to repurchase up to 2,305,000 Class A common shares to multiple assignees at a price of \$0.02 for a total of \$46,100.

On May 3, 2021, the Company issued 11,250 class A common shares in connection with the private placement of its common shares for \$0.30 per share, for gross proceeds of \$3,375. The Company incurred share issuance costs of \$498.

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars)



6. Share Capital – *continued*

On February 12, 2021, the Company issued 119,067 class A common shares in connection with the private placement of its common shares at \$0.30 per share for gross proceeds of \$35,720. Finders' fees of 6,333 shares with a fair value of \$1,899 have been incurred in connection with the private placement.

On December 14, 2020, the Company issued 278,100 class A common shares in connection with the private placement of its common shares at \$0.30 per share, for gross proceeds of \$83,430. The Company incurred share issuance costs of \$324.

On September 4, 2020, the Company issued 538,263 class A common shares in connection with a private placement of its common shares for \$0.30 per share, for gross proceeds of \$161,479. Finders' fees of 43,061 shares with a fair value of \$12,918 and share issuance costs of \$1,582 have been incurred in connection with the private placement.

On March 5, 2020, the Company issued 224,937 class A common shares in connection with a private placement of its common shares at \$0.30 per share, for gross proceeds of \$67,481. Finders' fees of 13,393 shares with a fair value of \$4,018 and share issuance costs of \$12,027 have been incurred in connection with the private placement.

Treasury Shares

As at May 31, 2021, the Company held nil (February 28, 2021 – 270,107) treasury shares with a value of \$nil (February 28, 2021 – \$13,205).

On May 17, 2021, the Company transferred 42,641 treasury shares with a value of \$1,832 to certain parties as finders' fees for certain private placements closed during the period ended May 31, 2021.

On May 7, 2021, the Company transferred 34,031 treasury shares with a value of \$1,701 to a third party, to settle consulting service totalling \$6,806.

On May 7, 2021, the Company transferred 23,435 treasury shares with a value of \$1,172 to a third party, to settle a marketing service totalling \$4,687.

On May 7, 2021, the Company transferred 125,000 treasury shares with a value of \$6,250 to a third party, to settle an accounting service totalling \$25,000.

On May 3, 2021, the Company sold 7,500 treasury shares for proceeds of \$375.

On May 1, 2021, the Company entered into a services agreement with a third party to provide accounting services for its Mexican subsidiaries. In addition to a monthly fee, the Company transferred 37,500 treasury shares to the service provider with a value of \$1,875.

On February 12, 2021, the Company sold 37,600 treasury shares for \$1,880. The Company paid an aggregate of 2,000 shares as finders' shares with a fair value of \$100. There was no gain or loss on the sale of these shares.

On September 4, 2020, the Company sold 1,071,134 treasury shares for proceeds of \$53,557. There was no gain or loss on the sale of these shares.

On September 4, 2020, the Company transferred 4,153 treasury shares to a third party and 9,806 treasury shares to another third party, in exchange for consulting fees with a value of \$698.

On June 15, 2020, the Company transferred 125,000 treasury shares to a third party, in exchange for consulting fees with a value of \$6,250.

On June 15, 2020, the Company transferred 300,000 treasury shares to Rodrigo Gallardo, CEO of the Company to settle management fees totalling \$15,000.

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
 For the Three Months Ended May 31, 2021
 (Expressed in Canadian Dollars)

**6. Share Capital – continued**

On June 15, 2020, the Company transferred 40,200 treasury shares for \$2,010 to Todd Dalotto, Director of the Company, as a partial consideration for management fees charged from June 15, 2020 to September 15, 2020.

On March 4, 2020, the Company sold 502,143 treasury shares for \$35,150.

(b) Subscription Receipts

On May 27, 2021, the Company issued 6,512,262 subscription receipts (each a “**Subscription Receipt**”) in connection with a private placement (the “**Subscription Receipt Agreement**”) for \$0.20 per subscription receipt, for gross proceeds of \$1,302,452. Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions on or before October 12, 2021. Seventy five percent (75%) of all proceeds from Subscription Receipts are held in escrow, and will be released to the Company when the Escrow Release Conditions are met on or before October 12, 2021, and if not, then it will be returned to the subscriber. The Escrow Release Conditions are:

- a) The common shares of the Company being conditionally approved for listing on the Canadian Securities Exchange and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of escrowed funds; and
- b) The issuance of a final receipt for the non-offering prospectus of the Company

On May 26, 2021, the Company received \$20,000 from one investor as subscription for 100,000 subscription receipts of the 3rd tranche of the \$0.20 subscription receipt private placement, to be closed subsequently to this quarter.

On April 12, 2021, the Company issued 4,100,000 Subscription Receipts for \$0.20 per Subscription Receipt, for gross proceeds of \$820,000.

Finders’ fees of \$27,340 have been accrued or paid in connection with the Subscription Receipt.

(c) Warrants

On May 27, 2021, the Company issued 113,000 broker warrants to acquire 113,000 units at a price of \$0.20 per unit until May 27, 2023. Each unit is comprised of one common share and one half of one common share purchase warrant. Each full warrant will entitle the holder to acquire one common share of the Company at \$0.35 per share for a period of 12 months from the date of issuance.

On April 12, 2021, the Company issued 23,700 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at \$0.20 per share for a period of 24 months.

Warrants issued were as follows:

	Number of Warrants	Fair Value (\$)
May 27, 2021 - to purchase units	113,000	22,600
April 12, 2021 - to purchase common shares	23,700	3,357
	136,700	25,957

The continuity of the Company’s warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 1, 2020 and February 28, 2021	-	-
Issued	136,700	0.20
Balance, May 31, 2021	136,700	0.20

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
 For the Three Months Ended May 31, 2021
 (Expressed in Canadian Dollars)

**6. Share Capital – continued**

The fair value of certain warrants is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of shares of a comparable company, and other factors. The expected term of warrants issued represents the period of time which those warrants are expected to be outstanding.

The risk-free rate of periods within the contractual life of the warrants is based on the Canadian government bond rate. Assumptions used for certain warrants issued during 2021 are as follows:

Issue Date	Number of Warrants	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend per Warrant Yield	Fair Value (\$)	Total Fair Value (\$)
April 12, 2021	23,700	149%	0.28%	2	-	0.14	3,357

The 113,000 broker warrants to acquire 113,000 units at a price of \$0.20 per unit have a fair value of \$22,600.

(d) Reserves*Accumulated other comprehensive income (loss)*

The accumulated other comprehensive income (loss) reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

7. Related Party Transactions

The Company entered into a cost sharing agreement (the “**Xebra Cost Sharing Agreement**”) with Orea Mining Corp. (“**Orea**”), effective October 1, 2019, whereby certain overhead and administration costs are shared, which Xebra reimburses to Orea on a periodic basis. These amounts are included in general and administration expense. The Xebra Cost Sharing Agreement was terminated August 31, 2020, and replaced with a fixed fee agreement (the “**Xebra Services Agreement**”), whereby Orea provides certain overhead and administration services in exchange for a fixed fee of \$10,000 per month and a reduction in compensation of \$8,000 per month to a certain officer in common. The Xebra Services Agreement was terminated on November 30, 2020, and replaced with an updated services agreement (the “**Updated Services Agreement**”) effective January 1, 2021, for \$2,000 per month. The Updated Services Agreement was amended effective June 1, 2021 under which the monthly payments are \$30,000. The Company and Orea have a director and certain officers in common.

The following is a summary of related party transactions:

	Three Months Ended	
	May 31, 2021 (\$)	May 31, 2020 (\$)
Fees accrued or paid to Orea for management and administration services	6,000	126,000
Management fees paid to Columbus Capital Corporation., a company controlled by Robert Giustra, a director of the Company	-	53,400
Management fees paid to Todd Dalotto, a director of the Company	-	64,098
Management fees paid to Accounting Group ADR and Associates SC., a company controlled by Rodrigo Gallardo, president of the Company	8,080	32,000
	14,080	275,498

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
 For the Three Months Ended May 31, 2021
 (Expressed in Canadian Dollars)

**7. Related Party Transactions – continued**

The following summarizes amounts that are payable to each related party:

	May 31, 2021 (\$)	February 28, 2021 (\$)
Fees payable to Orea for management and administration services	(10,000)	(4,000)
Fees payable to Applied Media Dynamics, a company controlled by Jorge Martinez, COO of the Company	(3,000)	(3,000)
	(13,000)	(7,000)

8. Segmented Information

The Company has one reportable business segment, being the cultivation, processing, manufacturing, design and delivery of cannabis products. Assets by geographical area are as follows:

	May 31, 2021 (\$)	February 28, 2021 (\$)
Current Assets		
Canada	2,082,651	277,416
Colombia	15,147	11,663
Europe	35,080	17,671
Mexico	39,346	27,472
	2,172,224	334,222
Non-Current Assets		
Canada	414,764	421,153
Colombia	1,873,294	2,016,876
Europe	52,788	-
Mexico	827,165	824,265
	3,168,011	3,262,294
Total Assets		
Canada	2,497,415	698,569
Colombia	1,888,441	2,028,539
Europe	87,868	17,671
Mexico	866,511	851,737
	5,340,235	3,596,516

9. Commitments

The Company has commitments as follows:

	1 year (\$)	2-3 years (\$)	4-5 years (\$)	Total (\$)
Land lease in Colombia (note 5)	35,599	55,820	-	91,419
	35,599	55,820	-	91,419

10. Financial Risk and Capital Management

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at May 31, 2021 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit Risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, VAT receivable from the Government of Mexico, and other receivables. Management believes that the credit risk with respect to its cash and receivables is low.

(b) Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at May 31, 2021, the Company has a working capital deficiency of \$486,157. The Company intends to increase working capital through the private placement of common shares. Management believes that liquidity risk is moderate.

(c) Market Risk

(i) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its Mexican, Colombian and European subsidiaries. The Company also has assets and liabilities denominated in US dollars, Mexican Peso, Colombian Peso and the European Euro. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollars, Mexican Peso, Colombian Peso and the European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) Interest Rate Risk

The Company is not exposed to interest rate risk.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the cultivation, processing, manufacturing, design and delivery of cannabis products and to maintain a flexible capital structure for the benefit of its stakeholders. As the Company is in the start-up stage, its principal source of funds are, and will be, financing through the issuance of equity securities.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments. There were no changes to the management of capital from the previous year.

Xebra Brands Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars)



10. Financial Risk and Capital Management - continued

Fair Value

The fair value of the Company's financial instruments including cash approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At May 31, 2021, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

Financial Instrument	Measurement Method	Associated Risks	Fair value at May 31, 2021 (\$)
Cash	FVTPL	Credit and currency	197,941
Receivables	Amortized cost	Credit	153,103
Accounts payable	Amortized cost	Liquidity	(493,269)
Lease liabilities	Amortized cost	Liquidity	(54,157)
			(196,382)

11. Subsequent Events

On June 22, 2021, the Company and Organto Foods Inc. ("**Organto**"), amended an existing Share Purchase Agreement to eliminate all distribution rights previously granted to Organto in exchange for 200,000 class A common shares of the Company.

On August 9, 2021, Columbus Capital Corp., a company controlled by Robert Giustra, a director of the Company, provided a short-term loan for \$75,000 to the Company. The loan is interest free and repayable on demand.

On August 16, 2021, the Company entered into a Manufacturing & Services Agreement with a 3rd party to manufacture and sell cannabis infused beverages in Canada. The Company may terminate the agreement under certain conditions, including without cause by giving 30 days notice and fulfilling an initial volume commitment.

On August 17, 2021, the Company entered into a licensing agreement with a 3rd party to license its clinically-backed, patent pending delivery technology for cannabinoids. Pursuant to the terms of the agreement, Xebra will issue 6 million common shares to the 3rd party, which are subject to certain resale restrictions, for the right to produce and use the technology. Xebra's license is exclusive in Mexico and Colombia, and non-exclusive in Europe and the rest of the Americas, including Canada, but limited to only California in the United States; with no further consideration or royalties payable to the 3rd party. The agreement is effective immediately with an indefinite perpetual term, unless terminated under specific circumstances.

SCHEDULE B

(See attached.)



**Xebra Brands Ltd.
1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada**

**Management's Discussion and Analysis
(Unaudited)**

**Three Months Ended
May 31, 2021**

(Stated in Canadian Dollars)

Dated August 18, 2021

Xebra Brands Ltd.

Management's Discussion and Analysis
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars, except where noted - Unaudited)



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Xebra Brands Ltd.

Management's Discussion and Analysis
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars, except where noted - Unaudited)



This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Xebra Brands Ltd. ("Xebra", the "Company" or "Issuer") and its subsidiaries' performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended February 28, 2021, and the accompanying unaudited condensed interim consolidated financial statements for the interim period ended May 31, 2021, both of which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). "This quarter" or "current quarter" means the three-month period ended May 31, 2021. The information contained in this MD&A is current to August 18, 2021.

Forward Looking Information

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption *Caution regarding forward looking statements* later in this document. The reader is cautioned not to place undue reliance on forward-looking statements.

Profile and Strategy

The Company was incorporated on February 21, 2019 under the laws of the Province of British Columbia, Canada. On April 24, 2019, the Company changed its name from 1198365 B.C. LTD to Xebra Brands Ltd. The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

The Company's principal business activities are the cultivation, processing, manufacturing, design and delivery of cannabis products in areas ranging from wellness to leisure. Xebra will leverage its Colombian cannabis cultivation and processing licenses to produce cannabis-infused beverages and wellness brands. To date, the Company has not received any revenue from operations and is considered to be in the start-up stage. The Company's activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of activities to manage its capital structure in light of changes in global economic conditions.

The Company's financial condition is affected by general market conditions and conditions specific to the cannabis industry. These conditions include, but are not limited to, the market demand for cannabis and accessibility of debt or equity.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and has adversely affected global workforces, financial markets, and the general economy. It is not possible for the Company to determine the duration or magnitude of the adverse results of COVID-19 nor its effects on the Company's business or operations.

Overall Performance and Outlook

The following highlights the Company's overall performance for the three months ended May 31, 2021:

	Three Months Ended		Change
	May 31, 2021 (\$)	May 31, 2020 (\$)	
Net loss attributable to shareholders of the Company	(326,823)	(880,449)	553,626
Cash used in operating activities	(195,997)	(704,942)	508,945
Cash at end of period	197,941	213,072	(15,131)
Loss per share attributable to shareholders of the Company – basic and diluted	(0.00)	(0.01)	0.01

Xebra Brands Ltd.

Management's Discussion and Analysis
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars, except where noted - Unaudited)



Corporate Updates

Financing

On April 12, 2021, the Company issued 4,100,000 subscription receipts (each a "Subscription Receipt") in connection with a private placement and under a subscription receipt agreement (the "Subscription Receipt Agreement") for \$0.20 per subscription receipt, for gross proceeds of \$820,000 (the "PP First Tranche"). Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions (defined below) on or before October 12, 2021 (the "Termination Date"). A total of 23,700 broker warrants were issued in connection with the PP First Tranche (the "First Tranche Broker Warrants"). Each First Tranche Broker Warrant entitles the holder to purchase one common share of the company at \$0.20 per common share until April 12, 2023.

On May 27, 2021, the Company issued 6,512,262 subscription receipts in connection with a private placement under the Subscription Receipt Agreement for \$0.20 per subscription receipt, for gross proceeds of \$1,302,452 (the "PP Second Tranche"). Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions (defined below) on or before October 12, 2021. A total of 113,000 broker units were issued in connection with the PP Second Tranche (the "Second Tranche Broker Units"). Each Second Tranche Broker Unit entitles the holder to purchase one common share of the company at \$0.20 per common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant until May 27, 2023.

Pursuant to the Subscription Receipt Agreement, 75% of the proceeds (the "Escrowed Funds") from all private placement tranches closed in connection with the Subscription Receipt Agreement is to be held in escrow by a third party (the "Escrow Agent"). As of May 31, 2021, a total of \$1,591,839 was held in escrow and as of the date of this MD&A, a total of \$1,906,839, is in escrow.

The Escrowed Funds will be released from escrow to the Company upon the satisfaction or waiver, of all of the following conditions (the "Escrow Release Conditions") on or before the Termination Date:

- a) the common shares of the Company being conditionally approved for listing on the Canadian Securities Exchange ("CSE"), and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrowed Funds; and
- b) the issuance of a final receipt for the non-offering prospectus of the Company.

On July 27, 2021, the Company issued 2,100,000 Subscription Receipts under the Subscription Receipt Agreement for \$0.20 per subscription receipt, for gross proceeds of \$420,000 (the "PP Third Tranche"). Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions on or before the Termination Date.

Discussion of Operations

Beverages

Xebra has created a number of great tasting cannabis infused beverages, including seltzers, soft drinks, iced teas, lemonades and waters. Energy drinks are under development, and a CBD sports beverage is near-final.

The equivalent of more than 400 trademark applications for Xebra's beverage brands have been filed in over 40 countries. These countries were strategically chosen as they have either legalized, or decriminalized cannabis, or are on a path to do so.

The following illustration itemizes Xebra's beverage brand categories. Within most categories a number of flavors have been created, including sugar-free versions.

Xebra Brands Ltd.

Management's Discussion and Analysis

For the Three Months Ended May 31, 2021

(Expressed in Canadian Dollars, except where noted - Unaudited)



Xebra is aiming to launch THC beverages in 2022, commencing with its Vicious Citrus Lemonade in Canada for the spring of 2022.

On August 16, 2021, the Company entered into a Manufacturing & Services Agreement with a 3rd party to manufacture and sell cannabis infused beverages in Canada. The Company may terminate the agreement under certain conditions, including without cause by giving 30 days notice and fulfilling an initial volume commitment.

On August 18, 2021, the Company entered into a licensing agreement with a 3rd party to license its clinically-backed, patent pending delivery technology for cannabinoids. Pursuant to the terms of the agreement, Xebra will issue 6 million common shares to the 3rd party, which are subject to certain resale restrictions, for the right to produce and use the technology. Xebra's license is exclusive in Mexico and Colombia, and non-exclusive in Europe and the rest of the Americas, including Canada, but limited to only California in the United States; with no further consideration or royalties payable to the 3rd party. The agreement is effective immediately with an indefinite perpetual term, unless terminated under specific circumstances.

Mexico

On July 12, 2019, the Company acquired two Mexican entities, Elements Bioscience SAPI de CV ("Elements") and Sativa Group Biosciences SAPI de CV ("Sativa", and together with Elements, the "Mexican Subsidiaries") through a share exchange agreement (the "Elements SEA"). As of the date of this MD&A, the Mexican Subsidiaries have several pending applications with the Mexican governmental agencies, which, when approved, will allow the Company to commence certain advanced stage cannabis-related operations in Mexico. These advanced stage cannabis-related operations include authorizations for the import, distribution and commercialization of various products with CBD content which have a limit of 1% THC.

On January 10, 2020, the Company acquired Desart MX, SA de CV ("Desart") through a share exchange agreement (the "Desart SEA"). Pursuant to the Desart SEA, the Company received 100% of the outstanding shares of Desart (the "Desart Shares") in exchange for a combination of 2,000,000 common shares of Xebra (the "Desart Consideration Shares") and cash payments of US \$125,000 (the "Desart Cash Consideration"), plus 48,000,000 common shares of Xebra to be issued under certain conditions (the "Desart Bonus Shares"). The primary requirement for the issuance is when the Supreme Court of Mexico has granted Desart a constitutional injunction under the terms of the Mexican Law of Amparo ("Amparo"), which provides all authorizations necessary to enable Desart to produce and commercialize CBD. The Desart SEA was amended on February 27, 2020, pursuant to which the Desart's shareholders had the right to elect to terminate the Desart SEA under the following circumstance:

Xebra Brands Ltd.

Management's Discussion and Analysis
For the Three Months Ended May 31, 2021

(Expressed in Canadian Dollars, except where noted - Unaudited)



- If the Company not listed on a recognized stock exchange or trading facility (the “Listing”) within four months of the grant of the Amparo (the “Listing Deadline”), then the Desart shareholders would have until the date that is 2 days following the Listing Deadline to elect to terminate the Desart SEA (the “Listing Termination”). Upon the Listing Termination, Xebra shall return the Desart Shares to the Desart shareholders and the Desart shareholders shall not be obligated to return the Desart Consideration Shares nor the Desart Cash Consideration, but will be required to return 45,000,000 of the Desart Bonus Shares to Xebra, if applicable. If the Listing Deadline occurs during the months of June, July or August, then it shall be deemed to have been extended to September 30.

As of the date of this MD&A, the Supreme Court of Mexico has not granted the Amparo to Desart. The Company had its listing application filed with CSE on July 12, 2021.

The momentum in Mexico to legalize cannabis began unofficially in 2014 with the decriminalization of possession of small quantities of cannabis, followed in 2015 with the granting of the first Amparos for limited personal consumption, on the grounds that it was unconstitutional to deny such right to the individuals making the claim. Over the next several years, additional injunctions were granted by the Supreme Court for personal consumption, and also for the ability to grow a limited number of plants in a household for personal use. To rectify this uneven playing field that favored only certain individuals with Amparos, an initial legal framework was adopted by the Mexican government in 2017 for medicinal cannabis, however not for recreational purposes.

In 2018, Desart, identified an opportunity to challenge the constitution of Mexico for an injunction to commercialize hemp derived cannabinoids such as CBD and CBG. The constitutional claim was filed in January 2019, and the injunction requested included the right for the importation of seeds, cultivation, harvesting, processing, and the creation of cannabis products with less than 1% THC, and the right to sell those products domestically or via export. In August 2019, the Mexican Supreme Court formally ruled that cannabis prohibition was unconstitutional and ordered the government to draft comprehensive regulations specifically for medicinal cannabis, but did not mandate recreational regulations. In early 2020, Xebra acquired Desart and in September 2020 after making its way through various lesser circuit courts, the claim was received by the Mexican Supreme Court of Justice for a final ruling.



Xebra Brands Ltd.

Management's Discussion and Analysis
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(Expressed in Canadian Dollars, except where noted - Unaudited)



Holland

Xebra's Dutch project (the "Dutch Project") is carried through its 75% owned European subsidiary, Xebra Brands Europe BV. Xebra's interest in Xebra Europe can be increased to 100% under certain conditions, including dilution and buy-out clauses. Xebra's 25% partner provides vital local knowhow and support, and has been essential in navigating government regulations and in the application process.

The Dutch government has selected Xebra as one of five parties that are authorized to participate in medicinal cannabis cultivation trials. Two of the five parties will eventually be granted licenses for a four-year contract with the Dutch government. The two parties will supply the entire Dutch medicinal industry, including sales through pharmacies. Annual volumes of 5,000 kg of products will be sold at a fixed price of €2,350/kg under the four-year agreement with an optional two-year extension, resulting in a total sales value of the contract of approximately €70.5 million.

The final two license holders will be selected based on their Plan of Approach and on the product quality and consistency of three trial crops to be cultivated starting in 2021.

Colombia

In Colombia, Xebra operates through its wholly owned subsidiary Medicannabis SAS.

Xebra holds all cannabis licenses in Colombia, including authorizations to cultivate psychoactive (THC) and non-psychoactive cannabis, a license for the use of seeds for cultivation, and a license to process cannabis for the manufacture and export of products. Xebra is also a registered Seed Producer and holds one of a select number of registrations as a Seed Breeder and Agronomic Evaluator. Medicannabis is one of the limited number of companies that successfully filed seed genetics in Colombia by the December 2018 deadline, and thereby owns a cannabis seed genetics library of over 144 cultivars (Fuente Semillera), with a broad range of cannabinoid varieties and types that can be interbred and adapted to the various micro-climates present in Colombia. Agronomic evaluations to fully register up to 10 of the cultivars in the National Cultivar Registry are presently underway and are scheduled to be completed in the fall of 2021. Once fully registered, those cultivars are eligible for cultivation, sale and export. Cannabis production quotas for licensed producers are determined by the end of April every year, and supplementary-quotas by application at anytime throughout the year; this is the final step to enable Xebra to commence commercial operations.

Xebra's research and breeding facility in Colombia is located on a 1.5-hectare property in Guasca, Cundinamarca, 30 kilometers from Bogota's International Airport. The facility includes over 600 square metres of greenhouses, a water reservoir and irrigation system, and a seed breeding laboratory capable of undertaking certified agronomic evaluations. Xebra has taken a lower-risk asset-light approach to commercialize its cannabis cultivation. Under Colombian law, a large-scale cultivator must source at least 10% of its annual production quota from "small growers"; however, Xebra's unique asset-light model will enable it to produce up to 100% of its production on third-party land, thereby mitigating cultivation risk, reducing labour costs, and eliminating land leases and greenhouse construction costs. This scalable cultivation model is planned to commence in first calendar quarter 2022, under an exclusive partnership with a local consortium of licensed small growers, whereby initially up to 7 hectares of hoop-houses, will be made available on approximately 14 hectares of licensed land in the Guasca area.

Summary of Quarterly Information

	Q1 2022 (\$)	Q4 2021 (\$)	Q3 2021 (\$)	Q2 2021 (\$)	Q1 2021 (\$)	Q4 2020 (\$)	Q3 2020 (\$) ¹
Net loss attributable to shareholders	(326,823)	(167,368)	(236,074)	(573,464)	(880,449)	(2,029,610)	(522,431)
Basic and diluted net loss per share attributable to shareholders	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.02)	(0.01)

¹ The Company has not presented quarterly information for its past eight quarters as it has not prepared quarterly financial statements for such quarters as a private company in 2020.

Xebra Brands Ltd.

Management's Discussion and Analysis
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars, except where noted - Unaudited)



	May 31, 2021 (\$)	Feb 28, 2021 (\$)	Nov 30, 2020 (\$)	Aug 31, 2020 (\$)	May 31, 2020 (\$)	Feb 29, 2020 (\$)	Nov 30, 2019 (\$) ¹
Cash	197,941	93,334	55,438	74,545	213,072	955,407	929,830
Total assets	5,340,235	3,596,516	3,694,882	3,877,135	4,332,976	5,143,077	3,141,862
Total non-current financial liabilities	(54,157)	(67,026)	(78,247)	(84,181)	(288,793)	(321,270)	-

¹ The Company has not presented quarterly information for its past eight quarters as it has not prepared quarterly financial statements for such quarters as a private company in 2020.

Q1 2022 Compared with Q4 2021

During Q1 2022, the Company incurred a net loss attributable to shareholders of the Company of \$326,823, compared to \$167,368 during Q4 2021. The increase in net loss is attributable lower foreign exchange gains of \$703 compared to \$89,978, and an increase in management fees of \$66,922.

Q1 2022 Compared with Q3 2021

During Q1 2022, the Company incurred a net loss attributable to shareholders of the Company of \$326,823, compared to \$236,074 during Q3 2021. The increase in net loss is attributable lower foreign exchange gains of \$703 compared to \$137,846, partially offset with lower operating expenses.

Q1 2022 Compared with Q3 2020 and Q2 2021

During Q1 2022, the Company incurred a net loss attributable to shareholders of the Company of \$326,823, compared to \$522,431 during Q3 2020 and \$573,464 during Q2 2021. The decrease in net loss in Q1 2022 compared to both Q3 2020 and Q2 2021 is mainly attributable to reduced general and administration expense, management fees and a positive effect from changes in foreign exchange rates.

Q1 2022 Compared with Q1 2021

During Q1 2022, the Company incurred a net loss attributable to shareholders of the Company of \$326,823, compared to \$880,449 during Q1 2021. During the current quarter, the Company was able to reduce general and administration by \$211,929, and management fees by \$121,618.

Q1 2022 Compared with Q4 2020

During Q1 2022, the Company incurred a net loss attributable to shareholders of the Company of \$326,823, compared to \$2,029,610 during Q4 2020. The higher net loss during Q4 2020 was attributable to an acquisition expense of \$764,209 related to Desart, and significantly higher operating costs in general, including administration, investor relations, management fees, marketing & business development, professional fees and travel.

Liquidity and Capital Resources

The Company does not currently derive any significant revenues from operations. The Company's activities have been funded primarily through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. The Company has been successful in its fund raising efforts in the past, but there can be no assurance that the Company will continue to be successful in the future. If such funds are not available or other sources of finance cannot be obtained, then the Company will be required to curtail its activities to a level for which funding is available and can be obtained. The Company's ability to access funding is also contingent on the ongoing demand for cannabis.

Xebra Brands Ltd.

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(Expressed in Canadian Dollars, except where noted - Unaudited)



	Three Months Ended	
	May 31, 2021 (\$)	May 31, 2020 (\$)
Cash used in operating activities	(195,997)	(704,942)
Cash used in investing activities	(55,896)	(71,875)
Cash from financing activities	359,081	3,107
Cash, end of the period	197,941	213,072

As at May 31, 2021 the Company had working capital deficiency of \$486,157, compared to working capital deficiency of \$217,606 at February 28, 2021. Working capital increasing mainly as a result of having funds held in escrow in connection with the Subscription Receipt Agreement.

During the current quarter the Company used \$195,997 in operating activities compared to \$704,942 during the same quarter in the prior year. The decrease in cash used is attributable to the Company reducing operating expenses and management fees.

The Company invested \$54,686 in equipment for its Dutch Project, compared to the investment of \$52,129 for its Colombian operation during the same quarter in the prior year. In addition, during the prior year comparative quarter, the Company invested \$19,746 in intangible assets, primarily in brands and trademarks.

During the current quarter, the Company received \$359,081 from financing activities, primarily from the Subscription Receipt Agreement of \$519,522, partially offset by a loan repayment of \$155,000. During the comparative prior year quarter, the Company received \$35,150 from the sale of treasury shares, partially offset with payment of lease liabilities of \$31,472.

As at May 31, 2021, the Company had cash of \$197,941, and current liabilities of \$2,658,381. The Company is in the process of raising additional capital through the Subscription Receipt Agreement to meet obligations as they become due.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

The Company entered into a cost sharing agreement (the “**Xebra Cost Sharing Agreement**”) with Orea Mining Corp. (“**Orea**”), effective October 1, 2019, whereby certain overhead and administration costs are shared, which Xebra reimburses to Orea on a periodic basis. These amounts are included in general and administration expense. The Xebra Cost Sharing Agreement was terminated August 31, 2020, and replaced with a fixed fee agreement (the “**Xebra Services Agreement**”), whereby Orea provides certain overhead and administration services in exchange for a fixed fee of \$10,000 per month and a reduction in compensation of \$8,000 per month to a certain officer in common. The Xebra Services Agreement was terminated on November 30, 2020, and replaced with an updated services agreement (the “**Updated Services Agreement**”) effective January 1, 2021, for \$2,000 per month. The Updated Services Agreement was amended effective June 1, 2021 under which the monthly payments are \$30,000. The Company and Orea have a director and certain officers in common.

Xebra Brands Ltd.

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 (Expressed in Canadian Dollars, except where noted - Unaudited)



The following summarizes amounts that are payable to each related party:

	Three Months Ended	
	May 31, 2021 (\$)	May 31, 2020 (\$)
Fees accrued or paid to Orea for management and administration services	6,000	126,000
Management fees paid to Columbus Capital Corporation., a company controlled by Robert Giustra, a director of the Company	-	53,400
Management fees paid to Todd Dalotto, a director of the Company	-	64,098
Management fees paid to Accounting Group ADR and Associates SC., a company controlled by Rodrigo Gallardo, president of the Company	8,080	32,000
	14,080	275,498

- ^{1.} Management agreement with Columbus Capital Corporation terminated June 30, 2020.
- ^{2.} Management agreement with Todd Dalotto terminated February 28, 2021.
- ^{3.} Management agreement with ADR may be terminated at any time with 1 month's notice.

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	May 31, 2021 (\$)	February 28, 2021 (\$)
	Fees payable to Orea for management and administration services	(10,000)
Fees payable to Applied Media Dynamics, a company controlled by Jorge Martinez, COO of the Company	(3,000)	(3,000)
	(13,000)	(7,000)

Proposed Transactions

There are no proposed transactions as at May 31, 2021 and the date of this MD&A.

Commitments

The Company has commitments as follows:

	1 year (\$)	2-3 years (\$)	4-5 years (\$)	Total (\$)
Land lease in Colombia (note 5)	35,599	55,820	-	91,419
	35,599	55,820	-	91,419

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and

Xebra Brands Ltd.

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(Expressed in Canadian Dollars, except where noted - Unaudited)



other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the estimated useful lives of depreciated and amortized assets, the recoverability of the carrying value of intangible assets and assumptions used in determination of the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include the assumption that the Company will continue as a going concern, assumptions used to determine if a business combination is an asset or business acquisitions, classification of expenditures as intangible assets or operating expenses and the classification of financial instruments.

Changes in Accounting Standards

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Financial Risk and Capital Management

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at May 31, 2021 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit Risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, VAT receivable from the Government of Mexico, and other receivables. Management believes that the credit risk with respect to its cash and receivables is low.

(b) Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at May 31, 2021, the Company has a working capital deficiency of \$486,157. The Company intends to increase working capital through the private placement of common shares. Management believes that liquidity risk is moderate.

(c) Market Risk

(i) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its Mexican, Colombian and European subsidiaries. The Company also has assets and liabilities denominated in US dollars, Mexican Peso, Colombian Peso and the European Euro. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollars, Mexican Peso, Colombian Peso and the European Euro could have an effect on the Company's

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results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) Interest Rate Risk

The Company is not exposed to interest rate risk.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the cultivation, processing, manufacturing, design and delivery of cannabis products and to maintain a flexible capital structure for the benefit of its stakeholders. As the Company is in the start-up stage, its principal source of funds are, and will be, financing through the issuance of equity securities.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments. There were no changes to the management of capital from the previous year.

Fair Value

The fair value of the Company's financial instruments including cash approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At May 31, 2021, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

Financial Instrument	Measurement Method	Associated Risks	Fair value at May 31, 2021 (\$)
Cash	FVTPL	Credit and currency	197,941
Receivables	Amortized cost	Credit	153,103
Accounts payable	Amortized cost	Liquidity	(493,269)
Lease liabilities	Amortized cost	Liquidity	(54,157)
			(196,382)

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Other Information

Outstanding Share Data

The Company has authorized capital of an unlimited number of common shares without par value. The table below represents the Company's capital structure as at the date of this MD&A and May 31, 2021:

	As at date of this MD&A	May 31, 2021
Class A common shares issued	104,054,730	103,854,730
Class A common shares issued and outstanding	104,054,730	103,854,730
Class B common shares issued and outstanding	1	1
Broker Warrants	136,700	136,700

Risks and Uncertainties

The following are certain factors relating to the business of the Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Issuer. These risks and uncertainties are not the only ones facing the Issuer.

Additional risks and uncertainties not presently known to the Issuer may also impair the operations of the Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Issuer could be materially and adversely affected and the ability of the Issuer to implement its growth plans could be adversely affected.

An investment in the Issuer is speculative. An investment in the Issuer will be subject to certain material risks and investors should not invest in securities of the Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Issuer.

General

A purchase of any of the securities of the Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Issuer's securities prior to purchasing any of the securities.

Risks Related to the Issuer

No Market for Securities

There is currently no market through which any of the Common Shares may be sold and there is no assurance that the Common Shares will be listed for trading on a Canadian stock exchange, or if listed, will provide a liquid market for such securities. Until the Common Shares are listed on a Canadian stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if the Listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained. 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. The Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

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Limited Operating History

The Issuer began carrying on business in 2019 and has not yet generated material income. The Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and likelihood of success must be considered in light of the early stage of operations.

Global Economic Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Issuer is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Issuer. If uncertain market conditions persist, the Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Issuer's operations and trading price of the Common Shares on the stock exchange.

Changing Economic Conditions

The demand for entertainment and leisure activities, including cannabis consumption, can be highly sensitive to changes in consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond the Issuer's control. Unfavourable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and increasing fuel or transportation costs or the perception by customers of weak or weakening economic conditions, may reduce customers' disposable income or result in fewer individuals engaging in entertainment and leisure activities, such as cannabis consumption. As a result, the Issuer cannot ensure that demand for its product offerings will remain constant. Adverse developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in certain financial markets, increased interest rates, foreign exchange fluctuations, increased energy costs, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding epidemics and the spread of contagious diseases, could lead to a further reduction in discretionary spending on leisure activities, such as cannabis consumption. Any significant or prolonged decrease in consumer spending on entertainment or leisure activities could adversely affect the demand for the Issuer's product offerings, reducing its cash flows and revenues. If the Issuer experiences a significant unexpected decrease in demand for its product offerings, its business may be harmed.

Economic Environment

The Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Issuer's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Issuer's management.

Risks Associated with Acquisitions

As part of the Issuer's overall business strategy, the Issuer may pursue select strategic acquisitions after the completion of the Listing, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships

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with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Issuer's financial estimates, projections and other forward-looking information accompanying this document were prepared by the Issuer without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should inquire of the Issuer and become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events.

There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operational expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Issuer and its subsidiaries might achieve.

Difficulty to Forecast

The Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industries. A failure in the demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Issuer.

Competition General

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Issuer. To remain competitive, the Issuer will require a continued high level of investment in research and development, marketing, sales, and client support.

Management of Growth

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage 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 Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Reliance on Management

The success of the Issuer will be dependent upon the ability, expertise, judgment, discretion, and good faith of its key executives, including the directors and officers of the Issuer and a small number of highly skilled and experienced executives and personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results, or financial condition. The competition for highly skilled technical, research and development, management and other employees is high and there can be no assurance that the Issuer will be able to engage or retain the services of such qualified personnel in the future.

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Furthermore, equity-based awards comprise a key component of executive and senior management compensation, and if the Issuer's common share price declines or is volatile, it may be difficult to retain such individuals. The Issuer's retention and recruiting may require significant increases in compensation expense, which may adversely affect its results of operation.

Risks Relating to Insurance

The Issuer intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrency and associated businesses, such insurance may not be available, uneconomical for the Issuer, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Issuer.

No Dividends

The Issuer has never paid any cash dividends on our Common Shares. Xebra does not anticipate paying any cash dividends on its Common Shares in the foreseeable future because, among other reasons, the Issuer currently intends to retain any future earnings to finance its business. The future payment of cash dividends will be dependent on factors such as cash on hand and achieving profitability, the financial requirements to fund growth, the Issuer's general financial condition and other factors the board of directors may consider appropriate in the circumstances. Until Xebra pays cash dividends, which it may never do, the Issuer's shareholders will not be able to receive a return on their Common Shares unless they sell them

Negative Cash Flows From Operating Activities

During the fiscal year ended February 29, 2020, the Company had negative cash flows from operations of \$1,960,117, resulting from the Company being in the startup stage. The Company intends to increase working capital through additional equity offerings in the future. However, there can be no guarantee that such activity and financial resources will be possible. Until the Company can generate positive cash flow from operations, its ability to finance its operations will depend on its ability to obtain additional external financing and ultimately generate future profitable operations.

Risks Related to Regulation in the Cannabis Industry

Highly Regulated Industry

The Company operates in a highly regulated and rapidly evolving market. The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. The Company's operations are subject to a variety of laws, regulations, guidelines and policies, whether in Canada or elsewhere, relating to the cultivation, manufacture, import, export, management, transportation, storage, packaging/labelling, advertising and promotion, sale, health and safety and disposal of cannabis, including, but not limited to, the Cannabis Act (Canada) (the "Cannabis Act"), any regulations thereunder, and laws, regulations, guidelines and policies relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment, and applicable stock exchange rules and regulations. Any amendment to or replacement of existing laws, regulations, guidelines or policies may cause adverse effects to the Company's operations. The risks to the Company's business represented by subsequent regulatory changes could reduce the addressable market for the Company's products and could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals required may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Any potential non-compliance could cause the Company's business, financial condition, results of operations and prospects to be adversely affected. Further, any

amendment to or replacement of the Cannabis Act and other applicable rules and regulations governing the Company's business activities may cause adverse effects on the Company's business, financial conditions and results of operations.

The federal legislative framework pertaining to the Canadian adult-use cannabis market is still very new. In addition, the governments of every Canadian province and territory have implemented different regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. There is no guarantee that the legislative framework regulating the cultivation, processing, distribution and sale of cannabis for adult-use purposes will not be amended or replaced or that any current legislation will create the growth opportunities that the Company currently anticipates. While the impact of any new legislative framework for the regulation of the Canadian adult-use cannabis market is uncertain, any of the foregoing could result in a material adverse effect of the Company's business, financial condition, results of operations and prospects.

Further, as the commercial cannabis industry is a relatively new industry in Canada, we anticipate that regulations governing cannabis in Canada will be subject to change as the Canadian federal government monitors licensees in action. Health Canada may change their administration, interpretation or application of the applicable regulations or their compliance or enforcement procedures at any time. Any such changes could require the Company to revise its ongoing compliance procedures, requiring the Company to incur increased compliance costs and expand additional resources. There is no assurance that the Company will be able to comply or continue to comply with applicable regulations.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations could subject the Company to regulatory or agency proceedings or investigations and may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include damage awards, fines, penalties or corrective measures requiring capital expenditures or remedial actions. Parties may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation and no assurance can be given that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws or regulations, may have a material adverse impact on the Company's business, resulting in increased capital expenditures or production costs, reduced levels of cannabis production or abandonment or delays in the development of facilities.

Health Canada inspectors routinely assess the Company's facilities against the Cannabis Act and its regulations and provide the Company with follow-up reports noting observed deficiencies. The Company is continuously reviewing and enhancing its operational procedures and facilities both proactively and in response to routine inspections. The Company follows all regulatory corrections in response to inspections in a timely manner. If the Company fails to comply with applicable laws, regulations and guidelines, the Company may incur additional costs or penalties, or the Company's operations may be restricted or shut down.

In addition, the introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada or any of the jurisdictions in which the Company operates could result in an increase in taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect. Due to the complexity and nature of the Company's operations, various legal and tax matters may be outstanding from time to time. If the Company is unable to resolve any of these matters favourably, it may have a material adverse effect on the Company.

Laws and Regulations Governing Cannabis in Foreign Jurisdictions

The Company's ability to achieve its business objectives in foreign jurisdictions is contingent, in part, upon its compliance with regulatory requirements enacted by governmental authorities and the Company obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the impact of the compliance regime that countries

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such as Mexico, Netherlands or Colombia are implementing and the method in which their governmental authorities will implement the adult-use or medical cannabis industry. Similarly, the Company cannot predict how long it will take to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of the various compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company currently incurs and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on the Company's part to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on its operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Foreign Investment in Cannabis Companies

Certain jurisdictions may prohibit or restrict its citizens or residents from investing in or transacting with companies involved in the cannabis industry, even if such companies only conduct business in jurisdictions where cannabis is legal. For example, if an investor in the United Kingdom profits from an investment in a cannabis producer or supplier, such investment may technically violate the *United Kingdom Proceeds of Crime Act 2002*. Similar prohibitions or restrictions may apply in other jurisdictions where cannabis has not been legalized. In the U.S., there have been certain instances of U.S. Customs and Border Protection preventing citizens of foreign countries from entering the U.S. for reasons related to the cannabis industry.

Operations in Foreign Jurisdictions

The Company maintains operations in various emerging markets and may have operations in additional foreign jurisdictions in the future. Such operations expose the Company to the socioeconomic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates; military repression; war or civil war; social and labor unrest; organized crime; corruption and fraud; title and property disputes; hostage-taking; terrorism; violent crime; expropriation and nationalization; public health crises including epidemics, pandemics or outbreaks of new illnesses, infectious diseases or viruses (including, most recently, the novel coronavirus (COVID-19)); renegotiation or nullification of existing licences, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; changing political norms; banking and currency controls; and governmental regulations that favor or require us to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry or investment policies or shifts in political attitude in the countries in which the Company operates may adversely affect its operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions (temporary or otherwise) on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licences, approvals and permits, environmental matters, land use, land claims of local people, water use, workplace safety, permitted public activities, domestic and international travel and permitted commercial operations. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licences, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

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The Company continues to monitor developments and policies in the emerging markets in which it operates and assess the impact thereof to our operations; however, such developments cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and results of operations and prospects.

Demand for Cannabis and Derivative Products

The legal cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity, could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. In an effort to ensure that the distribution of its products is not tied to one market, the Issuer is focusing its distribution efforts internationally, specifically in Colombia, in Mexico and the Netherlands.

Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. The Issuer's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialize into significant demand may have an adverse effect on the Issuer's financial condition.

Public Health Crises

A public health crisis, such as local, regional, national or international epidemics, pandemics or outbreaks of illnesses, infectious diseases or viruses (including COVID-19) could cause interruptions to the Company's operations, increase operating expenses, result in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred. Depending on its severity and reach, such an event could affect the Company's workforce resulting in the inability to continue to operate the Company's production facilities. Further, the Company's operations could be adversely affected if its supply partners, contractors, customers and/or transportation carriers were prevented from conducting business activities for an indefinite period of time, including due to spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. In addition, a health crisis, such as the COVID-19 pandemic, could have an adverse effect on local economies and potentially the global economy, which may adversely impact the price and demand for the Company's products, the market for the Company's securities and/or its ability to obtain financing.

In particular, as of the date of this Prospectus, the full extent of the effects of COVID-19 are unknown. The continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment of the Company's products and adversely impact the Company's business, financial condition, results of operations and prospects. In addition, there can be no assurance that the Company will not lose members of its workforce or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks. The effects of the pandemic on the Company's international operations contributed to the Company recording an impairment loss. The Company is actively assessing and responding, where possible, to the potential impact of the COVID-19 pandemic. The Company continued its operations throughout the crisis by implementing appropriate measures designed to protect the health and safety of its employees.

In addition, at this time, persistent social distancing measures and restrictions imposed by the federal, provincial and territorial governments in Canada on the movement of individuals and the distribution of cannabis in the country may

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adversely affect the Company's cannabis sales. It is difficult to predict how the COVID-19 pandemic may affect the Company's business in the future, including the effect it may have (positive or negative; long or short term) on the price of, and demand for, cannabis. It is possible that the COVID-19 pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and prospects as well as the market for its securities and/or its ability to obtain financing. The extent to which the COVID-19 pandemic impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus, the duration of the outbreak and the actions to contain its impact.

Emerging Markets Risks

In the past, high levels of inflation have adversely affected emerging economies and financial markets, and the ability of government to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. The emerging markets in which the Company operates, such as Colombia and Mexico, or may operate may experience high levels of inflation in the future. Inflationary pressures may weaken investor confidence in such countries and lead to further government intervention in the economy. If countries in which the Company operates experience high levels of inflation in the future and/or price controls are imposed, the Company may not be able to adjust the rates the Company charges its customers to fully offset the impact of inflation on the Company's cost structures, which could adversely affect the Company's business, financial condition, results of operations and prospects.

Moreover, emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. For instance, Colombia, where the Issuer has a part of its operations, has a history of geopolitical instability and crises including those related to drug cartels. While there is no current major political instability in Colombia, this could be subject to change in the future and could adversely affect the Issuer's business, financial condition and results of operations.

Reliance on International Advisors and Consultants

The legal and regulatory requirements in the foreign countries in which the Company operates or will operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. The Company must rely, to a great extent, on local legal counsel, consultants and advisors retained by it in order to keep apprised of legal, regulatory and governmental developments as they pertain to and affect the Company's business, and to assist the Company with its governmental relations. The Company must rely, to some extent, on those members of management and the Board who have previous experience working and conducting business in these countries, if any, in order to enhance its understanding of and appreciation for the local business culture and practices. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labour, litigation, tax and public health matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business, financial condition, results of operations and prospects.

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

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Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of adult-use or medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company's business, financial condition, results of operations and prospects and could cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Risks Inherent in an Agricultural Business

The Company's business involves the growing of adult-use or medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, pests, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Third Party Transportation

In order for customers of the Company to receive their product, the Company must rely on third-party transportation services. This can cause logistical problems with and delays in patients and customers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's business, financial condition, results of operations and prospects.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach, including any failure to comply with recommendations or requirements of Health Canada for the transportation of cannabis, could impact the Company's ability to continue operating under its licences or the prospect of renewing its licences.

Reliance on Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its executive management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of member of the Company's executive management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all.

Further, as licensees under the Cannabis Act, the Company's officers and directors and each member of executive management are subject to a security clearance by Health Canada. There is no assurance that any of the Company's existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by a member of the Company's executive management to maintain or renew his or her security clearance, would result in a material adverse effect on the Company's business, financial condition and results of operations. In addition, if a member of the Company's executive

Xebra Brands Ltd.

Management's Discussion and Analysis For the Three Months Ended May 31, 2021

(Expressed in Canadian Dollars, except where noted - Unaudited)



management leaves the Company, and the Company is unable to find a suitable replacement that maintains a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on the Company's business, financial condition and results of operations. While employment agreements are customarily used as a primary method of retaining the services of a member of the Company's executive management, these agreements cannot assure the continued services of such employees.

In addition, the COVID-19 pandemic imposes a high risk to all of the Company's activities, including the potential that an executive team member may become ill and the Company's ability to continue to rely on its key personnel throughout the pandemic. The Company established a policy to diligently monitor developments relating to the COVID-19 pandemic and its impact on the Company's personnel and the Company established contingency plans in the event members of its executive team are negatively impacted by the virus.

Product Liability

As a manufacturer and distributor of products designed to be ingested or vaporized by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Recent Announcements and Risks Regarding Vaporizer Products

On October 4, 2019, the U.S. Food and Drug Administration issued a warning to the public to stop using vaping liquids containing cannabis derivatives and ingredients, such as CBD and THC, in light of a potential but unconfirmed link to lung injuries such as severe pulmonary illness. Lung injuries associated with the use of cannabis derivative containing vaping liquid have also been reported in Canada resulting in certain provinces either banning or delaying the sale of vaping liquids and vaping products to consumers. In response, Health Canada issued an information update advising Canadians who use cannabis derivative containing vaping liquids to monitor themselves for symptoms of pulmonary illness. There may be further governmental and private sector actions aimed at reducing the sale of or prohibiting cannabis containing vaping liquids and/or seeking to hold manufacturers of cannabis containing vaping liquids responsible for the adverse health effects associated with the use of these vaping products. These actions, combined with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for the Company's vaporizer products. Federal, provincial and local regulations or actions that prohibit or restrict the sale of the Company's vaporizer products including cannabis derivative vaping liquids, or that decrease consumer demand for the Company's products by prohibiting their use, raising the minimum age for their purchase, raising the purchase prices to unattractive levels via taxation, or banning their sale, could adversely impact the Company's business, financial condition, results of operations and prospects.

Long-Term Health Impacts Associated with Use of Cannabis and Cannabis Derivative Products

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using the Company's

Xebra Brands Ltd.

Management's Discussion and Analysis For the Three Months Ended May 31, 2021

(Expressed in Canadian Dollars, except where noted - Unaudited)



cannabis and cannabis derivative products. The Company's cannabis and cannabis derivative products should always be used only as specifically instructed by the Company on the packaging and associated product information or product insert prepared by the Company. Consumers should never modify cannabis products or cannabis derivative products or add substances to such products as this may result in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company maintains detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Wholesale Price Volatility

The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labour costs, shipping costs, economic situation, government regulations and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond the control of the Company. The Company's operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as the Company's profitability is directly related to the price of cannabis. The price of cannabis is affected by numerous factors beyond the Company's control. Any price decline may have a material adverse effect on the Company's business, financial condition and results of operations.

Limited Standardized Research on the Effect of Cannabis

To date, there is limited standardization in the research of the effects of cannabis, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis. Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages.

Future research and clinical trials may draw opposing conclusions to statements in this Annual Information Form or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for the Company's products.

Unfavourable Publicity or Consumer Perception

Xebra Brands Ltd.

Management's Discussion and Analysis

For the Three Months Ended May 31, 2021

(Expressed in Canadian Dollars, except where noted - Unaudited)



The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis and related products distributed to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition, prospects and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis and related products in general, or the Company's products specifically, or associating the consumption of cannabis or related products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputational loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Expansion Efforts and Operations

There is no guarantee that the Company's expansion strategy (including receiving any required regulatory approvals in Canada, Colombia, Mexico or the Netherlands, licences and permits in a timely fashion, if at all) will be completed in the currently proposed form, if at all, nor is there any guarantee that the Company will be able to expand into additional jurisdictions. There is also no guarantee that the Company's intentions to acquire and/or construct additional cannabis production and manufacturing facilities in Canada, Colombia, Mexico, the Netherlands or in other jurisdictions with nationally legal cannabis markets, and to expand the Company's marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licences and permits (such as additional

licences from Health Canada under the Cannabis Act, or the Supreme Court decision in Mexico, as applicable) and there is no guarantee that all required approvals, licences and permits will be obtained in a timely fashion or at all.

The Company's expansion into jurisdictions outside of Canada (Colombia, Mexico, Netherlands) is subject to additional business risks, including new or unexpected risks or could significantly increase the Company's exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition, as well as operational, regulatory, compliance and reputational and foreign exchange rate risk. In addition, future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions.

The Company may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with the Company's existing operations as anticipated. There is also no guarantee that the Company will be able to complete any of the foregoing activities at all. The Company's failure to successfully execute its domestic or international expansion strategy (including receiving required regulatory approvals, licences and permits) could adversely affect the Company's business, financial condition, results of operations and prospects and may result in the Company failing to meet anticipated or future demand for its cannabis products, when and if it arises.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anticompetitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company infringed on their lawful rights. However, such licences may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Customer Acquisitions

The Company's success depends on its ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to the Company's brand awareness, its ability to continually produce desirable and effective cannabis products and the successful implementation of customer-acquisition plans. The failure to acquire and retain customers could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Xebra Brands Ltd.

Management's Discussion and Analysis

For the Three Months Ended May 31, 2021

(Expressed in Canadian Dollars, except where noted - Unaudited)



In addition to being subject to general business risks applicable to a business involving an agricultural product and a regulated consumer product, the Company will need to make significant investments in its business strategy. These investments include the procurement of raw material, extraction equipment, site improvements and research and development projects. The Company expects that competitors will undertake similar investments to compete with it. Competitive conditions, consumer preferences, customer requirements and spending patterns in this industry and market are relatively unknown and may have unique circumstances that differ from other existing industries and markets and cause the Company's future efforts to develop its business to be unsuccessful or to have undesired consequences for it. As a result, the Company may not be successful in its efforts to attract customers or to develop new cannabis products and produce and distribute these cannabis products, or these activities may require significantly more resources than it currently anticipate in order to be successful.

Risks Related to Investment in a Colombian Company

Economic and Political Risks Inherent with any Investment in Colombia

The Issuer's operations are partially located in Colombia. Consequently, the Issuer is dependent upon Colombia's economic and political developments. As a result, the Issuer's business, financial position and results of operations may be affected by the general conditions of these economies, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting Colombia, over which the Issuer has no control. In the past, Colombia has experienced periods of weak economic activity and deterioration in economic conditions. The Issuer cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on the Issuer's business, financial condition or results of operations.

Operational Risks

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require the Issuer to suspend operations on its properties. Although the Issuer is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Issuer's operations, or other matters.

Enforcement of Judgments

The Issuer is incorporated under the laws of the Province of British Columbia. However some of its assets are located in Colombia. Furthermore, certain of the Issuer's directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Issuer's directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Guerrilla Activity in Colombia

Colombia is subject to sustained civil unrest due to the activities of guerrilla groups such as non-demobilized groups within the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia), or "FARC," the National Liberation Army (Ejército de Liberación Nacional), or "ELN," paramilitary groups, drug cartels and criminal gangs (Bacrim). In remote regions of the country with minimal governmental presence, these groups have exerted influence over the local population and funded their activities by protecting and rendering services to drug traffickers and participating in

drug trafficking activities. Armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups have been funded by the drug trade, and consequently, Colombia has experienced significant social upheaval and criminal activity. Insurgents have attacked and kidnapped civilians and violent guerrilla activity exists in many parts of the country. Any terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with the Issuer's operations. The Issuer's primary operations are in Guasca, Cundinamarca, 30 kilometers from the capital city of Bogota and not a remote or isolated area

Anti-Money Laundering and Terrorist Financing Activities Regulations

The Issuer is subject to a variety of laws and regulations in Canada, Colombia, and internationally that involve money laundering, financial record keeping and proceeds of crime, including, among other legislation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), *Law 599 of 2000 Colombian Criminal Code*, and the *United Nations Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances* (Law 67 of 1993), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued administered or enforced by governmental authorities in Canada or Colombia or abroad.

If the Issuer's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in Colombia or Canada were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any applicable legislation. This could restrict or otherwise jeopardize the ability of the Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds. The protocols that the Issuer has in place to mitigate such risks of proceeds originating from illicit activities include: a permanent and active relationship with the relevant authorities in Colombia; the Issuer submits quarterly reports to Colombia's Unit Financial Information and Analysis ("UFIA") or in the case of an important situation, will immediately complete a report regarding the situation; the Issuer has adopted a Code of Good Governance for the Board and its senior management to adhere by; and the Issuer has anti-money laundering controls implemented into its daily operations through a Comprehensive Security Protocol – advising on various processes, including business risk management, human management, physical and electronic security management, and supply management and clearance of goods. In addition, The Issuer has implemented a manual of the Prevention and Control Systems for Anti-Money Laundering based off the regulatory content issued by UFIA through Circular 100-00006. This manual includes policies, among others, regarding conducting due diligence on counterparties; the identification and analysis of unusual operations; and the prevention of processing payments in violation of anti-money laundering legislation. While the Issuer has put the foregoing protocols and policies in place to mitigate the risks of violating anti-money laundering legislation, there is no guarantee that such protocols will prevent proceeds from the Issuer from being found to be in violation of governing anti-money laundering legislation.

Xebra Brands Ltd.

Management's Discussion and Analysis
For the Three Months Ended May 31, 2021
(Expressed in Canadian Dollars, except where noted - Unaudited)



Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Corporation Information

Head Office: 1090 Hamilton Street
Vancouver, BC V6B 2R9
Canada

Directors: Robert Giustra, Chairman
Antonio Grimaldo
Jordi Chemonte
Todd Dalotto

Officers: Rodrigo Gallardo, President
Andrew Yau, Chief Financial Officer
Jorge Martinez, Chief Operating Officer
Daniela Freitas, Corporate Secretary

Auditor: DMCL LLP
1500 – 1140 West Pender Street
Vancouver, BC V6E 4G1

Legal Counsel: McMillan LLP
Suite 1500 - 1055 West Georgia Street
Vancouver, BC V6E 4N7

Transfer Agent: Computershare Investor Services Inc.
2nd Floor – 510 Burrard Street
Vancouver, BC V6C 3B9

SCHEDULE C

(See attached.)



**Xebra Brands Ltd.
1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada**

Consolidated Financial Statements

**For the Year Ended
February 28, 2021**

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Xebra Brands Inc.:

Opinion

We have audited the consolidated financial statements of Xebra Brands Inc. (the “Company”), which comprise the consolidated statements of financial position as at February 28, 2021 and February 29, 2020, and the consolidated statements of comprehensive loss, cash flows and shareholders’ equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2021 and February 29, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

June 4, 2021

Xebra Brands Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)



	February 28, 2021 (\$)	February 29, 2020 (\$)
Asset		
Current Assets		
Cash	93,334	955,407
Receivables (note 8)	21,330	43,581
Prepaid expenses	219,558	311,120
	334,222	1,310,108
Non-current Assets		
Intangible assets (note 9)	2,970,378	3,300,333
Property, plant and equipment (note 10)	212,709	467,469
VAT receivable (note 8)	79,207	65,167
	3,596,516	5,143,077
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts payable (note 10, 12)	511,828	221,045
Accrued liabilities	40,000	68,401
	551,828	289,446
Non-current Liabilities		
Lease liabilities (note 10)	67,026	321,270
	618,854	610,716
Shareholder's Equity		
Share capital (note 11)	7,609,829	7,165,024
Subscriptions received	3,750	90,001
Reserves (note 11c)	36,366	68,237
Deficit	(4,648,236)	(2,788,188)
Equity attributable to shareholders	3,001,709	4,535,074
Non-controlling interest (note 7)	(24,047)	(2,713)
	2,977,662	4,532,361
	3,596,516	5,143,077

Nature of operations and going concern (note 1)
Subsequent events (note 17)

Approved by the Board of Directors

Robert Giustra

Robert Giustra – Director

Jordi Chemonte

Jordi Chemonte – Director

The accompanying notes are an integral part of these consolidated financial statements.

Xebra Brands Ltd.Consolidated Statement of Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended February 28, 2021 (\$)	Year Ended February 29, 2020 (\$)
Operating Expenses		
General and administration (note 12)	510,860	365,226
Investor relations	6,610	114,563
Management fees (note 12)	314,831	356,063
Marketing and business development	31,795	115,223
Professional fees (note 12)	413,600	462,333
Research and development	29	6,646
Travel	2,347	104,950
Amortization (note 9 and 10)	550,308	11,778
Loss before other items	(1,830,380)	(1,536,782)
Other Items		
Acquisition of Desart MX (note 6)	-	(764,209)
Finance income	4	1,445
Finance expense (note 10)	(8,202)	(2,211)
Loss on settlement of debt (note 4)	-	(381,551)
Other income (note 10)	26,956	5,000
Foreign exchange loss	(69,756)	(112,573)
Net loss for the year	(1,881,378)	(2,790,881)
Items that may subsequently be reclassified to net income or loss:		
Foreign currency translation gain (loss)	(31,875)	68,181
Comprehensive loss for the year	(1,913,253)	(2,722,700)
Net loss attributable to:		
Shareholders	(1,860,048)	(2,788,188)
Non-controlling interest	(21,330)	(2,693)
	(1,881,378)	(2,790,881)
Comprehensive loss attributable to:		
Shareholders	(1,891,919)	(2,719,951)
Non-controlling interest	(21,334)	(2,749)
	(1,913,253)	(2,722,700)
Basic and diluted net loss per share	(0.02)	(0.04)
Basic and diluted weighted average number of shares outstanding	102,143,633	68,129,565

The accompanying notes are an integral part of these consolidated financial statements.

Xebra Brands Ltd.
Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)



	<u>Year Ended,</u> <u>February 28,</u> <u>2021</u> <u>(\$)</u>	<u>Year Ended</u> <u>February 29,</u> <u>2020</u> <u>(\$)</u>
Operating Activities		
Net loss for the year	(1,881,378)	(2,790,881)
Items not involving cash		
Share issued for consulting fee	126,327	60,000
Acquisition of Desart MX (note 6)	-	600,000
Loss on settlement of debt	-	381,551
Lease forgiveness	(26,956)	-
Amortization	550,308	11,778
Finance expense	7,485	1,822
Unrealized foreign exchange loss	24,218	54,365
	(1,199,996)	(1,681,365)
Changes in non-cash working capital		
Receivables and prepaid expenses	99,773	(419,868)
Accounts payable and accrued liabilities	188,904	141,115
Cash used in operating activities	(911,319)	(1,960,117)
Investing Activities		
Cash acquired from business combination (note 4 and 5)	-	39,109
Intangible assets	(62,005)	(254,997)
Equipment	(83,276)	(65,334)
Business acquisition	-	(1,283,846)
Cash used in investing activities	(145,281)	(1,565,068)
Financing Activities		
Share offerings	171,390	4,539,873
Subscriptions received	3,750	90,000
Treasury shares issued (purchased)	57,087	(127,850)
Payment of lease liabilities	(30,626)	(21,295)
Cash from financing activities	201,601	4,480,728
Effect of foreign exchange on cash	(7,074)	(137)
Change in cash	(862,073)	955,406
Cash, beginning of year	955,407	1
Cash, end of year	93,334	955,407
Non-cash Transactions:		
Shares issued for acquisition of Mexican Subsidiaries (note 4)	-	1,093,001
Shares issued for acquisition of Medicannabis S.A.S. (note 5)	-	1,000,000
Shares issued for acquisition of Desart (note 6)	-	600,000
Shares issued for water soluble Intellectual Property (“IP”) licensing finders’ fees (note 11)	-	60,000
Shares issued for services (note 11)	126,327	-

The accompanying notes are an integral part of these consolidated financial statements.

Xebra Brands Ltd.Consolidated Statements of Shareholders' Equity
(Expressed in Canadian Dollars)

	Shared Capital				Reserves –		Retained Earnings (\$)	Non-Controlling Interest (\$)	Total (\$)
	Class A Shares	Class B Share	Share Capital (\$)	Treasury shares (\$)	Subscriptions received (\$)	Translation Adjustment (\$)			
Balance, February 28, 2019	1	-	1	-	-	-	-	-	1
Share cancelled	(1)	-	(1)	-	-	-	-	-	(1)
March and April 2019 private placement, net of issuance costs (note 11)	40,000,000	-	770,607	-	-	-	-	-	770,607
May 2019 private placement, net of issuance costs (note 11)	23,093,530	-	2,199,553	-	-	-	-	-	2,199,553
May 2019 private placement finders' fees (note 11)	240,000	-	24,000	-	-	-	-	-	24,000
Acquisition of Mexican subsidiaries (note 4)	21,619,338	1	1,093,001	-	-	-	-	-	1,093,001
Acquisition of Medicannabis S.A.S. (note 5)	10,000,000	-	1,000,000	-	-	-	-	-	1,000,000
Acquisition of Desart (note 6)	2,000,000	-	600,000	-	-	-	-	-	600,000
January and February 2020 private placement, net of issuance costs (note 11)	5,189,348	-	1,545,713	-	-	-	-	-	1,545,713
Water soluble IP licensing finders' fees (note 11)	200,000	-	60,000	-	-	-	-	-	60,000
Treasury shares (note 11)	(2,362,143)	-	-	(127,850)	-	-	-	-	(127,850)
Subscriptions received	-	-	-	-	90,001	-	-	-	90,001
Acquisition of Xebra Brands Europe B.V. (note 7)	-	-	-	-	-	-	-	36	36
Comprehensive loss	-	-	-	-	-	68,237	(2,788,188)	(2,749)	(2,722,700)
Balance, February 29, 2020	99,980,073	1	7,292,874	(127,850)	90,001	68,237	(2,788,188)	(2,713)	4,532,361
March 2020 private placement, net of issuance costs (note 11)	224,937	-	51,437	-	(56,401)	-	-	-	(4,964)
March 2020 private placement finders' fees (note 11)	291,503	-	-	-	-	-	-	-	-
September 2020 private placement, net of issuance costs (note 11)	538,263	-	159,897	-	-	-	-	-	159,897
September 2020 private placement finders' fees (note 11)	43,061	-	-	-	-	-	-	-	-
December 2020 private placement, net of issuance costs (note 11)	278,100	-	83,106	-	-	-	-	-	83,106
February 2021 private placement, net of issuance costs (note 11)	119,067	-	35,720	-	-	-	-	-	35,720
February 2021 private placement finders' fees (note 11)	6,333	-	-	-	-	-	-	-	-
Treasury shares (note 11)	1,612,877	-	-	90,687	(33,600)	-	-	-	57,087
Shares for services (note 11)	479,159	-	-	23,958	-	-	-	-	23,958
Subscriptions received (note 17)	-	-	-	-	3,750	-	-	-	3,750
Comprehensive loss	-	-	-	-	-	(31,871)	(1,860,048)	(21,334)	(1,913,253)
Balance, February 28, 2021	103,573,373	1	7,623,034	(13,205)	3,750	36,366	(4,648,236)	(24,047)	2,977,662

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Going Concern

Xebra Brands Ltd. (the “Company” or “Xebra”) was incorporated on February 21, 2019 under the laws of the Province of British Columbia, Canada. On April 24, 2019, the Company changed its name from 1198365 B.C. LTD to Xebra Brands Ltd. The Company’s head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

The Company’s principal business activities are the cultivation, processing, manufacturing, design and delivery of cannabis products in areas ranging from wellness to leisure. Xebra will leverage its Colombian cannabis cultivation and processing licenses to produce cannabis-infused beverages and wellness brands. To date, the Company has not received any revenue from operations and is considered to be in the start-up stage.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to the carrying values of assets and liabilities may be required. As at February 28, 2021, the Company had working capital deficiency of \$217,606 (February 29, 2020 surplus - \$1,020,662) and deficit of \$4,648,236 (February 29, 2020 - \$2,788,188). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and has adversely affected global workforces, financial markets, and the general economy. It is not possible for the Company to determine the duration or magnitude of the adverse results of COVID-19 nor its effects on the Company’s business or operations. The timing of the Company’s financing activities have been affected by COVID-19.

2. Basis of Presentation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Board of Directors and authorized for issue on June 4, 2021.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Basis of Presentation – continued

(c) Basis of Consolidation

These consolidated financial statements include the accounts of Xebra and its subsidiaries as follows:

Entity	Country of incorporation	% Ownership
Xebra Brands Ltd.	Canada	n/a
Xebra Brands Mexico SA de CV	Mexico	100%
Elements Bioscience SAPI de CV	Mexico	100%
Sativa Group Biosciences SAPI de CV	Mexico	100%
Desart MX, SA de CV	Mexico	100%
Medicannabis SAS	Colombia	100%
Bleuflor Logistics Ltd.	Canada	100%
Bleuflor Logistica SAS	Colombia	100%
Xebra Brands Europe BV	The Netherlands	75%

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

(d) Use of Estimates and Judgments

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the estimated useful lives of depreciated and amortized assets, the recoverability of the carrying value of intangible assets and assumptions used in determination of the recoverability and measurement of deferred tax assets.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company’s financial statements include the assumption that the Company will continue as a going concern, assumptions used to determine if a business combination is an asset or business acquisitions, classification of expenditures as intangible assets or operating expenses and the classification of financial instruments.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
For the Year Ended February 28, 2021
(Expressed in Canadian Dollars)



3. Significant Accounting Policies

(a) Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies are as follows:

Entity	Functional Currency
Xebra Brands Ltd.	Canadian Dollar
Xebra Brands Mexico SA de CV	Mexican Peso
Elements Bioscience SAPI de CV	Mexican Peso
Sativa Group Biosciences SAPI de CV	Mexican Peso
Desart MX, SA de CV	Mexican Peso
Medicannabis SAS	Colombian Peso
Bleuflor Logistics Ltd.	Canadian Dollar
Bleuflor Logistica SAS	Colombian Peso
Xebra Brands Europe BV	European Euro

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

(b) Business Combinations

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed to profit or loss.

(c) Leases

The Company elected to not apply IFRS 16 to leases with a term of less than 12 months, which election is made by the underlying class of assets to which the right of use asset relates, or leases where the underlying asset is of low value, which election is made on an asset by asset basis.

At inception of a contract, an assessment is made to determine whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An assessment is made to determine whether the contract involves the use of an identified asset, whether there is the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if the right to direct the use of the asset is present. At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component on the basis of their relative standalone prices.

3. Significant Accounting Policies - continued

As a lessee, a right-of-use asset is recognized and included in property, plant and equipment, and a corresponding lease liability is recorded at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate cannot be readily determined. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. The weighted-average rate applied is 20% per annum.

(d) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Office furniture and equipment	3 to 20 years
Leasehold improvements	Term of lease
Right of use assets	Term of lease

(e) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization. Rights are amortized on a straight-line basis in accordance with the substance of the agreements. Amortization methods, useful lives and residual values are assessed at least annually. If the Company identifies events or changes in circumstances which may indicate that their carrying amount is less than the recoverable amount, the intangible assets would be reviewed for impairment.

Licenses	5 years
Formulations	5 years
Brands and Trademarks	10 years

(f) Impairment of Long-Lived Assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”).

3. Significant Accounting Policies - continued

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the statement of comprehensive loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(g) Treasury Shares

In accordance with IAS 32.33, the Company has deducted the cost of the treasury shares from equity. The Company does not recognize gains or losses from the purchase, sale, issue or cancellation of its treasury shares. "IAS 32.33 If an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received shall be recognised directly in equity."

(h) Finance Income and Expenses

Finance income comprises interest income on funds invested (including changes in the fair value of financial assets at fair value through profit or loss). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(i) Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income taxes are accounted for using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes the substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred taxes relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

(j) Earnings per Share

Earnings per share is calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted loss per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

3. Significant Accounting Policies - continued**(k) Financial Instruments**

The Company's financial instruments consist of cash, receivables, accounts payable and lease liabilities.

The Company's classification of its financial instruments under IFRS 9 – *Financial Instruments* ("IFRS 9") is as follows:

Asset or Liability	IFRS 9 Classification
Cash	FVTPL ¹
Receivables	Amortized cost
Accounts payable	Amortized cost
Lease liabilities	Amortized cost

¹ Fair value through profit and loss ("FVTPL")

Classification

On initial recognition, the Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Measurement*Financial Assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial Assets and Liabilities at Amortized Cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended February 28, 2021

(Expressed in Canadian Dollars)



3. Significant Accounting Policies - *continued*

Financial Assets and Liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial Assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial Liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

New Accounting Standards Not Yet Adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended February 28, 2021

(Expressed in Canadian Dollars)

**4. Acquisition of Elements Biosciences SAPI de CV and Sativa Group Biosciences SAPI de CV**

On July 12, 2019, the Company acquired two Mexican entities, Elements Biosciences SAPI de CV (“Elements”) and Sativa Group Biosciences SAPI de CV (“Sativa”, and together with Elements, the “Mexican Subsidiaries”) through a share exchange agreement (the “Elements SEA”). Pursuant to the Elements SEA, the Company received 100% of the outstanding shares of the Mexican Subsidiaries in exchange for a combination of shares of Xebra and cash payments as detailed below.

The purchase price allocation is as follows:

	\$
18,000,000 common shares of Xebra	360,000
Cash advance	124,000
Reimbursement (US\$250,000)	325,950
Total consideration	809,950

Net assets acquired:	Elements (\$)	Sativa (\$)	Total (\$)
Cash	35,720	3,367	39,087
Receivables	25,930	193	26,123
Other current assets	8,150	-	8,150
Accounts payable	(7,125)	(1,343)	(8,468)
CBD product applications	630,433	114,625	745,058
	693,108	116,842	809,950

In accordance with IFRS 3 *Business Combinations* (“IFRS 3”), a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the primary asset is an intangible asset for CBD product applications, which is still in the application stage and not operational at the time of acquisition. Consequently, the transaction has been recorded as an acquisition of an asset. The Company has included the results of the Mexican Subsidiaries in these consolidated financial statements, commencing on July 12, 2019.

The Mexican Subsidiaries’ pending applications, when approved, will allow the Company to commence certain advanced stage cannabis related operations in Mexico. Consequently, such applications are recognized as intangible assets with an aggregate value of \$745,058 (Note 9).

On July 12, 2019, the Company issued 1 class B common share with a fair value of \$1 in connection with the acquisition of the Mexican Subsidiaries, and an additional 1,260,000 finders’ shares with a fair value of \$25,200.

On January 11, 2020, the Elements SEA was amended, whereby 2,359,338 common shares with a fair value of \$707,801 were issued to former shareholders of the Mexican subsidiaries to settle the reimbursement obligation owing, resulting in a loss on settlement of \$381,551 for the year ended February 29, 2020.

The net loss included in these consolidated financial statements for Elements and Sativa since the acquisition date is \$394,179 for the year ended February 29, 2020.

The Mexican Subsidiaries have not generated any revenues since the acquisition date.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
For the Year Ended February 28, 2021
(Expressed in Canadian Dollars)



5. Acquisition of Medicannabis SAS

On June 26, 2019, the Company entered into an agreement with Organto Foods Inc. (“Organto”), a company related by a common director, to acquire all the issued and outstanding shares of its subsidiary, Medicannabis S.A.S. (“Medicannabis”) in exchange for:

- Issuance of 7,124,630 common shares of Xebra to Organto
- Issuance of 2,875,370 common shares of Xebra in satisfaction of certain obligations of Organto
- Forgiving \$600,000 owed by Organto to Xebra
- Cash of \$321,077
- Right of first refusal to distribute Xebra’s cannabis product in Europe

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the primary asset is an intangible asset for licenses to cultivate cannabis in Colombia, which are still in the application stage and not operational at the time of acquisition. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations are included in the consolidated financial statements since the date of acquisition on December 18, 2019.

The details of the consideration paid and the assets and liabilities assumed is as follows:

	\$
10,000,000 common shares of Xebra	1,000,000
Forgiveness of debt	600,000
Cash	321,077
Transaction cost for asset acquisition	68,661
Total consideration	1,989,738
Assets and liabilities acquired:	
Cash	22
Receivables	56
Advances and prepaids	9,325
Property, plant and equipment	13,150
Right of use assets	155,521
Colombian cannabis licenses	2,255,209
Accounts payable	(31,889)
Debt owed to the Company	(253,353)
Lease liabilities	(158,303)
	1,989,738

The net loss included in these consolidated financial statements for Medicannabis since the acquisition date is \$99,527 for the year ended February 29, 2020.

Medicannabis has not generated any revenues since the acquisition date.

At the time of its acquisition, Medicannabis was in the process of obtaining several licenses it had applied for in Colombia. Consequently, such licenses were recognized as intangible assets with an aggregate value of \$2,255,209 (Note 9). The Company subsequently obtained all the licenses and registrations it had applied for to carry out cannabis related activities, being:

- License to Cultivate Non-psychoactive Cannabis Plants in January 2019, granted by the Ministry of Justice.
- License to Produce Cannabis Derivates in July 2019, granted by the Ministry of Health.
- License to Use Cannabis Seeds for Cultivation in October 2019, granted by the Ministry of Justice.
- License to Cultivate Psychoactive Cannabis Plants in February 2020, granted by the Ministry of Justice.
- Registration as a Cannabis Seed Producer in June 2020, granted by the ICA Agricultural Authority.
- Registration as a Cannabis Plant Breeding and Research Facility (Unidad de Fitomejoramiento) in September 2020, granted by the ICA Agricultural Authority.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended February 28, 2021

(Expressed in Canadian Dollars)



6. Acquisition of Desart MX, SA de CV

On January 10, 2020, the Company acquired Desart MX, SA de CV (“Desart”) through a share exchange agreement (the “Desart SEA”). Pursuant to the Desart SEA, the Company received 100% of the outstanding shares of Desart in exchange for a combination of shares of Xebra and cash payments as detailed below.

	\$
2,000,000 common shares of Xebra, issued on closing of the Desart SEA	600,000
Cash (US\$125,000)	164,209
	<u>764,209</u>
48,000,000 common shares of Xebra, to be issued under certain conditions	-
Total	<u>764,209</u>

This acquisition does not meet the definition of a business combination as Desart had no operations, assets or liabilities as at the date of acquisition. Consequently, the transaction has been accounted for as a transaction cost of \$764,209, and included in the consolidated statements of loss for the year ended February 29, 2020. In addition, since it is uncertain when, if ever, the 48,000,000 common shares may be issued, no value has been assigned to them. As at February 28, 2021, the conditions to issue the 48,000,000 common shares have not yet been met and therefore shares not yet issued.

The net loss included in these consolidated financial statements for Desart since the acquisition date is \$76 for the year ended February 29, 2020. Desart has not generated any revenues since the acquisition date.

7. Acquisition of Xebra Brands Europe BV

On February 19, 2020, the Company entered into an agreement with Organto to acquire 75% of the issued and outstanding shares of its subsidiary, Organto Foods Europe BV in exchange for \$5,899 (€4,125). Organto Foods Europe BV was subsequently renamed to Xebra Brands Europe BV (“Xebra Europe”).

This acquisition does not meet the definition of a business combination as Xebra Europe had no operations, and trivial assets or liabilities as at the date of acquisition. Consequently, the acquisition has been accounted for as a transaction cost. The net loss included in these consolidated financial statements for Xebra Europe since the acquisition date is \$10,992 for the year ended February 29, 2020.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
For the Year Ended February 28, 2021
(Expressed in Canadian Dollars)

**8. Receivables**

	February 28, 2021 (\$)	February 29, 2020 (\$)
Current		
GST receivable – Canada	602	40,160
VAT receivable – Europe	17,517	-
Other	3,211	3,421
	21,330	43,581
Non-Current		
VAT receivable – Mexico	79,207	65,167
	100,537	108,748

9. Intangible Assets

	Colombian Cannabis Licenses (\$) Note 5	Product Applications (\$) Note 4	Brands and Trademarks (\$)	Product Development (\$)	Total (\$)
Balance, February 21 and February 28, 2019	-	-	-	-	-
Additions	2,255,209	745,058	285,066	15,000	3,300,333
Balance, February 29, 2020	2,255,209	745,058	285,066	15,000	3,300,333
Additions	-	-	142,463	-	142,463
Amortization	(451,042)	-	(21,376)	-	(472,418)
Balance, February 28, 2021	1,804,167	745,058	406,153	15,000	2,970,378

10. Property, Plant and Equipment

	Office Furniture and Equipment (\$)	Leasehold Improvements (\$)	Right of Use Assets (\$)	Construction In Progress (\$)	Total (\$)
Cost					
Balance, February 28, 2019	-	-	-	-	-
Additions	1,350	50,037	427,555	13,947	492,889
Foreign exchange	(38)	(1,419)	(13,232)	(395)	(15,084)
Balance, February 29, 2020	1,312	48,618	414,323	13,552	477,805
Additions (dispositions)	1,057	94,901	(224,840)	(12,682)	(141,564)
Foreign exchange	(140)	(6,539)	(29,540)	(870)	(37,089)
Balance, February 28, 2021	2,229	136,980	159,943	-	299,152
Accumulated Amortization					
Balance, February 28, 2019	-	-	-	-	-
Amortization	(215)	(467)	(11,096)	-	(11,778)
Foreign exchange	6	13	1,423	-	1,442
Balance, February 29, 2020	(209)	(454)	(9,673)	-	(10,336)
Amortization	(272)	(24,599)	(53,019)	-	(77,890)
Foreign exchange	25	639	1,119	-	1,783
Balance, February 28, 2021	(456)	(24,414)	(61,573)	-	(86,443)
Net book value, February 29, 2020	1,103	48,164	404,650	13,552	467,469
Net book value, February 28, 2021	1,773	112,566	98,370	-	212,709

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
For the Year Ended February 28, 2021
(Expressed in Canadian Dollars)

**10. Property, Plant and Equipment – continued**Lease liability

The estimated fair value of lease liabilities was based on an incremental borrowing rate of 20%. Leases consist of property leases located in Colombia.

At the beginning of fiscal 2020, the Company had lease agreements on two properties, one in Guasca for its main facilities, and a second one in Zipaquirá for planned expansion upon receipt of required licenses for operations. Both agreements were affected by the COVID-19 pandemic.

The Company applied a practical expedient under IFRS 16 on the Guasca lease as the lessor waived five months of rent as a relief for the pandemic. A total of \$26,956 (2020 - \$nil) has been accounted for as a gain on the lease. The Zipaquirá lease was terminated in June 2020 as allowed by the agreement.

Maturity Analysis

	\$
Contractual undiscounted cash flows:	
Less than one year	38,380
Two to three years	69,397
Four to five years	-
Total undiscounted lease liabilities as at February 28, 2021	107,777
Interest	(5,550)
Total discounted lease liabilities as at February 28, 2021	102,227
Lease liabilities in Consolidated Statements of Financial Position as at February 28, 2021	
Current (included in accounts payable)	35,201
Non-current (included in lease liabilities)	67,026
	102,227

Amounts Recognized in Consolidated Statements of Comprehensive Loss

	Year Ended	
	February 28, 2021	February 29, 2020
	\$	\$
Interest expense on lease liabilities	7,485	1,822
Expenses relating to short-term leases	3,710	18,468
	11,195	20,290

11. Share Capital

(a) Common Shares

As at February 28, 2021, the Company had 103,573,373 (February 29, 2020 – 99,980,073) class A shares and 1 (February 29, 2020 – 1) class B shares issued and outstanding. The Company also had an additional 270,107 shares held in treasury as at February 28, 2021 (February 29, 2020 – 2,362,143).

On February 12, 2021, the Company issued 119,067 class A common shares in connection with the private placement of its common shares at \$0.30 per share for gross proceeds of \$35,720. Finders' fees of 6,333 shares with a fair value of \$1,899 have been incurred in connection with the private placement.

On December 14, 2020, the Company issued 278,100 class A common shares in connection with the private placement of its common shares at \$0.30 per share, for gross proceeds of \$83,430. The Company incurred share issuance costs of \$324.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
For the Year Ended February 28, 2021
(Expressed in Canadian Dollars)



11. Share Capital – *continued*

On September 4, 2020, the Company issued 538,263 class A common shares in connection with a private placement of its common shares (the “September 2020 Private Placement”) for \$0.30 per share, for gross proceeds of \$161,479. Finders’ fees of 43,061 shares with a fair value of \$12,918 and share issuance costs of \$1,582 have been incurred in connection with the September 2020 Private Placement.

On March 5, 2020, the Company issued 224,937 class A common shares in connection with a private placement of its common shares at \$0.30 per share, for gross proceeds of \$67,481. Finders’ fees of 13,393 shares with a fair value of \$4,018 and share issuance costs of \$12,027 have been incurred in connection with the private placement.

During February 2020, the Company issued 5,189,348 class A common shares in connection with a private placement of its common shares at \$0.30 per share for gross proceeds of \$1,556,805. Finders’ fees of 278,110 shares with a fair value of \$83,433 were issued in fiscal 2021 in connection with the private placement. The Company paid share issuance costs of \$11,092.

On January 10, 2020, the Company issued 200,000 class A common shares with a fair value of \$60,000 to finders towards the acquisition of a water soluble IP license. The finders’ fee has been expensed on the consolidated statement of comprehensive loss during the period ended February 29, 2020.

On January 23, 2020, the Company issued 2,000,000 class A common shares in connection with the acquisition of Desart, with a fair value of \$600,000 (note 6).

On December 18, 2019, the Company issued an aggregate of 10,000,000 class A common shares in connection with the acquisition of Medicannabis, with a fair value of \$1,000,000 (note 5).

On July 12, 2019, the Company issued an aggregate of 18,000,000 class A common shares with a fair value of \$360,000 in connection with the acquisition of the Mexican Subsidiaries, and an additional 1,260,000 finders’ shares with a fair value of \$25,200 (note 4).

On January 11, 2020, the Company issued 2,359,338 class A common shares with a fair value of \$707,801 in connection with the settlement of debt related to the acquisition of the Mexican Subsidiaries (note 4).

During May and June 2019, the Company issued 23,093,530 class A common shares in connection with a private placement of its common shares for \$0.10 per share, for gross proceeds of \$2,309,353. The Company also issued an additional 240,000 finders’ shares with a fair value of \$24,000. The Company incurred share issuance costs of \$109,800.

During March and April 2019, the Company issued 40,000,000 class A common shares in connection with a private placement of its common shares for \$0.02 per share, for gross proceeds of \$800,000. The Company incurred share issuance costs of \$29,393.

Treasury Shares

As at February 28, 2021, the Company held 270,107 (February 29, 2020 - 2,362,143) treasury shares with a value of \$13,205 (February 29, 2020 - \$127,850).

On December 6, 2019, the Company acquired 7,850,000 treasury shares for \$549,500.

On January 15, 2020, the Company sold 3,896,572 treasury shares for \$272,760. On February 7, 2020, the Company sold an additional 2,841,285 treasury shares for \$198,890. There was no gain or loss on the sale of these shares.

On January 29, 2020, the Company acquired 1,250,000 treasury shares for \$50,000.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
For the Year Ended February 28, 2021
(Expressed in Canadian Dollars)



11. Share Capital – continued

On March 4, 2020, the Company sold 502,143 treasury shares for \$35,150.

On June 15, 2020, the Company transferred 40,200 treasury shares for \$2,010 to Todd Dalotto, Director of the Company, as a partial consideration for management fees charged from June 15, 2020 to September 15, 2020.

On June 15, 2020, the Company transferred 300,000 treasury shares to Rodrigo Gallardo, CEO of the Company to settle management fees totalling \$15,000.

On June 15, 2020, the Company transferred 125,000 treasury shares to Mauricio Villegas, in exchange for consulting fees with a value of \$6,250.

On September 4, 2020, the Company transferred 4,153 treasury shares to Rodrigo Escuadron and 9,806 treasury shares to Armando Aguirre, in exchange for consulting fees with a value of \$698.

On September 4, 2020, the Company sold 1,071,134 treasury shares for proceeds of \$53,557. There was no gain or loss on the sale of these shares.

On February 12, 2021, the Company sold 37,600 treasury shares for \$1,880. The Company paid an aggregate of 2,000 shares as finders' shares with a fair value of \$100. There was no gain or loss on the sale of these shares.

(c) Reserves

Accumulated other comprehensive income (loss)

The accumulated other comprehensive income (loss) reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

12. Related Party Transactions

The Company entered into a cost sharing agreement (the "Xebra Cost Sharing Agreement") with Orea Mining Corp. ("Orea"), effective October 1, 2019, whereby certain overhead and administration costs are shared, which Xebra reimburses to the Orea on a periodic basis. These amounts are included in general and administration expense. The Xebra Cost Sharing Agreement was terminated effective August 31, 2020, and replaced with a fixed fee agreement (the "Xebra Services Agreement"), whereby Orea provides certain overhead and administration services in exchange for a fixed fee of \$10,000 per month and a reduction in compensation of \$8,000 per month to a certain officer in common. The Xebra Services Agreement was terminated on November 30, 2020, and replaced with an updated services agreement (the "Updated Services Agreement") effective January 1, 2021, for \$2,000 per month. The Updated Services Agreement was amended effective June 1, 2021 under which the monthly payments are \$30,000. The Company and Orea have a director and certain officers in common.

The following is a summary of related party transactions:

	Year Ended	
	February 28, 2021	February 29, 2020
	(\$)	(\$)
Fees paid to Orea under the services agreements	227,450	166,000
Management fees paid to Columbus Capital Corporation., a company controlled by Robert Giustra, a director of the Company	66,800	40,000
Management fees paid to Todd Dalotto, a director of the Company	121,756	183,549
Management fees paid to Accounting Group ADR and Associates SC., a company controlled by Rodrigo Gallardo, CEO of the Company	84,000	-
Management fees paid Andrew Yau, CFO of the Company	-	15,000
Management fees paid to Applied Media Dynamics, a company controlled by Jorge Martinez, COO of the Company	3,000	15,000
	503,006	419,549

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
 For the Year Ended February 28, 2021
 (Expressed in Canadian Dollars)

**12. Related Party Transactions – continued**

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	February 28, 2021 (\$)	February 29, 2020 (\$)
Advances to Columbus Capital Corporation	-	20,000
Fees payable to Orea under services agreement	(4,000)	-
Fees payable to Applied Media Dynamics	(3,000)	-
	(7,000)	20,000

13. Segmented Information

The Company has one reportable business segment, being the cultivation, processing, manufacturing, design and delivery of cannabis products. Assets by geographical area are as follows:

	February 28, 2021 (\$)	February 29, 2020 (\$)
Current Assets		
Canada	277,416	687,070
Colombia	11,663	108,337
Europe	17,671	1,526
Mexico	27,472	513,175
	334,222	1,310,108
Non-Current Assets		
Canada	421,153	300,066
Colombia	2,016,876	2,722,678
Mexico	824,265	810,225
	3,262,294	3,832,969
Total Assets		
Canada	698,569	987,136
Colombia	2,028,539	2,831,015
Europe	17,671	1,526
Mexico	851,737	1,323,400
	3,596,516	5,143,077

14. Commitments

The Company has commitments as follows:

	1 year (\$)	2-3 years (\$)	4-5 years (\$)	Total (\$)
Land lease in Colombia (note 10)	38,380	69,397	-	107,777
	38,380	69,397	-	107,777

15. Financial Risk and Capital Management

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at February 28, 2021 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit Risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, VAT receivable from the Government of Mexico, and other receivables. Management believes that the credit risk with respect to its cash and receivables is low.

(b) Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at February 28, 2021, the Company has a working capital deficiency of \$217,606. The Company intends to increase working capital through the private placement of common shares. Management believes that liquidity risk is high.

(c) Market Risk

(i) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its Mexican, Colombian and European subsidiaries. The Company also has assets and liabilities denominated in US dollars, Mexican Peso, Colombian Peso and the European Euro. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollars, Mexican Peso, Colombian Peso and the European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) Interest Rate Risk

The Company is not exposed to interest rate risk.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the cultivation, processing, manufacturing, design and delivery of cannabis products and to maintain a flexible capital structure for the benefit of its stakeholders. As the Company is in the start-up stage, its principal source of funds are, and will be, financing through the issuance of equity securities.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments. There were no changes to the management of capital from the previous year.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
 For the Year Ended February 28, 2021
 (Expressed in Canadian Dollars)

**15. Financial Risk and Capital Management - continued**Fair Value

The fair value of the Company's financial instruments including cash approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At February 28, 2021, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

Financial Instrument	Measurement Method	Associated Risks	Fair value at February 28, 2021 (\$)
Cash	FVTPL	Credit and currency	93,334
Receivables	Amortized cost	Credit	21,330
Accounts payable	Amortized cost	Liquidity	(511,828)
Lease liabilities	Amortized cost	Liquidity	(67,026)
			(464,190)

16. Deferred Income Tax

The provision for income taxes reported differs from the amount computed by applying the applicable Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	Year Ended	
	February 28, 2021 (\$)	February 29, 2020 (\$)
Loss before taxes	(1,881,378)	(2,790,881)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery	(507,972)	(753,538)
Foreign tax differences, rate changes and foreign exchange	(8,397)	(17,693)
Non-taxable items	26,476	11,870
Non deductible	6,529	6,438
Lease liability	(5,508)	6,058
Change in valuation of deferred tax assets	488,872	746,865
Income tax expense	-	-

The Company has not recognized any deferred tax assets or liabilities as of February 28, 2021.

Xebra Brands Ltd.

Notes to the Consolidated Financial Statements
For the Year Ended February 28, 2021
(Expressed in Canadian Dollars)

**16. Deferred Income Tax - continued**

Deferred tax assets (liabilities) have not been recognized in respect of the following items:

	February 28, 2021 (\$)	February 29, 2020 (\$)
Equipment and other	10,800	8,100
Lease liability	-	(5,886)
Capital losses carried forward	1,224,938	744,651
Valuation allowance	(1,235,738)	(746,865)
	-	-

As at February 28, 2021, the Company has deductible temporary differences for which deferred tax assets have not been recognized because it is currently not probable that future profit will be available against which the Company can utilize the benefits.

As of February 28, 2021, the Company has Canadian tax loss carryforwards of approximately \$3,380,762 available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions.

The Company's tax loss carryforwards will expire, if not utilized, as follows:

	Canada (CDNS)	Colombia (COP)	Mexico (MXN)	Europe (EUR)
February 29, 2040	2,209,418	338,335,619	5,056,412	7,438
February 28, 2041	1,171,344	994,410,596	2,498,712	55,248
	3,380,762	1,332,746,215	7,555,124	62,686
		CDNS	CDNS	CDNS
Canadian dollar equivalents		467,116	309,142	96,335

A valuation allowance has been recorded against the deferred income tax assets associated with the tax losses and temporary differences because of the uncertainty of their recovery.

17. Subsequent Events

On April 12, 2021, the Company issued 4,100,000 subscription receipts in connection with a private placement and under a subscription receipt agreement (the "Subscription Receipt Agreement") for \$0.20 per subscription receipt, for gross proceeds of \$820,000. Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions on or before October 12, 2021. The Escrow Release Conditions are:

- a) The common shares of the Company being conditionally approved for listing on the Canadian Securities Exchange and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of escrowed funds; and
- b) The issuance of a final receipt for the non-offering prospectus of the Company

On April 30, 2021 the Company entered into shares for debt settlement agreements with multiple vendors agreeing to issue 182,469 shares at a price of \$0.20 to settle \$36,493 in outstanding debts.

18. Subsequent Events - *continued*

On May 1, 2021 the Company entered into a services agreement with Servicios Contables Navade to provide accounting services for its Mexican subsidiaries. The Company agreed to pay the consultant MX160,000/month plus applicable taxes plus pay an advance of MX120,000. The Company will also issue the consultant 37,500 Class A common shares.

On May 3, 2021, the Company issued 11,250 class A common shares in connection with the private placement of its common shares for \$0.30 per share, for gross proceeds of \$3,375.

On May 17, 2021 the Company entered into a share purchase agreement with multiple vendors to buy back 2,262,359 Class A common shares at a price of \$0.02 for total proceeds of \$45,247. Additionally, the Company entered into assignment agreements to which the Company has assigned the right to repurchase up to 2,305,000 Class A common shares to multiple assignees.

On May 27, 2021, the Company issued 6,512,262 subscription receipts in connection with a private placement and the Subscription Receipt Agreement for \$0.20 per subscription receipt, for gross proceeds of \$1,302,452. Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions (as defined under the Subscription Receipt Agreement) on or before October 12, 2021.

On May 27, 2021 the Company granted 113,000 broker warrants to acquire a unit at a price of \$0.20 per unit until May 27, 2023. Each unit is composed of one common share and one half of one common share purchase warrant. Each full warrant will entitle the holder to acquire one common share of the Company at \$0.35 per share for a period of 12 months from the date of issuance.

On April 12, 2021 the Company granted 23,700 broker warrants. Each warrant entitles the holder to acquire one common share of the Company at \$0.20 per share for a period of 24 months.

SCHEDULE D

(See attached.)



**Xebra Brands Ltd.
1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada**

Management's Discussion and Analysis

**Year Ended
February 28, 2021**

(Stated in Canadian Dollars)

Dated June 4, 2021

Xebra Brands Ltd.

Management's Discussion and Analysis

For the Year Ended February 28, 2021

(Expressed in Canadian Dollars, except where noted)



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Xebra Brands Ltd.

Management's Discussion and Analysis

For the Year Ended February 28, 2021

(Expressed in Canadian Dollars, except where noted)



This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Xebra Brands Ltd. ("Xebra", the "Company" or "Issuer") and its subsidiaries' performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended February 28, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). "This quarter" or "current quarter" means the three-month period ended February 28, 2021 and "this year" or "current year" means the year ended February 28, 2021. The information contained in this MD&A is current to June 4, 2021.

Forward Looking Information

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption *Caution regarding forward looking statements* later in this document. The reader is cautioned not to place undue reliance on forward-looking statements.

Profile and Strategy

The Company was incorporated on February 21, 2019 under the laws of the Province of British Columbia, Canada. On April 24, 2019, the Company changed its name from 1198365 B.C. LTD to Xebra Brands Ltd. The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

The Company's principal business activities are the cultivation, processing, manufacturing, design and delivery of cannabis products in areas ranging from wellness to leisure. Xebra will leverage its Colombian cannabis cultivation and processing licenses to produce cannabis-infused beverages and wellness brands. To date, the Company has not received any revenue from operations and is considered to be in the start-up stage. The Company's activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of activities to manage its capital structure in light of changes in global economic conditions.

The Company's financial condition is affected by general market conditions and conditions specific to the cannabis industry. These conditions include, but are not limited to, the market demand for cannabis and accessibility of debt or equity.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and has adversely affected global workforces, financial markets, and the general economy. It is not possible for the Company to determine the duration or magnitude of the adverse results of COVID-19 nor its effects on the Company's business or operations.

Overall Performance and Outlook

The following highlights the Company's overall performance for the three months and year ended February 28, 2021:

	Three Months Ended			Year Ended		
	February 28, 2021 (\$)	February 29, 2020 (\$)	Change	February 28, 2021 (\$)	February 29, 2020 (\$)	Change
Net loss	(182,970)	(2,032,303)	1,849,333	(1,881,378)	(2,790,881)	909,503
Cash used in operating activities	(5,636)	(387,954)	382,318	(911,319)	(1,960,117)	1,048,798
Cash at end of period	93,334	955,407	(862,073)	93,334	955,407	(862,073)
Loss per share – basic and diluted	(0.00)	(0.02)	(0.00)	(0.02)	(0.04)	0.02

Xebra Brands Ltd.

Management's Discussion and Analysis

For the Year Ended February 28, 2021

(Expressed in Canadian Dollars, except where noted)



Corporate Updates

On March 5, 2020, the Company issued 224,937 class A common shares in connection with the private placement of its common shares (the "March 2020 Private Placement") for \$0.30 per share, for gross proceeds of \$67,481. Finders' fees of 13,393 shares with a fair value of \$4,018 and share issuance costs of \$12,027 have been incurred in connection with the March 2020 Private Placement.

During the period from March 2020 to November 2020, an aggregate of 479,159 shares has been issued for management services with a fair value of \$23,958.

On September 4, 2020, the Company issued 538,263 class A common shares in connection with the private placement of its common shares (the "September 2020 Private Placement") for \$0.30 per share, for gross proceeds of \$161,479. Finders' fees of 43,061 shares with a fair value of \$12,918 and share issuance costs of \$1,582 have been incurred in connection with the September 2020 Private Placement.

On September 4, 2020, the Company sold 1,071,134 class A common shares from its treasury for gross proceeds of \$53,557. There was no gain or loss on the sale of these shares.

On December 14, 2020, the Company issued 278,100 class A common shares in connection with the private placement of its common shares (the "December 2020 Private Placement") for \$0.30 per share, for gross proceeds of \$83,430. The Company incurred share issuance costs of \$324.

On February 12, 2021, the Company issued 119,067 class A common shares in connection with the private placement of its common shares (the "February 2021 Private Placement") for \$0.30 per share, for gross proceeds of \$35,720. Finders' fees of 6,333 shares with a fair value of \$1,899 have been incurred in connection with the February 2021 Private Placement.

On April 12, 2021, the Company issued 4,100,000 subscription receipts in connection with a private placement and under a subscription receipt agreement (the "Subscription Receipt Agreement") for \$0.20 per subscription receipt, for gross proceeds of \$820,000 (the "PP First Tranche"). Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions (as defined under the Subscription Receipt Agreement) on or before October 12, 2021. A total of 23,700 broker warrants were issued in connection with the PP First Tranche (the "First Tranche Broker Warrants"). Each First Tranche Broker Warrant entitles the holder to purchase one common share of the company at \$0.20 per common share until April 12, 2023.

On May 3, 2021, the Company issued 11,250 class A common shares in connection with the private placement of its common shares (the "December 2020 Private Placement") for \$0.30 per share, for gross proceeds of \$3,375.

On May 27, 2021, the Company issued 6,512,262 subscription receipts in connection with a private placement and the Subscription Receipt Agreement for \$0.20 per subscription receipt, for gross proceeds of \$1,302,452 (the "PP Second Tranche"). Each Subscription Receipt will entitle its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of \$0.35 per warrant upon the satisfaction or waiver of the Escrow Release Conditions (as defined under the Subscription Receipt Agreement) on or before October 12, 2021. A total of 113,000 broker warrants were issued in connection with the PP Second Tranche (the "Second Tranche Broker Warrants"). Each Second Tranche Broker Warrant entitles the holder to purchase one unit of the Company at \$0.20 per unit until May 27, 2023. Each unit is comprised of one common share and one half of one common share purchase warrant (the "Underlying Broker Warrant"). Each whole Underlying Broker Warrant will entitle the holder to purchase one common share of the Company at \$0.35 per common share for a period of 12 months from the date of issuance.

Xebra Brands Ltd.

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Discussion of Operations

Beverages

Xebra has created a number of great tasting cannabis infused beverages, including seltzers, soft drinks, iced teas, lemonades and waters. Energy drinks are under development, and a CBD sports beverage is near-final.

The equivalent of more than 400 trademark applications for Xebra's beverage brands have been filed in over 40 countries. These countries were strategically chosen as they have either legalized, or decriminalized cannabis, or are on a path to do so.

The following illustration itemizes Xebra's beverage brand categories. Within most categories a number of flavors have been created, including sugar-free versions.



Xebra is aiming to launching THC beverages in 2021, commencing with its Vicious Citrus Lemonade in Canada. Launch partners have been identified that provide a turn-key based solution including, regulatory compliance, cannabis infused formulation, bottling, and distribution.

Mexico

The momentum in Mexico to legalize cannabis began unofficially in 2014 with the decriminalization of possession of small quantities of cannabis, followed in 2015 with the granting of the first Supreme Court injunctions for limited personal consumption, on the grounds that it was unconstitutional to deny such right to the individuals making a claim. Over the next several years, additional injunctions were granted by the Supreme Court for personal consumption and the ability to grow a limited number of plants in a household for personal use. To rectify the uneven playing field that favoured the individuals who obtained an injunction, the Mexican government adopted an initial legal framework in 2017 for medicinal cannabis, but not for recreational purposes.

Soon after this new legislation was adopted, a group of Mexican entrepreneurs formed Elements Bioscience S.A.P.I. DE C.V. ("Elements") and Sativa Group Biosciences S.A.P.I. DE C.V. ("Sativa") and submitted 13 CBD wellness products, including tinctures, oils, capsules, topicals and intimate lotions to the Federal Commission for the Protection against Sanitary Risk (the Mexican equivalent of the U.S. Food and Drug Administration) for approval. The newly elected incoming administration led by the new President of Mexico froze all applications at the end of 2018, pending a review of the regulatory framework and the creation of secondary regulations. Hence the Elements and Sativa CBD products, which were at that time at a late stage of processing, are still pending the approval from the Federal Commission for the Protection against Sanitary Risk.

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Holland

Xebra's Dutch project is carried through its 75% owned European subsidiary, Xebra Brands Europe BV. Xebra's interest in Xebra Europe can be increased to 100% under certain conditions, including dilution and buy-out clauses. Xebra's 25% partner provides vital local knowhow and support, and has been essential in navigating government regulations and in the application process.

The Dutch government has selected Xebra as one of five parties that are authorized to participate in medicinal cannabis cultivation trials. Two of the five parties will eventually be granted licenses for a four-year contract with the Dutch government. The two parties will supply the entire Dutch medicinal industry, including sales through pharmacies. Annual volumes of 5,000 kg of products will be sold at a fixed price of €2,350/kg under the four-year agreement with an optional two-year extension, resulting in a total sales value of the contract of approximately €70.5 million.

The final two license holders will be selected based on their Plan of Approach and on the product quality and consistency of three trial crops to be cultivated starting in 2021.

Colombia

In Colombia, Xebra operates through its wholly owned subsidiary Medicannabis SAS.

Xebra holds all cannabis licenses in Colombia, including authorizations to cultivate psychoactive (THC) and non-psychoactive cannabis, a license for the use of seeds for cultivation, and a license to process cannabis for the manufacture and export of products. Xebra is also a registered Seed Producer and holds one of a select number of registrations as a Seed Breeder and Agronomic Evaluator. Medicannabis is one of the limited number of companies that successfully filed seed genetics in Colombia by the December 2018 deadline, and thereby owns a cannabis seed genetics library of 144 cultivars (Fuente Semillera), with a broad range of cannabinoid varieties and types that can be interbred and adapted to the various micro-climates present in Colombia. Agronomic evaluations to fully register up to 10 of the cultivars in the National Cultivar Registry are presently underway and are scheduled to be completed in the fall of 2021. Once fully registered, those cultivars are eligible for cultivation, sale and export. Cannabis production quotas for licensed producers are determined by the end of April every year, and supplementary-quotas by application at anytime throughout the year; this is the final step to enable Xebra to commence commercial operations.

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Xebra's research and breeding facility in Colombia is located on a 1.5-hectare property in Guasca, Cundinamarca, 30 kilometers from Bogota's International Airport. The facility includes over 600 square metres of greenhouses, a water reservoir and irrigation system, and a seed breeding laboratory capable of undertaking certified agronomic evaluations. Xebra has taken a lower-risk asset-light approach to commercialize its cannabis cultivation. Under Colombian law, a large-scale cultivator must source at least 10% of its annual production quota from "small growers"; however, Xebra's unique asset-light model will enable it to produce up to 100% of its production on third-party land, thereby mitigating cultivation risk, reducing labour costs, and eliminating land leases and greenhouse construction costs. This scalable cultivation model is planned to commence in early 2022, under an exclusive partnership with a local consortium of licensed small growers, whereby initially up to 7 hectares of hoop-houses, will be made available on approximately 14 hectares of licensed land in the Guasca area.

Summary of Quarterly Information

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Year End 2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$) ¹	(\$) ¹
Net loss for the period	(182,970)	(239,111)	(577,701)	(881,596)	(2,032,303)	(522,431)	-
Basic and diluted net loss per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.02)	(0.01)	-

¹ The Company has not presented quarterly information for its past eight quarters as it has not prepared quarterly financial statements for such quarters as a private company in 2020.

	Feb 28, 2021	Nov 30, 2020	Aug 31, 2020	May 31, 2020	Feb 29, 2020	Nov 30, 2019	Feb 28, 2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$) ¹	(\$) ¹
Cash	93,334	55,438	74,545	213,072	955,407	929,830	1
Total assets	3,596,516	3,694,882	3,877,135	4,332,976	5,143,077	3,141,862	1
Total non-current financial liabilities	(67,026)	(78,247)	(84,181)	(288,793)	(321,270)	-	-

¹ The Company has not presented quarterly information for its past eight quarters as it has not prepared quarterly financial statements for such quarters as a private company in 2020.

Q4 2021 Compared with Q3 2020 and Q2 2021

During Q4 2021, the Company incurred a net loss of \$182,970, compared to \$522,431 during Q3 2020 and \$577,701 during Q2 2021. The decrease in net loss in Q4 2021 compared to both Q3 2020 and Q2 2021 is mainly attributable to reduced general administration and overhead and a positive effect from changes in foreign exchange rates.

Q4 2021 Compared with Q4 2020

During Q4 2021, the Company incurred a net loss of \$182,970, compared to \$2,032,303 during Q4 2020. The higher net loss during Q4 2020 was attributable to an acquisition expense of \$764,209 related to Desart, and significantly higher operating costs in general, including administration, investor relations, management fees, marketing & business development, professional fees and travel.

Q4 2021 Compared with Q1 2021

During Q4 2021, the Company incurred a net loss of \$182,970, compared to \$881,596 during Q1 2021. During the current quarter, the Company was able to reduce general and administration by \$229,326, and eliminate management fees of \$185,483. The current quarter also benefitted from a positive effect from changes in foreign exchange rates.

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Q4 2021 Compared with Q3 2021

During Q4 2021, the Company incurred a net loss of \$182,970, compared to \$239,111 during Q3 2021. The decrease in net loss is attributable to a reduction in general and administration expenses.

Review of Financial Results – Fiscal Year

	Year End 2021	Year End 2020	Year End 2019
	(\$)	(\$)	(\$)
Net loss for the period	(1,881,378)	(2,790,881)	-
Basic and diluted net loss per share	(0.02)	(0.04)	-

	Feb 28, 2021	Feb 29, 2020	Feb 28, 2019
	(\$)	(\$)	(\$)
Cash	93,334	955,407	1
Total assets	3,596,516	5,143,077	-
Total non-current financial liabilities	(67,026)	(321,270)	-

During the year ended February 28, 2021, the Company incurred a net loss of \$1,881,378, compared \$2,790,881 for fiscal 2020. Net loss in 2020 included an acquisition expense of \$764,209 in connection with the Acquisition of Desart MX, SA de CV ("Desart"), and a loss on settlement of debt of \$381,551 which was in connection with the acquisition Elements and Sativa. These were partially offset in 2021 with a general increase in operating expenses of \$293,598.

As the Company was incorporated at the end of fiscal 2019 (February 21, 2019), there were no expenses incurred for short 2019 fiscal year.

Liquidity and Capital Resources

The Company does not currently derive any significant revenues from operations. The Company's activities have been funded primarily through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. The Company has been successful in its fund raising efforts in the past, but there can be no assurance that the Company will continue to be successful in the future. If such funds are not available or other sources of finance cannot be obtained, then the Company will be required to curtail its activities to a level for which funding is available and can be obtained. The Company's ability to access funding is also contingent on the ongoing demand for cannabis.

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	Three Months Ended		Year Ended	
	February 28, 2021 (\$)	February 29, 2020 (\$)	February 28, 2021 (\$)	February 29, 2020 (\$)
Cash used in operating activities	(5,636)	(387,954)	(911,319)	(1,960,117)
Cash used in investing activities	(5,392)	(1,062,112)	(145,281)	(1,565,068)
Cash from financing activities	60,010	1,475,779	201,601	4,480,728
Cash, end of the period	93,334	955,407	93,334	955,407

As at February 29, 2021 the Company had working capital deficiency of \$217,606, compared to \$121,034 at November 30, 2020, and positive working capital of \$1,020,662 at February 29, 2020. Working capital decreased from November 30, 2020 mainly as a result of increased accounts payable, and when compared to February 29, 2020, mainly a decrease in cash.

During the current quarter the Company used \$5,636 in operating activities compared to \$387,954 during the same quarter in the prior year. The decrease in cash used is attributable to the Company managing its working capital and reducing operating expenses.

The Company invested \$5,392 in equipment for its Colombian operation, compared to \$65,334 during the same period in the prior year. In addition, during the prior year comparative quarter, the Company invested \$111,899 in intangible assets, primarily brands and trademarks, and also \$884,901 in connection with a business acquisition.

During the current quarter the Company received \$60,010 from financing activities, primarily from share offerings. During the comparative prior year quarter, the Company received \$1,624,924 from share offerings, partially offset with the purchase of treasury shares of \$127,850 and payment of lease liabilities of \$21,295.

During fiscal 2021, the Company used \$911,319 in operating activities, compared to \$1,960,117 in fiscal 2020. The decrease is attributable to a general decrease in cash operating expenses, and positive changes in non-cash working capital.

During the current year, the Company invested \$62,005 in its intangible assets to add value to its beverage launch, and \$83,276 in equipment for its Colombian operation. During fiscal 2020, the Company invested \$254,997 in intangible assets mainly for the benefit of its beverage products, \$65,334 in equipment in Colombia, and \$1,283,846 in business acquisitions including Elements, Sativa and Desart.

During fiscal 2021, the Company received \$201,601 from financing activities, comprised of \$171,390 from share offerings, \$3,750 from subscriptions, \$57,087 from the sale of treasury shares, partially offset by payment of lease liabilities of \$30,626. During the comparative prior year, the Company received \$4,539,873 from share offerings, \$90,000 from subscriptions received, partially offset from the purchase of treasury shares of \$127,850 and payment of lease liabilities of \$21,295.

As at February 28, 2021, the Company had cash of \$93,334, and current liabilities of \$551,828. The Company has sufficient cash and access to capital to meet working capital requirements, and obligations as they become due.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

The Company entered into a cost sharing agreement (the "Xebra Cost Sharing Agreement") with Orea Mining Corp. ("Orea"), effective October 1, 2019, whereby certain overhead and administration costs are shared, which Xebra reimburses to the Orea on a periodic basis. These amounts are included in general and administration expense. The Xebra Cost Sharing

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Agreement was terminated effective August 31, 2020, and replaced with a fixed fee agreement (the "Xebra Services Agreement"), whereby Orea provides certain overhead and administration services in exchange for a fixed fee of \$10,000 per month and a reduction in compensation of \$8,000 per month to a certain officer in common. The Xebra Services Agreement was terminated on November 30, 2020, and replaced with an updated services agreement (the "Updated Services Agreement") effective January 1, 2021, for \$2,000 per month. The Updated Services Agreement was amended effective June 1, 2021 under which the monthly payments are \$30,000. The Company and Orea have a director and certain officers in common.

The following is a summary of related party transactions and is measured on a cost basis:

	Year Ended	
	February 28, 2021	February 29, 2020
	(\$)	(\$)
Fees paid to Orea under the Services Agreements	227,450	166,000
Management fees ¹ paid to Columbus Capital Corporation., a company controlled by Robert Giustra, a director of the Company	66,800	40,000
Management fees ² paid to Todd Dalotto, a director of the Company	121,756	183,549
Management fees ³ paid to Accounting Group ADR and Associates SC. ("ADR"), a company controlled by Rodrigo Gallardo, CEO of the Company	84,000	-
Management fees ⁴ paid Andrew Yau, CFO of the Company	-	15,000
Management fees ⁵ paid to Applied Media Dynamics ("AMD"), a company controlled by Jorge Martinez, COO of the Company	3,000	15,000
	503,006	419,549

^{1.} Management agreement with Columbus Capital Corporation terminated June 30, 2020.

^{2.} Management agreement with Todd Dalotto terminated February 28, 2021.

^{3.} Management agreement with ADR may be terminated at any time with 1 month's notice.

^{4.} Management agreement with Andrew Yau terminated September 30, 2019.

^{5.} Management agreement with AMD terminated October 31, 2019.

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	February 28,	February 29,
	2021	2020
	(\$)	(\$)
Advances to Columbus Capital Corporation	-	20,000
Fees payable to Orea under Services Agreement	(4,000)	-
Fees payable to Applied Media Dynamics	(3,000)	-
	(7,000)	20,000

Proposed Transactions

There are no proposed transactions as at February 28, 2021 and the date of this MD&A.

Commitments

The Company has commitments as follows:

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	1 year (\$)	2-3 years (\$)	4-5 years (\$)	Total (\$)
Land lease in Colombia	38,380	69,397	-	107,777
	38,380	69,397	-	107,777

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the estimated useful lives of depreciated and amortized assets, the recoverability of the carrying value of intangible assets and assumptions used in determination of the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include the assumption that the Company will continue as a going concern, assumptions used to determine if a business combination is an asset or business acquisitions, classification of expenditures as intangible assets or operating expenses and the classification of financial instruments.

Changes in Accounting Standards

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Financial Risk and Capital Management

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at February 28, 2021 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit Risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, VAT receivable from the Government of Mexico, and other receivables. Management believes that the credit risk with respect to its cash and receivables is low.

(b) Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at February 28, 2021, the Company has a working capital deficiency of \$217,606. The Company intends to increase working capital through the private placement of common shares.

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(c) Interest Rate Risk

The Company is not exposed to interest rate risk.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the cultivation, processing, manufacturing, design and delivery of cannabis products and to maintain a flexible capital structure for the benefit of its stakeholders. As the Company is in the start-up stage, its principal source of funds are, and will be, financing through the issuance of equity securities.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

Fair Value

The fair value of the Company's financial instruments including cash approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At February 28, 2021, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

Financial Instrument	Measurement Method	Associated Risks	Fair value at February 28, 2021 (\$)
Cash	FVTPL	Credit and currency	93,334
Receivables	Amortized cost	Credit	21,330
Accounts payable	Amortized cost	Liquidity	(511,828)
Lease liabilities	Amortized cost	Liquidity	(67,026)
			(464,190)

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Other Information

Outstanding Share Data

The Company has authorized capital of an unlimited number of common shares without par value. The table below represents the Company's capital structure as at the date of this MD&A and February 28, 2021:

	As at date of this MD&A	February 28, 2021
Class A common shares issued	103,854,730	103,843,480
Class A common shares issued and outstanding	103,804,592	103,573,373
Class B common shares issued and outstanding	1	1
Broker Warrants	136,700	-

Risks and Uncertainties

The following are certain factors relating to the business of the Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Issuer. These risks and uncertainties are not the only ones facing the Issuer.

Additional risks and uncertainties not presently known to the Issuer may also impair the operations of the Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Issuer could be materially and adversely affected and the ability of the Issuer to implement its growth plans could be adversely affected.

An investment in the Issuer is speculative. An investment in the Issuer will be subject to certain material risks and investors should not invest in securities of the Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Issuer.

General

A purchase of any of the securities of the Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Issuer's securities prior to purchasing any of the securities.

Risks Related to the Issuer

No Market for Securities

There is currently no market through which any of the Common Shares may be sold and there is no assurance that the Common Shares will be listed for trading on a Canadian stock exchange, or if listed, will provide a liquid market for such securities. Until the Common Shares are listed on a Canadian stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if the Listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained. 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. The Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

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Limited Operating History

The Issuer began carrying on business in 2019 and has not yet generated material income. The Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and likelihood of success must be considered in light of the early stage of operations.

Global Economic Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Issuer is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Issuer. If uncertain market conditions persist, the Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Issuer's operations and trading price of the Common Shares on the stock exchange.

Changing Economic Conditions

The demand for entertainment and leisure activities, including cannabis consumption, can be highly sensitive to changes in consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond the Issuer's control. Unfavourable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and increasing fuel or transportation costs or the perception by customers of weak or weakening economic conditions, may reduce customers' disposable income or result in fewer individuals engaging in entertainment and leisure activities, such as cannabis consumption. As a result, the Issuer cannot ensure that demand for its product offerings will remain constant. Adverse developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in certain financial markets, increased interest rates, foreign exchange fluctuations, increased energy costs, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding epidemics and the spread of contagious diseases, could lead to a further reduction in discretionary spending on leisure activities, such as cannabis consumption. Any significant or prolonged decrease in consumer spending on entertainment or leisure activities could adversely affect the demand for the Issuer's product offerings, reducing its cash flows and revenues. If the Issuer experiences a significant unexpected decrease in demand for its product offerings, its business may be harmed.

Economic Environment

The Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Issuer's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Issuer's management.

Risks Associated with Acquisitions

As part of the Issuer's overall business strategy, the Issuer may pursue select strategic acquisitions after the completion of the Listing, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships

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with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Issuer's financial estimates, projections and other forward-looking information accompanying this document were prepared by the Issuer without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should inquire of the Issuer and become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events.

There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operational expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Issuer and its subsidiaries might achieve.

Difficulty to Forecast

The Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industries. A failure in the demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Issuer.

Competition General

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Issuer. To remain competitive, the Issuer will require a continued high level of investment in research and development, marketing, sales, and client support.

Management of Growth

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage 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 Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Reliance on Management

The success of the Issuer will be dependent upon the ability, expertise, judgment, discretion, and good faith of its key executives, including the directors and officers of the Issuer and a small number of highly skilled and experienced executives and personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results, or financial condition. The competition for highly skilled technical, research and development, management and other employees is high and there can be no assurance that the Issuer will be able to engage or retain the services of such qualified personnel in the future.

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Furthermore, equity-based awards comprise a key component of executive and senior management compensation, and if the Issuer's common share price declines or is volatile, it may be difficult to retain such individuals. The Issuer's retention and recruiting may require significant increases in compensation expense, which may adversely affect its results of operation.

Risks Relating to Insurance

The Issuer intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrency and associated businesses, such insurance may not be available, uneconomical for the Issuer, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Issuer.

No Dividends

The Issuer has never paid any cash dividends on our Common Shares. Xebra does not anticipate paying any cash dividends on its Common Shares in the foreseeable future because, among other reasons, the Issuer currently intends to retain any future earnings to finance its business. The future payment of cash dividends will be dependent on factors such as cash on hand and achieving profitability, the financial requirements to fund growth, the Issuer's general financial condition and other factors the board of directors may consider appropriate in the circumstances. Until Xebra pays cash dividends, which it may never do, the Issuer's shareholders will not be able to receive a return on their Common Shares unless they sell them

Negative Cash Flows From Operating Activities

During the fiscal year ended February 29, 2020, the Company had negative cash flows from operations of \$1,960,117, resulting from the Company being in the startup stage. The Company intends to increase working capital through additional equity offerings in the future. However, there can be no guarantee that such activity and financial resources will be possible. Until the Company can generate positive cash flow from operations, its ability to finance its operations will depend on its ability to obtain additional external financing and ultimately generate future profitable operations.

Risks Related to Regulation in the Cannabis Industry

Highly Regulated Industry

The Company operates in a highly regulated and rapidly evolving market. The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. The Company's operations are subject to a variety of laws, regulations, guidelines and policies, whether in Canada or elsewhere, relating to the cultivation, manufacture, import, export, management, transportation, storage, packaging/labelling, advertising and promotion, sale, health and safety and disposal of cannabis, including, but not limited to, the Cannabis Act (Canada) (the "Cannabis Act"), any regulations thereunder, and laws, regulations, guidelines and policies relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment, and applicable stock exchange rules and regulations. Any amendment to or replacement of existing laws, regulations, guidelines or policies may cause adverse effects to the Company's operations. The risks to the Company's business represented by subsequent regulatory changes could reduce the addressable market for the Company's products and could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals required may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Any potential non-compliance could cause the Company's business, financial condition, results of operations and prospects to be adversely affected. Further, any

amendment to or replacement of the Cannabis Act and other applicable rules and regulations governing the Company's business activities may cause adverse effects on the Company's business, financial conditions and results of operations.

The federal legislative framework pertaining to the Canadian adult-use cannabis market is still very new. In addition, the governments of every Canadian province and territory have implemented different regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. There is no guarantee that the legislative framework regulating the cultivation, processing, distribution and sale of cannabis for adult-use purposes will not be amended or replaced or that any current legislation will create the growth opportunities that the Company currently anticipates. While the impact of any new legislative framework for the regulation of the Canadian adult-use cannabis market is uncertain, any of the foregoing could result in a material adverse effect of the Company's business, financial condition, results of operations and prospects.

Further, as the commercial cannabis industry is a relatively new industry in Canada, we anticipate that regulations governing cannabis in Canada will be subject to change as the Canadian federal government monitors licensees in action. Health Canada may change their administration, interpretation or application of the applicable regulations or their compliance or enforcement procedures at any time. Any such changes could require the Company to revise its ongoing compliance procedures, requiring the Company to incur increased compliance costs and expand additional resources. There is no assurance that the Company will be able to comply or continue to comply with applicable regulations.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations could subject the Company to regulatory or agency proceedings or investigations and may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include damage awards, fines, penalties or corrective measures requiring capital expenditures or remedial actions. Parties may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation and no assurance can be given that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws or regulations, may have a material adverse impact on the Company's business, resulting in increased capital expenditures or production costs, reduced levels of cannabis production or abandonment or delays in the development of facilities.

Health Canada inspectors routinely assess the Company's facilities against the Cannabis Act and its regulations and provide the Company with follow-up reports noting observed deficiencies. The Company is continuously reviewing and enhancing its operational procedures and facilities both proactively and in response to routine inspections. The Company follows all regulatory corrections in response to inspections in a timely manner. If the Company fails to comply with applicable laws, regulations and guidelines, the Company may incur additional costs or penalties, or the Company's operations may be restricted or shut down.

In addition, the introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada or any of the jurisdictions in which the Company operates could result in an increase in taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect. Due to the complexity and nature of the Company's operations, various legal and tax matters may be outstanding from time to time. If the Company is unable to resolve any of these matters favourably, it may have a material adverse effect on the Company.

Laws and Regulations Governing Cannabis in Foreign Jurisdictions

The Company's ability to achieve its business objectives in foreign jurisdictions is contingent, in part, upon its compliance with regulatory requirements enacted by governmental authorities and the Company obtaining all regulatory approvals,

where necessary, for the sale of its products. The Company cannot predict the impact of the compliance regime that countries such as Mexico, Netherlands or Colombia are implementing and the method in which their governmental authorities will implement the adult-use or medical cannabis industry. Similarly, the Company cannot predict how long it will take to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. The impact of the various compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company currently incurs and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on the Company's part to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on its operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Foreign Investment in Cannabis Companies

Certain jurisdictions may prohibit or restrict its citizens or residents from investing in or transacting with companies involved in the cannabis industry, even if such companies only conduct business in jurisdictions where cannabis is legal. For example, if an investor in the United Kingdom profits from an investment in a cannabis producer or supplier, such investment may technically violate the *United Kingdom Proceeds of Crime Act 2002*. Similar prohibitions or restrictions may apply in other jurisdictions where cannabis has not been legalized. In the U.S., there have been certain instances of U.S. Customs and Border Protection preventing citizens of foreign countries from entering the U.S. for reasons related to the cannabis industry.

Operations in Foreign Jurisdictions

The Company maintains operations in various emerging markets and may have operations in additional foreign jurisdictions in the future. Such operations expose the Company to the socioeconomic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates; military repression; war or civil war; social and labor unrest; organized crime; corruption and fraud; title and property disputes; hostage-taking; terrorism; violent crime; expropriation and nationalization; public health crises including epidemics, pandemics or outbreaks of new illnesses, infectious diseases or viruses (including, most recently, the novel coronavirus (COVID-19)); renegotiation or nullification of existing licences, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; changing political norms; banking and currency controls; and governmental regulations that favor or require us to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry or investment policies or shifts in political attitude in the countries in which the Company operates may adversely affect its operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions (temporary or otherwise) on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licences, approvals and permits, environmental matters, land use, land claims of local people, water use, workplace safety, permitted public activities, domestic and international travel and permitted commercial operations. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licences, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

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The Company continues to monitor developments and policies in the emerging markets in which it operates and assess the impact thereof to our operations; however, such developments cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and results of operations and prospects.

Demand for Cannabis and Derivative Products

The legal cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity, could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. In an effort to ensure that the distribution of its products is not tied to one market, the Issuer is focusing its distribution efforts internationally, specifically in Colombia, in Mexico and the Netherlands.

Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. The Issuer's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialize into significant demand may have an adverse effect on the Issuer's financial condition.

Public Health Crises

A public health crisis, such as local, regional, national or international epidemics, pandemics or outbreaks of illnesses, infectious diseases or viruses (including COVID-19) could cause interruptions to the Company's operations, increase operating expenses, result in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred. Depending on its severity and reach, such an event could affect the Company's workforce resulting in the inability to continue to operate the Company's production facilities. Further, the Company's operations could be adversely affected if its supply partners, contractors, customers and/or transportation carriers were prevented from conducting business activities for an indefinite period of time, including due to spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. In addition, a health crisis, such as the COVID-19 pandemic, could have an adverse effect on local economies and potentially the global economy, which may adversely impact the price and demand for the Company's products, the market for the Company's securities and/or its ability to obtain financing.

In particular, as of the date of this Prospectus, the full extent of the effects of COVID-19 are unknown. The continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment of the Company's products and adversely impact the Company's business, financial condition, results of operations and prospects. In addition, there can be no assurance that the Company will not lose members of its workforce or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks. The effects of the pandemic on the Company's international operations contributed to the Company recording an impairment loss. The Company is actively assessing and responding, where possible, to the potential impact of the COVID-19 pandemic. The Company continued its operations throughout the crisis by implementing appropriate measures designed to protect the health and safety of its employees.

In addition, at this time, persistent social distancing measures and restrictions imposed by the federal, provincial and territorial governments in Canada on the movement of individuals and the distribution of cannabis in the country may

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adversely affect the Company's cannabis sales. It is difficult to predict how the COVID-19 pandemic may affect the Company's business in the future, including the effect it may have (positive or negative; long or short term) on the price of, and demand for, cannabis. It is possible that the COVID-19 pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and prospects as well as the market for its securities and/or its ability to obtain financing. The extent to which the COVID-19 pandemic impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus, the duration of the outbreak and the actions to contain its impact.

Emerging Markets Risks

In the past, high levels of inflation have adversely affected emerging economies and financial markets, and the ability of government to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. The emerging markets in which the Company operates, such as Colombia and Mexico, or may operate may experience high levels of inflation in the future. Inflationary pressures may weaken investor confidence in such countries and lead to further government intervention in the economy. If countries in which the Company operates experience high levels of inflation in the future and/or price controls are imposed, the Company may not be able to adjust the rates the Company charges its customers to fully offset the impact of inflation on the Company's cost structures, which could adversely affect the Company's business, financial condition, results of operations and prospects.

Moreover, emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. For instance, Colombia, where the Issuer has a part of its operations, has a history of geopolitical instability and crises including those related to drug cartels. While there is no current major political instability in Colombia, this could be subject to change in the future and could adversely affect the Issuer's business, financial condition and results of operations.

Reliance on International Advisors and Consultants

The legal and regulatory requirements in the foreign countries in which the Company operates or will operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. The Company must rely, to a great extent, on local legal counsel, consultants and advisors retained by it in order to keep apprised of legal, regulatory and governmental developments as they pertain to and affect the Company's business, and to assist the Company with its governmental relations. The Company must rely, to some extent, on those members of management and the Board who have previous experience working and conducting business in these countries, if any, in order to enhance its understanding of and appreciation for the local business culture and practices. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labour, litigation, tax and public health matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business, financial condition, results of operations and prospects.

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

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Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of adult-use or medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company's business, financial condition, results of operations and prospects and could cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Risks Inherent in an Agricultural Business

The Company's business involves the growing of adult-use or medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, pests, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Third Party Transportation

In order for customers of the Company to receive their product, the Company must rely on third-party transportation services. This can cause logistical problems with and delays in patients and customers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's business, financial condition, results of operations and prospects.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach, including any failure to comply with recommendations or requirements of Health Canada for the transportation of cannabis, could impact the Company's ability to continue operating under its licences or the prospect of renewing its licences.

Reliance on Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its executive management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of member of the Company's executive management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all.

Further, as licensees under the Cannabis Act, the Company's officers and directors and each member of executive management are subject to a security clearance by Health Canada. There is no assurance that any of the Company's existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by a member of the Company's executive management to maintain or renew his or her security clearance, would result in a material adverse effect on the Company's business, financial condition and results of operations. In addition, if a member of the Company's executive

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management leaves the Company, and the Company is unable to find a suitable replacement that maintains a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on the Company's business, financial condition and results of operations. While employment agreements are customarily used as a primary method of retaining the services of a member of the Company's executive management, these agreements cannot assure the continued services of such employees.

In addition, the COVID-19 pandemic imposes a high risk to all of the Company's activities, including the potential that an executive team member may become ill and the Company's ability to continue to rely on its key personnel throughout the pandemic. The Company established a policy to diligently monitor developments relating to the COVID-19 pandemic and its impact on the Company's personnel and the Company established contingency plans in the event members of its executive team are negatively impacted by the virus.

Product Liability

As a manufacturer and distributor of products designed to be ingested or vaporized by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Recent Announcements and Risks Regarding Vaporizer Products

On October 4, 2019, the U.S. Food and Drug Administration issued a warning to the public to stop using vaping liquids containing cannabis derivatives and ingredients, such as CBD and THC, in light of a potential but unconfirmed link to lung injuries such as severe pulmonary illness. Lung injuries associated with the use of cannabis derivative containing vaping liquid have also been reported in Canada resulting in certain provinces either banning or delaying the sale of vaping liquids and vaping products to consumers. In response, Health Canada issued an information update advising Canadians who use cannabis derivative containing vaping liquids to monitor themselves for symptoms of pulmonary illness. There may be further governmental and private sector actions aimed at reducing the sale of or prohibiting cannabis containing vaping liquids and/or seeking to hold manufacturers of cannabis containing vaping liquids responsible for the adverse health effects associated with the use of these vaping products. These actions, combined with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for the Company's vaporizer products. Federal, provincial and local regulations or actions that prohibit or restrict the sale of the Company's vaporizer products including cannabis derivative vaping liquids, or that decrease consumer demand for the Company's products by prohibiting their use, raising the minimum age for their purchase, raising the purchase prices to unattractive levels via taxation, or banning their sale, could adversely impact the Company's business, financial condition, results of operations and prospects.

Long-Term Health Impacts Associated with Use of Cannabis and Cannabis Derivative Products

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using the Company's

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cannabis and cannabis derivative products. The Company's cannabis and cannabis derivative products should always be used only as specifically instructed by the Company on the packaging and associated product information or product insert prepared by the Company. Consumers should never modify cannabis products or cannabis derivative products or add substances to such products as this may result in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company maintains detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Wholesale Price Volatility

The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labour costs, shipping costs, economic situation, government regulations and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond the control of the Company. The Company's operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as the Company's profitability is directly related to the price of cannabis. The price of cannabis is affected by numerous factors beyond the Company's control. Any price decline may have a material adverse effect on the Company's business, financial condition and results of operations.

Limited Standardized Research on the Effect of Cannabis

To date, there is limited standardization in the research of the effects of cannabis, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis. Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages.

Future research and clinical trials may draw opposing conclusions to statements in this Annual Information Form or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for the Company's products.

Unfavourable Publicity or Consumer Perception

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The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis and related products distributed to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition, prospects and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis and related products in general, or the Company's products specifically, or associating the consumption of cannabis or related products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputational loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Expansion Efforts and Operations

There is no guarantee that the Company's expansion strategy (including receiving any required regulatory approvals in Canada, Colombia, Mexico or the Netherlands, licences and permits in a timely fashion, if at all) will be completed in the currently proposed form, if at all, nor is there any guarantee that the Company will be able to expand into additional jurisdictions. There is also no guarantee that the Company's intentions to acquire and/or construct additional cannabis production and manufacturing facilities in Canada, Colombia, Mexico, the Netherlands or in other jurisdictions with nationally legal cannabis markets, and to expand the Company's marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licences and permits (such as additional

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licences from Health Canada under the Cannabis Act, or the Supreme Court decision in Mexico, as applicable) and there is no guarantee that all required approvals, licences and permits will be obtained in a timely fashion or at all.

The Company's expansion into jurisdictions outside of Canada (Colombia, Mexico, Netherlands) is subject to additional business risks, including new or unexpected risks or could significantly increase the Company's exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition, as well as operational, regulatory, compliance and reputational and foreign exchange rate risk. In addition, future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions.

The Company may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with the Company's existing operations as anticipated. There is also no guarantee that the Company will be able to complete any of the foregoing activities at all. The Company's failure to successfully execute its domestic or international expansion strategy (including receiving required regulatory approvals, licences and permits) could adversely affect the Company's business, financial condition, results of operations and prospects and may result in the Company failing to meet anticipated or future demand for its cannabis products, when and if it arises.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anticompetitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company infringed on their lawful rights. However, such licences may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Customer Acquisitions

The Company's success depends on its ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to the Company's brand awareness, its ability to continually produce desirable and effective cannabis products and the successful implementation of customer-acquisition plans. The failure to acquire and retain customers could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

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In addition to being subject to general business risks applicable to a business involving an agricultural product and a regulated consumer product, the Company will need to make significant investments in its business strategy. These investments include the procurement of raw material, extraction equipment, site improvements and research and development projects. The Company expects that competitors will undertake similar investments to compete with it. Competitive conditions, consumer preferences, customer requirements and spending patterns in this industry and market are relatively unknown and may have unique circumstances that differ from other existing industries and markets and cause the Company's future efforts to develop its business to be unsuccessful or to have undesired consequences for it. As a result, the Company may not be successful in its efforts to attract customers or to develop new cannabis products and produce and distribute these cannabis products, or these activities may require significantly more resources than it currently anticipate in order to be successful.

Risks Related to Investment in a Colombian Company

Economic and Political Risks Inherent with any Investment in Colombia

The Issuer's operations are partially located in Colombia. Consequently, the Issuer is dependent upon Colombia's economic and political developments. As a result, the Issuer's business, financial position and results of operations may be affected by the general conditions of these economies, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting Colombia, over which the Issuer has no control. In the past, Colombia has experienced periods of weak economic activity and deterioration in economic conditions. The Issuer cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on the Issuer's business, financial condition or results of operations.

Operational Risks

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require the Issuer to suspend operations on its properties. Although the Issuer is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Issuer's operations, or other matters.

Enforcement of Judgments

The Issuer is incorporated under the laws of the Province of British Columbia. However some of its assets are located in Colombia. Furthermore, certain of the Issuer's directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Issuer's directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Guerrilla Activity in Colombia

Colombia is subject to sustained civil unrest due to the activities of guerrilla groups such as non-demobilized groups within the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia), or "FARC," the National Liberation Army (Ejército de Liberación Nacional), or "ELN," paramilitary groups, drug cartels and criminal gangs (Bacrim). In remote regions of the country with minimal governmental presence, these groups have exerted influence over the local population and funded their activities by protecting and rendering services to drug traffickers and participating in

drug trafficking activities. Armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups have been funded by the drug trade, and consequently, Colombia has experienced significant social upheaval and criminal activity. Insurgents have attacked and kidnapped civilians and violent guerrilla activity exists in many parts of the country. Any terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with the Issuer's operations. The Issuer's primary operations are in Guasca, Cundinamarca, 30 kilometers from the capital city of Bogota and not a remote or isolated area

Anti-Money Laundering and Terrorist Financing Activities Regulations

The Issuer is subject to a variety of laws and regulations in Canada, Colombia, and internationally that involve money laundering, financial record keeping and proceeds of crime, including, among other legislation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), *Law 599 of 2000 Colombian Criminal Code*, and the *United Nations Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances* (Law 67 of 1993), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued administered or enforced by governmental authorities in Canada or Colombia or abroad.

If the Issuer's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in Colombia or Canada were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any applicable legislation. This could restrict or otherwise jeopardize the ability of the Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds. The protocols that the Issuer has in place to mitigate such risks of proceeds originating from illicit activities include: a permanent and active relationship with the relevant authorities in Colombia; the Issuer submits quarterly reports to Colombia's Unit Financial Information and Analysis ("UFIA") or in the case of an important situation, will immediately complete a report regarding the situation; the Issuer has adopted a Code of Good Governance for the Board and its senior management to adhere by; and the Issuer has anti-money laundering controls implemented into its daily operations through a Comprehensive Security Protocol – advising on various processes, including business risk management, human management, physical and electronic security management, and supply management and clearance of goods. In addition, The Issuer has implemented a manual of the Prevention and Control Systems for Anti-Money Laundering based off the regulatory content issued by UFIA through Circular 100-00006. This manual includes policies, among others, regarding conducting due diligence on counterparties; the identification and analysis of unusual operations; and the prevention of processing payments in violation of anti-money laundering legislation. While the Issuer has put the foregoing protocols and policies in place to mitigate the risks of violating anti-money laundering legislation, there is no guarantee that such protocols will prevent proceeds from the Issuer from being found to be in violation of governing anti-money laundering legislation.

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Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Corporation Information

Head Office:	1090 Hamilton Street Vancouver, BC V6B 2R9 Canada
Directors:	Robert Giustra, Chairman Antonio Grimaldo Jordi Chemonte Todd Dalotto
Officers:	Rodrigo Gallardo, Chief Executive Officer Andrew Yau, Chief Financial Officer Jorge Martinez, Chief Operating Officer Daniela Freitas, Corporate Secretary
Auditor:	DMCL LLP 1500 – 1140 West Pender Street Vancouver, BC V6E 4G1
Legal Counsel:	McMillan LLP Suite 1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7
Transfer Agent:	Computershare Investor Services Inc. 2 nd Floor – 510 Burrard Street Vancouver, BC V6C 3B9

SCHEDULE E

(See attached.)

Audit Committee Charter

1. Mandate

The audit committee will assist the Board in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 *Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 *Expertise of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfil the following roles and discharge the following responsibilities:

4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and

- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfillment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

Review, with the company's counsel, any legal matters that could have a significant impact on the company's financial statements.

CERTIFICATE OF XEBRA BRANDS LTD.

Dated: September 30, 2021

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of the Province of British Columbia.

(s) Rodrigo Gallardo

Rodrigo Gallardo
President &
Interim CEO

(s) Andrew Yau

Andrew Yau
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(s) Robert Giustra

Robert Giustra
Director

(s) Jordi Chemonte

Jordi Chemonte
Director

**CERTIFICATE OF PROMOTER
RODRIGO GALLARDO**

Dated: September 30, 2021

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of the Province of British Columbia.

(s) Rodrigo Gallardo

Rodrigo Gallardo
President &
Interim CEO

**CERTIFICATE OF PROMOTER
ROBERT GIUSTRA**

Dated: September 30, 2021

This non-offering prospectus full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of the Province of British Columbia.

(s) Robert Giustra

Robert Giustra
Director