Xebra Brands Ltd.

Management's Discussion and Analysis
For the year ended February 28, 2023

Report dated: August 14, 2023

(Express in of Canadian dollars)

Xebra Brands Ltd. ("Xebra", the "Company" or "Issuer") has prepared this Management's Discussion and Analysis ("MD&A") as of August 14, 2023, and should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 28, 2023. Unless otherwise stated, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts herein are expressed in Canadian dollars unless stated otherwise. References to $ means Canadian dollars, US$ are to U.S. dollars and MXN$ are to Mexican pesos. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of August 14, 2023, unless otherwise stated.

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.

Additional information on the Company is available at the Company's website www.xebrabrands.com and under the Company's profile at www.sedar.com.

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1. Company Profile

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 is listed on the Canadian Securities Exchange ("CSE") under the ticker symbol "XBRA", and trades on the OTC Market under the symbol "XBRAF". The common shares of the Company are also cross-listed on the Frankfurt Stock Exchange under the symbol "9YC". 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 processing, manufacturing, design and delivery of cannabis products in areas ranging from wellness to leisure. 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 February 28, 2023, the Company completed a consolidation of its common shares on the basis of one new share for five old shares (1:5). All share and per share numbers in this MD&A are presented on a post consolidation basis.

2. Board and Management Changes

On June 23, 2023, the Company appointed Erick Ponce to the Board of Directors.

On March 14, 2023, the Company appointed Mr. Omar Garcia Abrego as Chief Financial Officer and Corporate Secretary.

On February 3, 2023, the Company appointed Mr. Keith Dolo to Board of Directors.

On January 26, 2023, the Company announced management changes. Robert Giustra has resigned as Chairman and Director in order to focus on his mining ventures. Mr. Giustra will remain an advisor to Xebra. Andrew Yau, CFO and Daniela Freitas, Corporate Secretary have also resigned to focus on the mining sector; Rodrigo Gallardo, Xebra's President was appointed CFO and Corporate Secretary on an interim basis.

On April 19, 2022, the Company appointed Mr. Jay Garnett as Chief Executive Officer and Director.

3. Business Overview

Beverage Trademark Applications

Xebra has created a number of great tasting cannabis infused beverages, including seltzers, soft drinks, iced teas, lemonades, waters, energy and sport drinks.

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.

A number of flavors have been created, including sugar-free versions. The following are the key Xebra's beverage brands categories.

Beverage Production

Since 2021 and through an internal research and development program, the Company started formulating several dozen cannabis-infused beverages under six brands, including MadCap seltzers & soft drinks, HighJack energy drinks, HolaHi iced teas, Vicious Citrus lemonades, HighCastle waters and Conquer, a CBD sports beverage with the intention to commercialize these products initially in Canada to position the different brands.

After obtaining the necessary approvals, on July 6, 2022, the company completed its first commercial production run for the Vicious Citrus cannabis infused lemonade. Vicious Citrus is a non-carbonated THC infused lemonade beverage, with a tangy Citrus flavour and a 5:1 THC / CBN ratio. With the maximum amount of psychoactive cannabinoids allowed in any Canadian listed beverage, Vicious Citrus combines 10mg of THC with 2mg of CBN. Vicious Citrus is one of only a few beverages in Canada containing CBN, a unique cannabinoid that is booming in interest across North America.

Subsequently, the Company has worked closely with its national cannabis sales & marketing agency to introduce and support the growth of Vicious Citrus Lemonade to Canadian cannabis retailers. Currently, Vicious Citrus retails in the provinces of Ontario, Saskatchewan and Alberta. Ontario is one of Canada's largest provinces in annual cannabis sales with over 1,300 cannabis retailers and Saskatchewan is Canada's 5th largest province in annual cannabis sales, with 91 cannabis retailers across the province and double digits retail growing sales in the last 12 months.

On September 27, 2022, Xebra began production of its second Ontario Cannabis Store (OCS) listed product, NEO, which has been accepted for listing and started shipping to the province of Ontario and Alberta. As a unique addition to the Vicious Citrus family, NEO is an original lemonade with a touch of natural honey flavor with 10mg of THC and 10mg CBN, Vicious Citrus Neo was crafted for cannabis consumers who are looking for soothing and relaxing beverages.

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 injunctions 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 injunctions, an initial legal framework was adopted by the Mexican government in 2017 for medicinal cannabis, however not for recreational purposes. 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.

Acquisition of Desart

In 2018, Desart MX, S.A. de C.V. ("Desart"), identified an opportunity to challenge the Mexican constitution for an injunction to commercialize hemp derived cannabinoids such as CBD and CBG. The constitutional claim was filed in January 2019, and the injunction (the "Amparo") 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.

On January 10, 2020, the Company acquired 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 1,200,000 common shares of Xebra, a cash payments of US$125,000, and 9,600,000 common shares of Xebra to be issued under certain conditions (the "Desart Bonus Shares"). The primary requirement for the issuance of the Desart Bonus Shares is when the Supreme Court of Mexico has granted Desart the Amparo.

On December 1, 2021, Desart was granted the Amparo to commercialize cannabis products, and on January 11, 2022, the Desart Bonus Shares were issued. In due course official licenses will be granted by the Mexican Health Regulatory Agency (COFEPRIS).

Finally on March 9, 2023, the Mexican health regulatory agency which is the FDA equivalent (the "COFEPRIS"), granted Desart an official corporate cannabis authorization to, among other things, import and acquire cannabis seeds, cultivate, and harvest cannabis, process and produce cannabis, and sell cannabis products both domestically and through export. The authorizations are subject to Xebra satisfying the industry standard conditions. Notably, there are no restrictions on where in Mexico Xebra can cultivate cannabis nor on the size of the cultivation facilities or the volume of processing and manufacturing operations. The authorizations will initially apply specifically to the commercialization of cannabis products with low levels of THC (under 1%).

Most recently on March 16, 2023, the Company executed it first joint venture, in the form of research and collaboration partnership agreement with Mexico's most prestigious agricultural university, Chapingo Autonomous University (ChAU), which will focus on the development of innovation and the commercial application of, cannabis with less than 1% THC for in Mexico.

Acquisition of Elements and Sativa

On July 12, 2019, the Company acquired two Mexican entities, Elements Bioscience SAPI de C.V., ("Elements") and Sativa Group Biosciences SAPI de C.V., ("Sativa") through a share exchange agreement. As of the date of this MD&A, the Elements and Sativa 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.

Holland

Xebra's Dutch project was carried through its 75% owned European subsidiary, Xebra Brands Europe BV.

In October 2021, the Company completed construction of its indoor cannabis growing facility in the Netherlands. The facility is over 2,000 square feet, located 100 kilometers east of Amsterdam, Netherlands. The facility was used to start formal cannabis cultivation under the Dutch trials in December 2021. Subsequently, on March 30, 2022, the Company announced that it has cultivated and harvested its first cannabis crop in the Netherlands. Samples of the crop were collected by the Dutch government's Bureau of Medicinal Cannabis ("BMC"), on March 25, 2022. The crop consisted of high THC ±22% cannabis flower, and flower with balanced THC ±6% and CBD± 8%.

Xebra's first crop was marginally near the desired ideal THC and CBD target ratios, which if successfully contested could be adjusted under a second crop to achieve the desired outcome; however it became evident from the expenditures associated with performing the first trial, that the costs of cultivation in the Netherlands are far too high, and that operating there would be contradictory to Xebra's objective of being a lowest cost producer and exporter of cannabis products. Consequently, the Company is divesting its operations in the Netherlands.

Colombia

As a result of the Company's determination that the Colombian cannabis landscape is saturated with numerous cannabis licences, making it difficult to gain a competitive edge, or to create a profitable business model with scale, even in the longer term, on October 19, 2022, the Company transferred 100% of its interest in Medicannabis SAS ("Medicannabis") its wholly owned subsidiary in Colombia to a third party. The Medicannabis shares were transferred as part of an agreement in which Xebra retained full access rights to Medicannabis' seed library and intellectual property ("IP") of any seed-variety that underwent agronomic evaluations prior to December 31, 2022, and that ultimately obtains international IP rights protection under the UPOV Convention (UPOV 91).

Xebra also retained 25% of proceeds from any Medicannabis sale of seed or genetics until December 31, 2027, and 25% up to US$100,000 and then 5% thereafter for proceeds from the sale of any royalty on genetics up to December 31, 2030. If the sale is made to a party introduced by Xebra, it will retain 40% of proceeds from any sale of seed or genetics until December 31, 2027, and 25% up to US$100,000 and then 5% thereafter for proceeds from the sale of any royalty on genetics up to December 31, 2030.

Xebra also has a right of first refusal to acquire any seed variety in Medicannabis' seed library that undergoes agronomic evaluations after December 31, 2022 and that ultimately obtains international IP rights protection under the UPOV Convention (UPOV 91). Xebra has worldwide rights to commercialize any variety that underwent agronomic evaluations prior to December 31, 2022 that ultimately obtains international IP rights protection under the UPOV Convention (UPOV 91) and any seed variety to which it obtains IP rights from seed-varieties that undergo agronomic evaluations after December 2022.

4. Outlook and Going Concern

The Company incurred in a total loss during the year ended February 28, 2023, of $4,124,296 and cash outflows from operating activities of $2,324,889. In order to continue fulfilling the Company's business objectives, the Company will require additional funds to achieve its business objectives. While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured. This material uncertainty casts significant doubt upon the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

(Expressed in Canadian Dollars, unless otherwise stated and er share amounts)

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These consolidated financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

Management plans to continue to pursue equity and/or debt financing to support operations. There can be no assurance that these financing efforts will be successful. Failure to maintain the support of creditors and obtain additional external financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time.

5. Overall Performance and Outlook

The following highlights the Company's overall performance for the three months and year ended February 28, 2023:

	Three Months Ended			Year Ended		
	February 28, 2023 ($)	February 28, 2022 ($)	Change	February 28, 2023 ($)	February 28, 2022 ($)	Change
Net loss attributable to shareholders of the Company	($1,504,642)	($3,858,061)	$2,353,419	($4,024,271)	($6,142,658)	$2,118,387
Cash used in operating activities	($113,816)	($1,133,849)	$1,020,033	($2,324,889)	($2,707,469)	$382,580
Cash at end of period	$202,286	$647,244	($444,958)	$202,286	$647,244	($444,958)
Loss per share attributable to shareholders of the Company – basic and diluted	($0.04)	($0.16)	($0.12)	($0.10)	($0.25)	($0.15)

6. Summary of Quarterly Information

	Q4 2023 ($)	Q3 2023 ($)	Q2 2023 ($)	Q1 2023 ($)	Q4 2022 ($)	Q3 2022 ($)	Q2 2022 ($)	Q1 2022 ($)
Revenues	81,243	23,697	54,009	-	-	-	-	-
Net loss attributable to shareholders	(1,504,642)	(571,928)	(807,332)	(1,140,369)	(3,858,061)	(1,565,207)	(392,567)	(326,823)
Basic and diluted net loss per share attributable to shareholders	(0.04)	(0.01)	(0.02)	(0.06)	(0.16)	(0.06)	(0.02)	(0.02)

	Feb 28, 2023 ($)	Nov 30, 2022 ($)	Aug 31, 2022 ($)	May 31, 2022 ($)	Feb 28, 2022 ($)	Nov 30, 2021 ($)	Aug 31, 2021 ($)	May 31, 2021 ($)
Cash	202,286	63,852	559,796	1,505,714	647,244	1,903,128	68,557	197,941
Total assets	1,323,742	2,163,544	2,648,919	3,434,880	2,902,427	7,279,214	7,435,775	5,340,235
Total non-current financial liabilities	-	-	(13,254)	(20,069)	(28,794)	(36,478)	(46,664)	(54,157)

(Expressed in Canadian Dollars, unless otherwise stated and er share amounts)

Q4 2023 Compared with Q3 2023

During the current quarter, the Company earned revenues of $81,243 through the sales of 17,964 units of its cannabis infused lemonade, the cost of sales in connection with these sales totaled $56,377, resulting in a gross margin of $24,866. During Q3 2023, the Company earned revenues of $23,697 through the sales of 5,364 units, the cost of sales totaled $46,203, resulting in a gross loss of $22,506. The variance in gross margin is primarily attributable to the Company being in the start-up phase and not yet achieved consistency and economies of scale in its production. The Company incurred a net loss attributable to shareholders of the Company of $1,504,642 in Q4 2023, compared to $571,928 in Q3 2023. The increase in net loss during the current quarter, is primarily attributable to the impairment of its Solutech IP License in the amount of $850,000.

Q4 2023 Compared with Q4 2022

During the current quarter, the Company earned revenues of $81,243 through the sales of 17,964 units of its cannabis infused lemonade, the cost of sales in connection with these sales totaled $56,377, resulting in a gross margin of $24,866. As the current quarter represents the third quarter of sales, there are no sales and cost of sales comparatives with Q4 2022. During Q4 2023, the Company incurred a net loss attributable to shareholders of the Company of $1,504,642 compared to $3,858,061 during Q4 2022. The higher net loss during Q4 2022 is mainly a result of the impairment of certain assets in the amount of $2,537,060 and higher operating costs in general, including administration, investor relations, professional fees, shares-based payments and amortization.

Review of Financial Results – Fiscal Year

	Year End 2023 ($)	**Year End 2022 ($)**	**Year End 2021 ($)**
Revenues	158,949	-	-
Net loss attributable to shareholders	(4,024,270)	(6,142,658)	(1,860,048)
Basic and diluted net loss per share attributable to shareholders	(0.10)	(0.25)	(0.09)

	Feb 28, 2023 ($)	**Feb 28, 2022 ($)**	**Feb 28, 2021 ($)**
Cash	202,286	647,244	93,334
Total assets	1,323,742	2,902,427	3,596,516
Total non-current financial liabilities	-	(28,794)	(67,026)

During the current period, the Company earned revenues of $158,949 through the sales of 36,864 units of its Vicious Citrus cannabis infused lemonade. Cost of sales in connection with these sales totaled $174,978, resulting in a gross margin of ($16,029). As the current period represents the commencement of the Company's sales, there are no sales and cost of sales comparatives for the same period in the prior year. During the current period, the Company incurred a net loss attributable to shareholders of the Company of $4,024,271 compared to $6,142,658 during the same period in the prior year. The decrease in net loss is primarily attributable to a decrease in investor relation expenditures from the prior year to $388,309 this year. Decrease of the share-based payments expenses from $556,554 the prior year to $309,559 this period. Also, during the year, the company recognized a loss from discontinued operations in the amount of $16,036 compared to $1,724,692 recorded in the previous year.

(Expressed in Canadian Dollars, unless otherwise stated and er share amounts)

7. Liquidity and Capital Transactions Resources

Liquidity

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 fundraising 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.

	Three Months Ended		Year Ended	
	February 28, 2023 ($)	February 28, 2022 ($)	February 28, 2023 ($)	February 28, 2022 ($)
Cash used in operating activities	(113,816)	(1,133,849)	(2,324,889)	(2,707,469)
Cash used in investing activities	29,912	(82,071)	(63,632)	(770,128)
Cash provided by (used in) financing activities	214,429	(40,813)	1,935,752	4,033,627
Cash, end of the period	202,286	647,244	202,286	647,244

As at February 28, 2023, the Company had a working capital deficit of $76,308, compared to $722,593 at February 28, 2022. The working capital decreased from last period, mainly as a result of cash used in operations.

During the current quarter, the Company used $113,816 in operating activities compared to $ 1,133,849 during the same quarter in the prior year. The decrease in cash used is mainly in connection with a reduction on payments made, the recognition of a gain from the disposition of Medicannabis of $118,297 as well as a reduction on the impairment recognized on intangible assets. During the current year, the Company used $2,324,889 in operating activities, compared to $2,707,469 during the prior year. The decrease is mainly attributable to the reduction on payments made on accounts payables.

During the three months ended February 28, 2023, cash used in investing activities was $29,912 in connection to a reduction of its intangible assets as a result of an adjustment made due to the commencement of production back in June 2022, compared to, $82,071 investment during the same quarter in the prior year. During the current year, the Company invested $63,632 in intangible assets relating to trademarks. During the prior year, the Company invested $83,283 in intangible assets relating to trademarks and product development and $686,845 in equipment in connection to the Dutch growing facility.

During the current quarter, the Company generated $214,429 from financing activities, primarily from an equity offering. During the same quarter in the prior year, the Company used $40,813 from financing activities. During the current year, the Company raised a net amount of $1,734,002 from equity offerings and $201,750 from subscriptions received. During the prior year, the Company raised a net amount of $4,236,186 from equity offerings received a loan of $75,000 from a related party (see Related Party Transactions), repaid a loan and interest totalling $237,000 and paid lease liabilities of $40,934.

As at February 28, 2023, the Company had cash of $202,286, and current liabilities of $772,879. The Company will need to conduct additional financings to meet working capital requirements, and obligations as they become due.

8. Capital Transactions Resources

On February 28, 2023, the Company completed a consolidation of its common shares on the basis of one new common share for five old common shares (1:5).

As at February 28, 2023, the Company had 39,339,581 (February 28, 2022 – 36,241,394) common shares issued and outstanding.

As of February 28, 2023, a total of 15,095,672 common shares of the Company were subject to trading restrictions (the "Restricted Shares"), which will be released from such restrictions in stages, with the final release being March 12, 2025. The Restricted Shares include 1,620,000 common shares issued to insiders of the Company and held in escrow by the transfer agent in accordance with the Canadian Securities Exchange ("CSE") listing policies. The Company also has 2,772,170 common shares held in escrow.

Common share transactions for the twelve months ended February 28, 2023

On October 11 and August 23, 2022, the Company issued 39,632 and 7,143 shares respectively to a consultant as consideration for investor relation services with a total fair value of $19,389.

On April 8, 2022, the Company closed a non-brokered private placement of 3,000,000 units at a price of $0.60 per unit, for gross proceeds of $1,800,000. Each unit is comprised of one common share of the Company, and a half warrant. Each full warrant entitles the holder to purchase one share of the Company at a price of $1.25 for a period of 12 months from the closing date of the private placement. The warrants had a fair value of $380,046 which has been recorded in warrant reserve. An aggregate of 51,413 shares, 100,912 warrants and $60,547 was paid in finders' fees, where such shares and warrants have a fair value of $30,848 and $20,182, respectively. The Company paid share issuance costs of $5,451.

Common share transactions for the twelve months ended February 28, 2022

On January 21, 2022, the Company issued 16,760 class A common shares with a fair value of $18,436 to a third party, to settle consulting services.

On January 11, 2022, the Company issued 9,600,000 shares in connection with the acquisition of Desart. Desart was acquired on January 10, 2020, and at the time of acquisition the estimated fair value of the 9,600,000 shares potentially to be issued was $nil as it was uncertain when, or if ever, such shares would be issued. Consequently, the 9,600,000 issued on January 11, 2022 had a $nil value.

On December 2, 2021 the Company closed a non-brokered private placement of 1,340,000 common shares at a price of $1.00 per common share, for gross proceeds of $1,340,000. On December 23, 2021, the Company issued 107,200 common shares with a fair value of $107,200 as finder's fees in connection with this non-brokered private placement.

On November 29, 2021 the Company issued 15,000 shares to a consultant as partial consideration for investor relation services with a fair value of $15,000.

On October 6, 2021 a total of 65,500 units were issued in connection with a unit private placement at $1.00 per unit for gross proceeds of $65,500. Each unit is comprised of one common share and one-half of one common share purchase warrant at an exercise price of $1.75 per warrant and such warrants expire on October 6, 2022. The 32,750 units warrants had a fair value of $11,674 which has been recorded in warrant reserve.

On October 4, 2021, a total of 2,742,452 Subscription Receipts were converted into 2,748,452 common shares, and a total of 1,371,226 warrants which had a fair value of $483,152 and is recorded in warrant reserves. The Company incurred share issuance costs of $253,065. On November 30, 2021, the Company issued 38,536 common shares with a fair value of $38,536 as finder's fees in connection with the Subscription Receipts.

(Expressed in Canadian Dollars, unless otherwise stated and er share amounts)

On August 31, 2021, the Company issued 1,200,000 class A common shares with a fair value of $822,581 to a third party to license its clinically-backed, patent pending delivery technology for cannabinoids ("Solutech"). On August 4, 2021, the Company issued 40,000 common shares with a fair value of $27,419 as finder's fees for Solutech.

On August 20, 2021, the Company issued 265,000 common shares in connection with a private placement of units for $1.00 per share, for gross proceeds of $265,000. Each unit entitles its holder to receive one common share and one-half of one common share purchase warrant at an exercise price of $1.75 per warrant, and such warrants expired on August 20, 2022. A total of 132,500 warrants were issued with a fair value of $49,671 which has been recorded in warrant reserve. The Company paid share issuance costs of $18,004.

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 40,000 common shares of the Company at a fair value of $40,000.

On May 3, 2021, the Company issued 2,250 common shares in connection with the private placement of its common shares for $1.50 per share, for gross proceeds of $3,375. The Company incurred share issuance costs of $498.

Other sources of funds

Other sources of funds potentially available to the Company are through the exercise of outstanding stock options, and warrants with the following terms:

As at February 28, 2023, the number of stock options outstanding and exercisable, adjusted for the share consolidation was:

	Outstanding			Exercisable
Expiry date	**Number of stock options**	**Exercise price**	**Remaining contractual life (years)**	**Number of stock options**
January 19, 2027	10,000	$ 1.15	3.89	10,000
October 18, 2026	1,580,000	1.00	3.64	1,580,000
April 26, 2027	400,000	1.00	4.16	50,000
Outstanding, February 28, 2023	**1,990,000**	**1.00**		**1,640,000**

As at February 28, 2023, the number of warrants outstanding and exercisable, adjusted for the share consolidation was:

	Warrants Outstanding	**Weighted Average Exercise Price**
Outstanding, February 28, 2021	-	$ -
Issued	1,666,076	1.40
Outstanding, February 28, 2022	1,666,076	1.40
Issued	1,600,912	1.25
Expired	(1,536,476)	1.75
Outstanding, February 28, 2023	1,730,512	$ 1.23

(Expressed in Canadian Dollars, unless otherwise stated and er share amounts)

9. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

10. Related Party Transactions

The Company entered into an administration service agreement with Orea Mining Corp. ("Orea") a company related by a former common director, effective January 1, 2021 (the "Services Agreement") for $2,000 per month. The Services Agreement was amended effective June 1, 2021 under which the monthly payments were increased to $30,000, and was further amended effective January 1, 2022 whereby the monthly is increased to $40,000. Subsequently, on January 20, 2023 the Service Agreement was terminated. As at February 28, 2023, the Company and Orea have no directors or officers in common.

On April 11, 2022, the Company provided a short-term loan of $60,000 to Jay Garnett, a director & CEO of the Company. The loan is interest free and repayable in installments of $10,000 per month commencing on October 1, 2022. The outstanding receivable balance as at February 28, 2023 is $60,000 (February 28, 2022 – $nil).

On August 9, 2021, Columbus Capital Corp., a company controlled by Robert Giustra, a former director of the Company, provided a short-term loan for $75,000 to the Company. The loan was interest free and repayable on demand and was fully repaid on October 5, 2021.

The following is a summary of related party transactions:

	Three Months		**Year Ended**	
	February 28, 2023 ($)	**February 28, 2022 ($)**	**February 28, 2023 ($)**	**February 28, 2022 ($)**
Management and administration services paid to Orea	8,000	110,000	368,000	296,000
Management fees paid to Columbus Capital Corporation[1]	32,903	37,500	197,903	62,500
Finders' fees paid to Columbus Capital Corporation, a company controlled by Robert Giustra, a former director of the Company	-	-	55,548	-
Management fees paid to Garnett Canada Holdings., a company controlled by Jay Garnett, director & CEO of the Company	60,000	-	210,000	-
Management fees paid to Todd Dalotto, a director of the Company[2]	19,426	12,227	75,864	12,916
Management fees paid to Accounting Group ADR and Associates SC., a company controlled by Rodrigo Gallardo, President of the Company[3]	13,530	25,839	133,000	83,040
Consulting services from Maverick Brands Ltd, a company controlled by Keith Dolo a director of the Company	33,000	-	33,000	-
Share-based payments to certain directors and officers of the Company	120,414	-	303,970	479,111
	287,273	**185,566**	**1,377,285**	**933,567**

Management agreement with Columbus Capital Corporation for 6 months starting on October 1, 2021.
[1.] *Management agreement with Todd Dalotto for 6 months starting on January 1, 2022.*
[2.] *Management agreement with ADR may be terminated at any time with 1 month's notice.*

The following summarizes amounts that remain payable to each related party, which are included in account payable:

(Expressed in Canadian Dollars, unless otherwise stated and er share amounts)

	February 28, 2023	February 28, 2022
Finders' fees or other payable to Robert Giustra, a former director of the Company	$ -	$ (8,800)
Finders' fees payable to Rodrigo Gallardo, President of the Company	-	(8,000)
Finders' fees payable to Andrew Yau, former CFO of the Company	-	(360)
Fees payable to Columbus Capital Corporation, a company controlled by Robert Giustra, a former director of the Company	(55,548)	-
Fees payable to Garnett Canada Holdings., a company controlled by Jay Garnett, director & CEO of the Company	(72,600)	-
Management fees payable to Accounting Group ADR and Associates SC., a company controlled by Rodrigo Gallardo, President of the Company	(18,600)	-
Fees payable to Todd Dalotto, a director of the Company	(33,213)	(6,597)
Fees payable to Maverick Brands Ltd, a company controlled by Keith Dolo a director of the Company	(288,926)	-
	$ (468,887)	**$ (23,757)**

11. Proposed Transactions

There are no proposed transactions as at February 28, 2023 and the date of this MD&A.

12. Critical Accounting Estimates

Full disclosure of the Company's accounting policies and significant accounting estimates and judgments in accordance with IFRS can be found in note 2 and 3 of its audited consolidated financial statements as at February 28, 2023 and have remained substantially unchanged and are still applicable to the Company unless otherwise indicated.

13. 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.

14. 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, 2023 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 reputable banks or financial institutions. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, VAT receivable from the Government of Mexico, Colombia and the Netherlands, 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, 2023, the Company had a working capital deficit of $76,308. 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.

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, 2023, 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.

(Expressed in Canadian Dollars, unless otherwise stated and er share amounts)

Financial Instrument	Measurement Method	Associated Risk		Fair Value as at February 28, 2023
Cash	FVTPL	Credit and currency	$	202,286
Receivables	Amortized cost	Credit		232,072
Accounts payable	Amortized cost	Liquidity		622,622
			$	**1,056,980**

15. 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, 2023:

	As at date of this MD&A	February 28, 2023
Common shares issued and outstanding	54,526,313	39,339,581
Share purchase options	1,990,000	1,990,000
Warrants	15,186,731	1,730,512

Subsequent Events

i. On March 7, 2023, the Company closed a non-brokered private placement of 15,186,731 units at a price of $0.06 per unit, for gross proceeds of $905,204 of which $201,750 were received before February 28, 2023 and $286,204 were part of debt settlements. Each unit is comprised of one common share of the Company, and a warrant. Each warrant entitles the holder to purchase one share of the Company at a price of $0.10 for a period of eighteen months from the closing date of the private placement. An aggregate of 100,000 common shares were paid in finders' fees. All securities issued are subject to a four-month hold period from the date of closing.

ii. On April 8, 12 and May 27, 2023 a total of 1,730,512 share purchase warrants expired without being exercised.

16. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements for the years ended February 28, 2023, and 2022, and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at www.sedar.com.