Xebra Brands Ltd.

Management's Discussion and Analysis
For the three and nine months ended November 30, 2023

Report dated: January 29, 2024

(Express in Canadian dollars)

Xebra Brands Ltd. ("Xebra", the "Company" or "Issuer") has prepared this Management's Discussion and Analysis ("MD&A") as of January 29, 2024, and should be read in conjunction with the Company's condensed interim consolidated financial statements for the nine months ended November 30, 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 January 29, 2024, 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.sedarplus.ca.

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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.

<u>Board Changes</u>

Effective June 7, 2023, the Company added Erick Ponce to its board of directors.
Effective November 7, 2023, the Company added David Ross Macias Diaz to its board of directors.
Effective December 31, 2023, Jay Garnette, resigned as CEO, and Director of the Company.
Effective January 23, 2024, Rodrigo Gallardo was appointed interim CEO and Director of the Company.
Effective January 23, 2024, Tada Dalotto and Jordi Chemonte resigned as directors of the Company.
Effective January 29, 2024, Antonio Grimaldo resigned as director of the Company.

2. Business Overview

<u>Beverage Trademark Applications</u>

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.

On March 22, 2023, the Company revealed the successful launch of its second Vicious Citrus SKU, Neo, following the prosperous introduction of Vicious Citrus OG. Simultaneously, the Company celebrated a successful listing at the Alberta Gaming and Liquor Commission (AGLC). Vicious Citrus Neo is available in the provinces of Ontario, Alberta, and Saskatchewan. This original lemonade variant boasts a touch of natural honey flavor, containing 10mg of THC and 10mg of CBN.

Fast forward to April 26, 2023, the Company proudly announced the expansion of its Canadian Cannabis Infused Beverage Brand, Vicious Citrus. Building on its flagship products OG and Neo, Vicious Citrus introduced OG Slim, which hit the shelves in Ontario in May 2023. As the third product in the portfolio, OG Slim addresses the high consumer demand for a lower-calorie Vicious Citrus option. It retains the beloved taste, featuring 5mg THC and 2mg CBN, with only 10 calories.

In the latter part of 2023, the Company temporarily halted the production of its Vicious Citrus family products to reassess its partnerships. This decision was prompted by the failure of the partner company responsible for production to fulfill its financial obligations to the Company. The Company is actively exploring alternative strategies to recover the outstanding receivables.

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.

The Company is diligently addressing industry-standard conditions following the recent obtainment of the cannabis authorization, which involves overcoming challenges associated with COFEPRIS guidelines for hemp cultivation—guidelines that do not specifically cater to hemp. Recognizing the unsuitability of these guidelines due to restrictions on open-field cultivation and impractical requirements, the Company initiated two distinct strategies to tackle the issue.

Inconformity Process:

The Company is actively engaged in an inconformity process. To strengthen our case, we are in the process of identifying an Agronomical Expert, potentially Silvia Rojas an external consultant, in collaboration with Dr. Rendon at Chapingo University. These technical experts aim to propose revised guidelines aligned with appropriate hemp cultivation practices, effectively addressing our concerns.

Annulment Trial:

Simultaneously, our lawyers have initiated an annulment trial through the Administrative Courts. This legal process seeks to nullify the guidelines, providing a temporary suspension of the problematic requirements. While acknowledging that this process may extend over several years, the goal is to secure a suspension of the contested requirements during this period.

Both strategies exemplify our proactive efforts to address the regulatory challenges we encounter in fulfilling industry-standard conditions related to our cannabis authorization and hemp cultivation.

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.

The Company aims to enter the Mexican market by establishing a supply agreement with one of our local partners to acquire CBD isolate, which will then be transformed into commercialized products.

Simultaneously, efforts are underway to obtain the necessary sanitary licenses for certain products under Desart's cannabis authorization. These licenses will be submitted to COFEPRIS, enabling the Company to swiftly introduce its initial product line to the Mexican market. During this period, the Company is also actively pursuing partnerships with manufacturers for potential production and distribution collaborations.

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.

3. Outlook and Going Concern

The Company incurred in a net loss during the nine months ended November 30, 2023, of $900,703 and cash outflows from operating activities of $935,525. 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.

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. The condensed interim 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.

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

4. Quarterly Financial and Operations Performance

The following highlights the Company's overall performance for the three and nine months ended November 30, 2023 is as follows:

	Three Months Ended November 30,			Nine Months Ended November 30,		
	2023 ($)	**2022 ($)**	**Change**	**2023 ($)**	**2022 ($)**	**Change**
Net loss attributable to shareholders of the Compar	($86,946)	($571,928)	$484,982	($900,336)	($2,519,629)	$1,619,293
Cash used in operating activities	($88,325)	($483,262)	$394,937	($935,525)	($2,211,073)	$1,275,548
Cash at end of period	$91,728	$63,852	$27,876	$91,728	$202,286	($110,558)
Loss per share attributable to shareholders of the Company – basic and diluted	($0.00)	($0.01)	($0.01)	($0.02)	($0.06)	($0.05)

During the quarter ending November 30, 2023, the Company disclosed a net loss attributable to its shareholders of $86,946, a notable contrast to the $571,928 reported during the corresponding period in the previous year. The substantial difference can be attributed to the dissolution of the Colombia and Netherlands business units and the restructuring of the business model. This strategic shift has redirected the Company's focus solely towards the beverage business and its operations in Mexico.

Cash used in operating activities for the quarter ending November 31, 2023, was primarily influenced by the operational transactions of the Company. During this quarterly period, the Company utilized a total of $88,325 in operating activities, a notable shift from the $483,262 recorded in the same period the previous year. This change is primarily attributed to the unwinding of the Colombia and Netherlands operations in the preceding year compared to the more streamlined business activities under the new corporate structure in the current year.

For the nine months ending November 30, 2023, the Company disclosed a net loss attributable to its shareholders of $900,336, a significant decrease from the $2,519,629 reported during the same period in the previous year. This substantial difference is primarily a result of the dissolution of the Colombia and Netherlands business units and the unwinding of the corporate structure in the prior year. Since the decision was made to streamline the Company's activities, focusing solely on the beverage business and its operations in Mexico, general operating expenses have reduced by nearly sixty-five percent.

During the nine months ending November 30, 2023, cash was significantly influenced by the cash used in operations, totaling $935,525 compared to $2,211,073. This reduction is primarily attributed to the unwinding of the Colombia and Netherlands operations and the corporate restructuring, particularly during the previous year. Additionally, during the current quarter, the company successfully secured funds amounting to $822,724, a notable difference from the $1,734,212 raised during the same period in the previous year. This divergence can be attributed to the shift in business objectives, particularly the dissolution of the Colombia and Netherlands business units in the previous year, with the current focus on the beverage business and its operations in Mexico.

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

5. Summary of Quarterly Information

	2024			2023				2022
	Q3 ($)	Q2 ($)	Q1 ($)	Q4 ($)	Q3 ($)	Q2 ($)	Q1 ($)	Q4 ($)
Revenues	30,917	37,131	38,606	81,243	23,697	54,009	-	-
Net loss attributable to shareholders	(86,946)	(813,390)	(383,432)	(1,504,642)	(571,928)	(807,332)	(1,140,369)	(3,858,061)
Basic and diluted net loss per share attributable to shareholders	(0.00)	(0.01)	(0.01)	(0.04)	(0.01)	(0.02)	(0.06)	(0.16)

During the three months ended November 30, 2023, the Company earned revenues of $30,917 through the sales of 7,650 units of its cannabis infused lemonade, the cost of sales in connection with these sales totaled $23,531, resulting in a gross profit of $7,386. During the comparative period the Company generated revenues of $23,697 through the sales of 5,364 units with a cost of $46,203 that resulted in a loss of $22,506.

	Nov 30, 2023 ($)	Aug 31, 2023 ($)	May 31, 2023 ($)	Feb 28, 2023 ($)	Nov 30, 2022 ($)	Aug 31, 2022 ($)	May 31, 2022 ($)	Feb 28, 2022 ($)
Cash	91,728	43,754	88,823	202,286	63,852	559,796	1,505,714	647,244
Total assets	1,286,113	1,158,953	1,255,710	1,323,742	2,163,544	2,648,919	3,434,880	2,902,427
Total non-current financial liabilities	-	-	-	-	-	(13,254)	(20,069)	(28,794)

Over the three months ended November 30, 2023, the Company's business operations have been marked by a concerted effort to secure funding in order to continue and sustain its operations. The Company received $135,048 as a result of subscription received in advance in connection to a private placement announced in October 2023. While it can be stated that there were limited active operational activities, the company remained fully committed to its strategic objectives. As a result, Xebra diligently continued collaborating with its various partners to establish a robust framework for the manufacturing and distribution of premium cannabis-infused products containing less than 1% THC, specifically tailored for the Mexican market.

Over the three months ended November 30, 2022, The Company announced the ceasing of its operations in Colombia and the Netherlands. During this period the Company continued the commercialization of its Vicious Citrus cannabis infused lemonade in the province of Ontario.

During the nine months ended November 30, 2023, the Company received $822,724 in connection to a private placements. At the beginning of March 2023 the Company was busy with media coverage after Xebra received from Mexican equivalent FDA the cannabis authorization to import and acquire cannabis seeds, cultivate, and harvest cannabis, process and produce cannabis, and sell cannabis products in Mexico. Additionally, during this period the Company successfully launched Vicious Citrus OG, or the second Vicious Citrus SKU, Neo, along with the successful listing at the Alberta Gaming and Liquor Commission and now for sale in Ontario, Alberta and Saskatchewan.

During the nine months ended November 30, 2022, the Company decided to cease operations in Colombia and Netherlands. However, the operation in Mexico continued with a close follow up progress of the injunction interposed by the Company granted by the Mexican Supreme Court. Additionally, the Company closed an oversubscribed financing with proceeds to be used for general capital purposes and to produce its first product to be sold in Ontario during the summer and across Canada latter in 2022.

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

6. 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.

	Months Ended November 30,		Months Ended November 30,	
	2023	2022	2023	2022
	($)	($)	($)	($)
Cash used in operating activities	(88,325)	(483,262)	(935,525)	(2,211,073)
Cash used in investing activities	-	(14,240)	-	(93,544)
Cash provided by financing activities	135,048	-	822,724	1,721,323
Cash, end of the period	91,728	63,852	91,728	63,852

As at November 30, 2023, the Company had a working capital of ($202,891), compared to ($76,308) at February 28, 2023. The working capital decreased from last period, mainly as a result of cash used in operations.

In the current quarter, the Company incurred operating expenses of $88,325, a significant decrease from the $483,262 spent during the same quarter in the previous year. This change is primarily attributed to the variance in the Company's level of activity between the two years. In May 2022, the Company decided to transition out of its Colombia and Netherlands business units. Consequently, the corporate structure was adjusted to align with the reduction in business activities, leading to a decrease in cash burn. The nine-month balances, when compared on the same basis, also reflect the impact of these strategic decisions and adjustments.

During the three months ended November 30, 2023, cash used in investing activities was $nil compared to, $14,240 investment during the same quarter in the prior year. This change relates to the fact that the Company has stopped investing in long-lived assets and other in order to preserve cash. The Company impaired all of its property and equipment during the previous year. The balances in the previous year are the result of transactions related to business units that were transitioned out in the previous year. This is also applicable to the nine-month balances when compared in the same basis.

During the nine months ended November 30, 2023 and 2022, the Company generated $822,724 from financing activities compared to $1,721,323 during the same period of previous year, these two were primarily from an equity offering closed on Mar 7, 2023 and Apr 8, 2022 respectively.

As at November 30, 2023, the Company had cash balance of $91,728, and current liabilities of $870,303. The Company will need to conduct additional financings to meet working capital requirements, and obligations as they become due.

7. 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 November 30, 2023, the Company had 54,526,313 (February 28, 2023 – 39,339,581) common shares issued and outstanding.

As of November 30, 2023, a total of 13,332,027 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 nine months ended November 30, 2023

On October 2, 2023, the Company announced it intends to complete a non-brokered private placement in the aggregate amount of up to $1,000,000 pursuant to a binding commitment from a strategic investor. The Company intends to issue up to 12,000,000 units of the Company at a price of $0.05 per Unit for gross proceeds of up to $600,000 and a concurrent placement of up to a principal amount of $400,000 of unsecured convertible debenture units. As at November 30, 2023 this financing has not been completed and the Company received an amount of $135,048 as an advance for this transaction.

On March 7, 2023, the Company closed a non-brokered private placement of 15,086,732 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. The Company issued 15,186,731 warrants with a fair value of $783,080. An aggregate of 100,000 common shares were paid in finders' fees with a fair value of $6,000. Additionally, the Company incurred cash costs in connection to private placement in the amount of $15,788. All securities issued are subject to a four-month hold period from the date of closing.

Common share transactions for the year 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 investor warrants had a fair value of $380,046 which has been recorded in warrants reserves. 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 legal and other share issuance costs of $5,451.

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 November 30, 2023, the number of stock options outstanding and exercisable was:

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

	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	3.14	10,000
October 18, 2026	1,580,000	1.00	2.88	1,580,000
April 26, 2027	400,000	1.00	3.41	50,000
Outstanding November 30, 2023	**1,990,000**	**1.00**		**1,640,000**

As at November 30, 2023, the number of warrants outstanding and exercisable was:

	Outstanding		
Expiry date	**Number of warrants**	**Exercise price**	**Remaining contractual life (years)**
August 7, 2024	15,186,731	$ 0.10	0.69
Outstanding, November 30, 2023	**15,186,731**		

8. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

9. Related Party Transactions

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

On April 11, 2022, the Company provided a short-term loan in the amount 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 November 30, 2023 is $60,000 (February 28, 2023 – $60,000).

The following is a summary of related party transactions:

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

	Three months ended November 30, 2023	Three months ended November 30, 2022	Nine months ended November 30, 2023	Nine months ended November 30, 2022
Management and administration services paid to Orea	$ -	$ 120,000	$ -	$ 360,000
Management fees paid to Columbus Capital Corporation, a company controlled by Robert Giustra, a former director of the Company	-	60,000	-	165,000
Management fees paid to Garnett Canada Holdings, a company controlled by Jay Garnett, director & CEO of the Company	60,000	60,000	180,000	150,000
Fees paid or payable to a corporation where, Omar Garcia, CFO of the Company is a shareholder	36,000	-	108,000	-
Management and consulting fees paid to Todd Dalotto, a director of the Company	-	19,536	-	56,438
Management fees paid to Accounting Group ADR and Associates SC., a company controlled by Rodrigo Gallardo, President of the Company	45,000	37,611	135,000	119,470
Consulting services from Maverick Brands Ltd, a company controlled by Keith Dolo a director of the Company	-	-	90,000	-
Consulting services from 1147960 B.C. Ltd, a company controlled by Keith Dolo a director of the Company	45,000	-	90,000	-
Share-based payments to certain directors and officers of the Company	40,833	23,334	110,833	183,556
	$ 226,833	**$ 320,481**	**$ 713,833**	**$ 1,034,464**

The following summarizes amounts that remain payable to each related party:

	November 30, 2023	February 28, 2023
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	(37,000)	(72,600)
Management fees payable to Accounting Group ADR and Associates SC, a company controlled by Rodrigo Gallardo, President of the Company	(61,000)	(18,600)
Fees payable to a corporation where Omar Garcia, CFO of the Company is a shareholder	(72,000)	-
Fees payable to Todd Dalotto, a director of the Company	(33,179)	(33,213)
Fees payable to Maverick Brands Ltd, a company controlled by Keith Dolo a director of the Company	(126,837)	(288,926)
Consulting services from 1147960 B.C. Ltd, a company controlled by Keith Dolo a director of the Company	(60,000)	-
	$ (390,016)	**$ (468,887)**

10. Proposed Transactions

There are no proposed transactions.

11. 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.

12. 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.

13. 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 November 30, 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 is low and receivables risk is high.

(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 November 30, 2023, the Company had a working capital of ($202,891). 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.

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

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 November 30 and 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.

Financial Instruments	**Measurement Method**	**Associated Risk**		**Fair Value as at November 30, 2023**
Cash	FVTPL	Credit and currency	$	91,728
Receivables	Amortized cost	Credit		337,727
Accounts payable	Amortized cost	Liquidity		765,497
			$	**1,194,952**

14. 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 November 30, 2023:

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

	As at date of this MD&A	November 30, 2023
Common shares issued and outstanding	54,526,313	54,526,313
Share purchase options	1,990,000	1,990,000
Warrants	15,186,731	15,186,731

15. Subsequent Events

On January 2, 2024, the Company received an additional $100,000 in connection with the non-brokered private placement announced on October 2, 2023.

The Company is currently undergoing strategic changes to ensure its sustained operations in a more streamlined manner. Consequently, Jay Garnette, the former CEO, and Director of the Company, resigned effective December 31, 2023. Rodrigo Gallardo has been appointed as the interim CEO and Director, effective January 23, 2024.

Furthermore, David Ross Macias Diaz was appointed to the Board of Directors on November 7, 2023. In contrast, Tada (Todd) Dalotto and Jordi Chemonte resigned as Directors of the Company effective January 23, 2024. Additionally, Antonion Grimaldo resigned from the Board of Directors on January 29, 2024.

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 condensed interim consolidated financial statements for the three and nine months ended November 30, 2023 and this accompanying MD&A (together, the "Interim 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.sedarplus.ca.