MANAGEMENT DISCUSSIONS AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2022 AND 2021

(in Canadian Dollars, except where noted)

The following Management Discussion and Analysis ("MD&A") for 1933 Industries Inc., together with its wholly-owned subsidiaries ("1933" or "the Company") is prepared as of March 30, 2022, and relates to the financial condition and results of operations for the three and six months ended January 31, 2022 and 2021. Past performance may not be indicative of future performance. This MD&A should be read in conjunction with the condensed interim consolidated financial statements ("consolidated financial statements") and related notes for the three and six months ended January 31, 2022 and 2021, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS" or "GAAP").

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended July 31, 2022 and 2021, are also referred to as "fiscal 2022" and "fiscal 2021", respectively. All amounts are presented in Canadian dollars, the Company's presentation currency, unless otherwise stated. References to "USD" are to United States dollars.

Statements are subject to the risks and uncertainties identified in the "Risks and Uncertainties", and "Cautionary Note Regarding Forward-Looking Statements" sections of this document. The Company has included the non-GAAP performance measures of EBITDA and Adjusted EBITDA per share within this document. For further information and detailed calculations of these measures, see the "Non-GAAP Measures" section of this document.

We are publicly traded on the Canadian Securities Exchange under the symbol TGIF and quoted on the OTCQB under the symbol "TGIFF". Continuous disclosure materials are available on the Company's website at www.1933industries.com, and on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variation (including negative variations) of such words and phrases, or statements that certain actions, events, or results "may", "could", "would", "might", or "will" be taken, occur or to achieve. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the Company's business model; U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks related to capital raising due to heightened regulatory scrutiny; risks related to quantifying the Company's target market; risks related to access to banks and credit card payment processors; risks related to lack of U.S. federal trademark and patent protection; risks related to the enforceability of contracts; risks related to potential violation of laws by banks and other financial institutions; risks related to service providers withdrawing or suspending services under threat of prosecution; risks related to tax liabilities; and heightened scrutiny by Canadian regulatory authorities.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be 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.

QUARTERLY SUMMARY AND OUTLOOK

1933 Industries is a licensed cannabis operator with cultivation, production, and manufacturing assets based in Las Vegas, Nevada. The Company cultivates and produces its own branded cannabis products for the wholesale market in Nevada and manufactures a line of CBD and hemp infused products for the retail market across the United States. The Company's AMA brand of cannabis flower, pre-rolls and extraction products have strong wholesale penetration in dispensaries in Las Vegas. The Level X ultra-craft premium brand was launched to fill a void in the marketplace for premium flower, offering unique strains that appeal to cannabis connoisseurs. The Canna Hemp™ brand of wellness products offers a variety of effects-based cannabinoid-infused products that appeal to a wide range of consumers. The Company holds three cannabis licenses for cultivation, processing, and distribution in Nevada's limited license regime.

During the reporting period, the Company progressed towards achieving higher revenues, decreasing net loss, and improving gross margin. The Company's cultivation subsidiary recorded a 33% increase in revenues from the sale of cannabis flower, pre-rolls and extraction products due to the optimization of both its cultivation and processing facilities. The Company upgraded and refined its processing methods and practices and completed full automation of its plant feeding systems to improve plant growth and health, resulting in improved yields and a 31% increase in inventory. The Company has successfully gained additional self-space in dispensaries and continues to service its major wholesale accounts throughout Nevada.

Under the leadership of Mr. Paul Rosen, Chairman and CEO, the Company has significantly decreased its net loss each quarter sequentially, with the ultimate goal of achieving profitability. Revenues in Q2 improved by 23% over Q1 2022, operating expenses were reduced by 65%, and net loss decreased by 87% compared to fiscal 2021. Cash at January 31, 2022 was $0.8 million, compared to $4.4 million at July 31, 2021, a decrease of 82%. Working capital at January 31, 2022 was a surplus of $2.4 million, compared to working capital surplus of $8.4 million at July 31, 2021, a decrease of 71% due primarily to the reclassification of convertible debentures from long term to current liabilities. Subsequent to the reporting period, the Company strengthened its balance sheet with the sale of non-essential real estate assets for proceeds of USD$1.27 million to be utilized for working capital.

The Company announced that it has entered into a binding Letter of Intent to acquire 100% of all of the authorized and issued shares of Day One Beverages, Inc, a disruptive beverage company with a portfolio of next-level CBD-infused sparking water products. The intended acquisition of Day One strategically positions the Company at the forefront of one of the fastest growing categories in the beverage space and anticipates Day One to be a key revenue growth driver for the Company in the future. According to Fortune Business Insights, North America is at the forefront of the cannabis-infused beverage sector, accounting for over USD$500 million in 2020, with a CAGR of 54.31% forecasted for the period of 2021 to 2028.

<u>Outlook</u>
According to BDSA data, the Nevada market remains very weak due to the Covid-19 pandemic, with sales of $59 million declining 8% from December and 21% from a year ago. Flower sales fell by nearly 30%, with concentrates declining 8% compared to a year ago. The year-over-year growth rates were generally weak, with ongoing pressure from declining flower sales. Despite the declining market, the Company has expanded its sales and expects cannabis sales to normalize to pre-pandemic levels in 2022 with the full return of tourism to the state. Improved financial performance as well as revenue growth continue to be key priorities for 1933 Industries, and the improvements that the Company has set in motion are now reflecting in increased flower capacity, consistency and quality. The Company remains on the right path to improve its the long-term growth and reach profitability in fiscal 2022 and beyond.

DESCRIPTION AND OUTLOOK OF THE UNITED STATES LEGAL CANNABIS INDUSTRY

For a detailed description of the U.S. legal cannabis industry that the Company operates within, please refer to the Company's MD&A for the years ended July 31, 2021 and 2020.

COMPANY OVERVIEW AND DESCRIPTION OF THE BUSINESS

1933 Industries Inc. is a vertically integrated, brand-focused cannabis company with operations in the United States, with cultivation, extraction and manufacturing facilities based in Las Vegas, Nevada. Operating through two subsidiary companies, the Company owns leading cannabis brands as well as licensed cannabis cultivation, extraction, processing, and manufacturing assets. The Company owns 91% of Alternative Medicine Association LC ("AMA"), 100% of AMA Production LLC, and 100% of Infused MFG. ("Infused").

In Nevada, the Company operates two subsidiaries: AMA, a licensed cannabis cultivator, extractor and product manufacturer, and Infused, a manufacturer of hemp-based CBD wellness products. The Company operates in three sought-after verticals:

- Craft cannabis flower cultivation;
- Extraction of cannabis concentrates and;
- Manufacturing of proprietary cannabinoid branded goods, focusing on CBD, CBG and CBN.

AMA's wholesale cannabis products include premium craft-style cannabis, infused pre-rolls, full spectrum oils, high quality distillates, proprietary blends of terpenes, vaporizer products and boutique concentrates such as shatter, crumble, batter, sugar wax, diamonds, and cured and live resins, sold under the AMA brand and the Company's premium brand, Level X. AMA cultivates its own cannabis plants and wholesales its products to regulated medical and adult-use dispensaries in the state. With an extensive selection of products, the AMA brand has strong penetration into dispensaries throughout Nevada, where it appeals to a wide range of both medical and recreational consumers. The AMA brand combines craft style cultivation, high quality and competitive pricing, while the Level X brand offers exclusive strains and premium quality. AMA also licenses other brands that contribute to the product offering and compliment the AMA brand.

Cannabis flower is cultivated in the Company's 67,000 sq. ft., purpose-built, state-of-the-art facility, serving the Las Vegas market. Biomass (remaining parts of the plant that contain THC such as sugar leaf trim and popcorn/small buds) is utilized to produce AMA's extensive line of concentrates. During the reporting period, the Company focused on increasing the production and sale of premium smokable flower and pre-rolls, which make up the largest portion of cannabis sales in Nevada. The Company continues to build its inventory and improve its plant genetics with the introduction of new cultivars to achieve the desired quality of flower that is in demand in the market. The Company anticipates high demand for its cannabis flower and cannabis products as it increases yields and develops new strains in fiscal 2022.

Infused develops proprietary formulations for its Canna Hemp™ line of wellness products. With over 50 products in its portfolio, Infused manufactures and distributes products in a variety of verticals and consumption formats, including: effects-based tinctures, lotions, creams, vape pens and cartridges, gummies, and capsules for Sleep, Relief, Calm, Focus and Energy. High-grade CBD and a proprietary blend of cannabis terpenes formulated for specific effects are key differentiators for the Canna Hemp™ line. The Company recently introduced Cannabigerol (CBG) and Cannabinol (CBN) tinctures to its portfolio.

Infused distributes its branded products through wholesale and retail channels in Nevada and across the US via its e-commerce platform. The Company is focusing on increasing marketing efforts by strengthening its e-commerce business and by working in conjunction with dispensaries and specialized distributors to increase brand awareness and promote its products.

The Company abides by strict quality assurance standards, implementing required policies and procedures and adhering to licensing requirements set by regulators across all levels of government in order to ensure the safety, consistency and quality of its products.

The Company's common shares are listed for trading on the Canadian Securities Exchange under the symbol "TGIF". The Company's common shares also trade on the OTC Markets under the symbol "TGIFF".

The Company's head office is located at #300-1055 West Hastings Street, Vancouver, BC V6E 2E9. The head office of operations is located at 3370 Pinks Place, Suite C, Las Vegas, Nevada 89102

AMA – Cultivation and Extraction Segment

AMA's business involves the growing of cannabis indoors for personal medicinal and recreational use and the production of premium, boutique concentrates for the Nevada market. AMA began commercial production in April 2015 when it was the first Medical Marijuana Establishment or "MME" approved for cultivation in Southern Nevada. Its first crops were harvested, dried, packaged and sold in October 2015 and it has produced cannabis on a commercial scale in Nevada since that time.

Market Plans and Strategies

The Company's business model is based on servicing the existing medicinal cannabis patient base in Nevada (which has approximately 3.0 million residents) and the recreational cannabis consumers, including those who visit Las Vegas each year (about 42.9 million visitors pre-Covid-19 pandemic). The Company is an established wholesale supplier of unique branded flower and extraction products to licensed dispensaries and cannabis stores. As its branded image and reputation is well established, the Company may license or acquire other cannabis businesses in the United States that have legalized medicinal cannabis and/or recreational cannabis specific brands with recurring sales to a loyal and growing clientele.

The Company believes that the constantly evolving regulatory environment for the production and distribution of recreational cannabis within the U.S., and the dispensing of both medicinal and recreational cannabis will be disruptive for both producers and consumers, transforming the current industry into one of commercial scale. The Company is focused on establishing a portfolio of high quality, premium cannabis products that have wide appeal to a growing and varied consumer base. The Company wholesales its products via its own distribution channels to regulated dispensaries in Nevada and continues to build market share as it increases flower and extraction production and adds new brands to its portfolio of products.

The Company has developed a comprehensive marketing program to create visibility and awareness in the market for its products. AMA markets its products locally, via social media, in-store programs, as well as via targeted marketing campaigns in conjunction with dispensaries and educational programs targeting budtenders and consumers.

CBD Products Segment

The Company, through Infused, is focused on developing, formulating, and producing CBD, CBG and CBN infused products and brands for retail sale and use in jurisdictions where permitted by law and regulation in the US.

Cannabinoids, as utilized by Infused, are extracted from industrial hemp, sourced from legal suppliers in the United States. Infused manufactures and distributes its products under the following brands:

1. Canna Hemp™ - a wellness line of CBD products that include tinctures, lotions, creams, vape pens and cartridges, gummies, and capsules;

2. Canna Hemp X™- a sports line of products targeting the action sports vertical, including pre and post workout tinctures, and recovery creams;

3. Canna Hemp™ CBG and CBN Natural Line; expansion of hemp-derived cannabinoids;

4. Canna Hemp™ HEMP, a line of products containing hemp-seed oil and free of CBD.

The Canna Hemp™ line is marketed in conjunction with distributor partners, through a variety of brick-and-mortar retail outlets, such as health food stores, vape storefronts and retail dispensaries in Nevada and Arizona under its various brands, and direct to consumers via its e-commerce platforms. The Canna Hemp™ line has a robust social media outreach and educational programs. The Company believes that its success in the market is achieved by offering a broad range of premium quality products with wide-range appeal at competitive prices and delivered through outstanding client service under a well identified brand.

Both the AMA and Canna Hemp™ brands offer over 100 different products. The Company has been focused on cultivating craft flower that commands a premium in the market with an extensive line of news strains and top-tier ultra-craft line branded as Level X. The Company believes that carrying a consistent base of high-quality strains and cannabis products, including CBD products and hemp-based products, is essential to its long-term success.

Q2 2022 CONSOLIDATED OPERATING FINANCIAL HIGHLIGHTS

- Total revenues were $3.2 million for Q2 2022 and $3.4 million for Q2 2021.
- Expenses were $2.4 million for Q2 2022 and $3.1 million for Q2 2021 as the Company has made strategic cost reductions. It is the priority of the Company's executive management to continue to reduce costs, with the goal of maintaining consistent profitability in the near future.
- Gross margin was $1.4 million or 46% for Q2 2022 and $1.7 million or 50% for Q2 2021.
- Net loss from continuing operations was $0.8 million for Q2 2022 and a net loss of $1.4 million for Q2 2021.
- Adjusted EBITDA loss was $0.3 million for Q2 2022 and an adjusted EBITDA loss of $0.1 million for Q2 2021.

Q2 2022 KEY DEVELOPMENTS

- The Company announced that it entered into a binding Letter of Intent to acquire 100% of all of the authorized and issued shares of Day One Beverages, Inc. 1933 Industries will acquire Day One in an all-stock arm's length transaction via the issuance of an aggregate of 55,000,000 shares of common stock of the Company. 45,200,000 shares will be issued at closing, and the balance of 9,800,000 shares will be issued subsequent to closing in quarterly installments. All shares issued under the transaction will be subject to a contractual one-year hold period, in addition to any resale restriction that may be required under applicable securities laws. In addition, the vendors will be eligible to receive up to a further 27,500,000 share purchase warrants of the Company, exercisable at a price of USD$0.0545 per share based on the achievement of certain gross revenue milestones over a period of 30 months following the closing of the transaction.
- The Company issued 372,666 common shares pursuant to the conversion of $32,000 of convertible debentures and interest payable on the convertible debentures of $5,267.

DEVELOPMENTS SUBSEQUENT TO JANUARY 31, 2022

- The Company announced the resignation of Mr. Mark Baynes from its Board of Directors and the appointment of Mr. Ranson K. Shepherd as a director of the Company. As a highly experienced leader, Mr. Shepherd brings enterprise level proficiency in developing and executing strategies for operating and scaling businesses, by providing process and data driven management, planning, and business development solutions. Mr. Shepherd has led several fundraising rounds raising over $100 million in venture capital to finance multiple cannabis companies across the United States. He has also brought to market some of the most valued brands in the industry and is a co-founder of The Qanvus Group, an infrastructure services and outsourced solutions provider focused specifically on the industrialization of cannabis operations. Mr. Shepherd also participates in numerous Native American ventures providing a wide range of services within the cannabis industry, focusing on bringing employment opportunities and in creating a positive impact in needed communities.
- The Company announced the sale of Nevada real estate assets for total net proceeds of USD$1.27 million. The Company completed the sale of two parcels consisting of 2.78 acres of M1 zoned land, located in Las Vegas. The Company originally purchased the lots for USD$835,000 in 2017. Proceeds from the sale will be used for general working capital.

(In Canadian dollars, except where noted)

REVIEW OF QUARTERLY RESULTS

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
	$	$	$	$
Revenue	**3,208,082**	2,466,064	2,510,169	3,370,510
Net income (loss)	**(819,814)**	(948,825)	(2,642,456)	582,673
Basic / diluted loss per share	**(0.00)**	(0.00)	(0.01)	0.00
Number of weighted average shares	**450,699,319**	450,640,574	449,723,437	365,763,894

	Q2 2021	Q1 2021	Q4 2020	Q3 2020
	$	$	$	$
Revenue	3,406,826	2,687,516	2,388,010	2,554,067
Net loss	(1,409,063)	(2,818,577)	(7,236,277)	(4,729,687)
Basic / diluted loss per share	(0.00)	(0.01)	(0.03)	(0.02)
Number of weighted average shares	339,996,131	320,970,618	286,550,173	285,478,539

The Company is expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating, and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions.

SUMMARY OF RESULTS

Review of Consolidated Financial Information for Q2 2022 compared to Q2 2021

Results of Operations	**Q2 2022**	Q2 2021
	$	$
Revenues	**3,208,082**	3,406,826
Gross margin	**1,470,286**	1,694,994
General and administration	**(327,219)**	(314,093)
License fees, taxes, and insurance	**(1,030,808)**	(620,061)
Management and consulting fees	**(107,677)**	(115,142)
Wages and benefits	**(256,218)**	(492,251)
Professional fees	**(333,000)**	(320,018)
Share-based compensation	**(7,753)**	(360,947)
Other expenses	**(227,425)**	(881,642)
Loss from continuing operations after income taxes	**(819,814)**	(1,409,160)
Income from discontinued operations after income taxes	**-**	97
Net loss for the period	**(819,814)**	(1,409,063)
Foreign currency translation adjustment	**171,835**	(1,336,024)
Comprehensive loss	**(647,979)**	(2,745,087)
Basic and diluted loss per share	**(0.00)**	(0.00)

Revenues

The Company recorded revenues of $3,208,082, compared to $3,406,826 during Q2 2021. The decrease in revenues for the quarter as compared to Q2 2021 was primarily due to the decline in Infused revenues.

Gross margin

Gross margin was $1,470,286 (46%), compared to gross margin of $1,694,994 (50%) during Q2 2021. The gross margin percentage is consistent with prior year.

General and administration expenses

General and administration expenses ("G&A") were $327,919, compared to $314,093 during Q2 2021. This increase above the prior year is primarily driven by in office expense, and travel and entertainment. Offsetting these decreases was a decrease in advertising and investor relations. The Company continues to make strategic cost reductions. It is the priority of the Company's executive management to continue to reduce costs, with the goal of reaching consistent profitability in the near future.

License fees, taxes, and insurance

License fees, taxes, and insurance were $1,030,808, compared to $314,093 during Q2 2021. This increase is due to an increase in cannabis transferred to production which increased state taxes payable to the state of Nevada related to AMA sales.

Management and consulting fees

Management and consulting fees were $107,677, compared to $115,142 during Q2 2021. The balance is consistent period over period based on the level of operations of the Company.

Wages and benefits

Wages and benefits were $256,218, compared to $492,251, during Q2 2021. The expense reduced over the prior year as the Company continues to reduce costs, with the goal of reaching profitability in the near future.

Professional fees

Professional fees were $333,000, compared to $320,018 during Q2 2021. The balance is consistent period over period.

Share-based compensation

Share-based payments, a non-cash expense, were $7,753, compared to $360,947 during Q2 2021. This change over the prior period is due to the timing of vesting of previously issued stock options. There were no new stock options issued during the quarter resulting in lower current period expense.

Other income (expenses)

Other income was $227,425, compared to other expenses of $881,642 during Q2 2021. The components of other income (expense) include interest expense, accretion expense, depreciation, impairment of property and equipment, other income, foreign exchange gains and losses and income tax expense. This change over the prior year is primarily driven due to the refinement of costing models in Q4 2021 which impacted interest expense and depreciation expense and an income tax recovery related to AMA. The Company recorded an income tax recovery of $114,698 related to AMA. Cases before the federal courts have resulted in the denial of the application of non-capital losses where Section 280E of the Tax Code applies. This is an uncertain tax position and management will review the applicable case law and make a final determination on the utilization of the non-capital losses when filing the corporate income tax returns.

Foreign currency translation adjustment

As part of the consolidation process, IFRS requires that foreign exchange gains and losses generated from the translation of subsidiaries with functional currencies different from the parent entity's must be recorded as other comprehensive income. As a result of the consolidation process for Q2 2022, the Company had an unrealized foreign exchange gain of $171,835, compared to a loss of $1,336,024 during Q2 2021, due to the favorable movement in the Canadian dollar against the U.S. dollar. This amount is recorded in other comprehensive loss.

(In Canadian dollars, except where noted)

Review of Consolidated Financial Information for YTD 2022 compared to YTD 2021

Results of Operations	**YTD 2022**	YTD 2021
	$	$
Revenues	**5,674,146**	6,094,342
Gross margin	**2,573,388**	2,423,694
General and administration	**(697,353)**	(1,022,995)
License fees, taxes, and insurance	**(1,537,044)**	(1,139,726)
Management and consulting fees	**(214,677)**	(194,647)
Wages and benefits	**(546,164)**	(1,058,390)
Professional fees	**(546,761)**	(531,060)
Share-based compensation	**(25,648)**	(614,629)
Other expenses	**(774,380)**	(2,087,394)
Loss from continuing operations after income taxes	**(1,768,639)**	(4,225,147)
Loss from discontinued operations after income taxes	**-**	(2,493)
Net loss for the period	**(1,768,639)**	(4,227,640)
Foreign currency translation adjustment	**(90)**	(1,446,570)
Comprehensive loss	**(1,768,729)**	(5,674,210)
Basic and diluted loss per share	**(0.00)**	(0.01)

Revenues

The Company recorded revenues of $5,674,146, compared to $6,094,342 during YTD 2021. The decrease in revenues for the quarter as compared to YTD 2021 was primarily due to the decline in Infused revenues.

Gross margin

Gross margin was $2,573,388 (45%), compared to gross margin of $2,423,694 (40%) during YTD 2021. The increase in the gross margin percentage from the prior year is due to refinements to the Company's inventory estimates which has resulted in the reclassification of certain costs from cost of sales to inventory.

General and administration expenses

General and administration expenses ("G&A") were $697,353, compared to $1,022,995 during YTD 2021. This increase from the prior year is primarily driven by increased and travel and entertainment. Offsetting these decreases was a decrease in advertising and investor relations. It is the priority of the Company's executive management to continue to reduce costs, with the goal of reaching consistent profitability in the near future.

License fees, taxes, and insurance

License fees, taxes, and insurance were $1,537,044, compared to $1,139,726 during Q2 2021. This increase is due to an increase in cannabis transferred to production which increased state taxes payable to the state of Nevada related to AMA sales.

Management and consulting fees

Management and consulting fees were $214,677, compared to $194,647 during YTD 2021. The balance is consistent period over period based on the level of operations of the Company.

Wages and benefits

Wages and benefits were $546,164, compared to $1,058,390, during YTD 2021. The expense reduced over the prior year as the Company continues to reduce costs, with the goal of reaching profitability in the near future.

Professional fees

Professional fees were $546,761, compared to $531,060 during YTD 2021. The balance is consistent period over period.

Share-based compensation

Share-based payments, a non-cash expense, were $25,648, compared to $614,629 during YTD 2021. This change over the prior period is due to the timing of vesting of previously issued stock options. There were no new stock options issued during the quarter resulting in lower current period expense.

Other income (expenses)

Other expense was $774,380, compared to other expenses of $2,087,394 during YTD 2021. The components of other income (expense) include interest expense, accretion expense, depreciation, impairment of property and equipment, other income, foreign exchange gains and losses and income tax expense. This change over the prior year is primarily driven due to the refinement of costing models in Q4 2021 which impacted interest expense and depreciation expense and an increase in income tax expense related to AMA. The Company recorded an income tax recovery of $114,698 related to AMA. Cases before the federal courts have resulted in the denial of the application of non-capital losses where Section 280E of the Tax Code applies. This is an uncertain tax position and management will review the applicable case law and make a final determination on the utilization of the non-capital losses when filing the corporate income tax returns.

Foreign currency translation adjustment

As part of the consolidation process, IFRS requires that foreign exchange gains and losses generated from the translation of subsidiaries with functional currencies different from the parent entity's must be recorded as other comprehensive income. As a result of the consolidation process for YTD 2022, the Company had an unrealized foreign exchange loss of $90, compared to a loss of $1,446,570 during YTD 2021, due to the favorable movement in the Canadian dollar against the U.S. dollar. This amount is recorded in other comprehensive loss.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

Liquidity

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities and other contractual obligations. The Company's strategy for managing liquidity is based on the Company achieving positive cash flows from operations to internally fund operating and capital requirements.

Factors that may affect the Company's liquidity are continuously monitored. These factors include production levels, operating costs, capital costs, income tax refunds, foreign currency fluctuations, seasonality, market immaturity and a highly fluid environment related to state and federal law passage and regulations.

In the event that the Company is adversely affected by any of these factors and, as a result, the operating cash flows are not sufficient to meet the Company's working capital requirements there is no guarantee that the Company would be able to raise additional capital on acceptable terms to fund a potential cash shortfall. Consequently, the Company is subject to liquidity risk. The Company monitors its liquidity primarily by focusing on total liquid assets and working capital. The Company monitors its level of working capital and working capital ratio to assess its ability to enter into strategic opportunities such as equity investments, royalty financing arrangements, and providing start-up working capital to its existing and future business units.

While the Company has historically issued shares as a component of the consideration for acquisitions, there can be no assurance that the Company will be able to continue to finance strategic opportunities via the issuance of shares or debt. Management will continue to monitor and assess its acquisition activities to ensure that operating requirements are met over the next twelve months.

(In Canadian dollars, except where noted)

At January 31, 2022 and July 31, 2021, the Company had the following liquidity related financial information:

	January 31, 2022	July 31, 2021
Cash	**803,187**	4,405,849
Liquid assets (1)	**8,318,647**	9,539,808
Quick ratio (2)	**1.04**	3.52
Working capital	**2,421,330**	8,439,410
Working capital ratio (3)	**1.30**	4.11
Convertible debt	**4,391,178**	4,234,819

(1) Liquid assets include cash, receivables, and inventory.
(2) Quick ratio is defined as liquid assets divided by current liabilities.
(3) Working capital ratio is defined as current assets divided by current liabilities.

Cash flow

Net cash provided by (used in)	**Q2 2022**	Q2 2021	**YTD 2022**	YTD 2021
	$	$	**$**	$
Operating activities from continuing operations	**(1,872,017)**	(253,259)	**(2,989,543)**	(1,605,021)
Operating activities from discontinued operations	**-**	97	**-**	(2,493)
Investing activities	**(356,199)**	(86,514)	**(364,815)**	(204,703)
Financing activities	**(58,146)**	218,425	**(162,108)**	844,378
Effect of exchange rate changes on cash	**(73,403)**	(235,572)	**(86,196)**	(105,953)
Cash, beginning	**3,162,952**	2,044,573	**4,405,849**	2,761,542
Cash, end	**803,187**	1,687,750	**803,187**	1,687,750

Review of cash flow Q2 2022 compared to Q2 2021:

Cash used in operating activities from continuing operations was $1,872,017, compared to $253,259 during Q2 2021:

- Net loss from continuing operations before income taxes was $934,512, compared to net loss from continuing operations of $1,409,160 during Q2 2021. Included in net loss are non-cash items of $791,239, compared to $1,221,235 for Q2 2021.
- Movements in receivables decreased cash by $270,999, compared to $484,374 during Q2 2021 as a result of the timing of collection of receivables.
- Movements in inventory decreased cash by $1,276,462 compared to increasing cash by $275,816 during Q2 2021 as a result of the timing of harvests and subsequent sales of inventory.
- Movements in biological assets increased cash by $787,711 compared to decreasing cash by $41,443 during Q2 2021.
- Movements in prepaid expenses and deposits decreased cash by $135,875, compared to increasing cash by $37,352 during Q2 2021 as a result of timing of payments related to these categories.
- Movements in accounts payable and accrued liabilities increased cash by $749,359, compared to $147,315 during Q2 2021 as a result of the timing of payments of outstanding payables.

Cash used in operating activities from discontinued operations was $nil during Q2 2022, compared to $97 during Q2 2021. Funds were used to pay expenses for Green Spectrum LLC, per the Management Agreement between Green Spectrum (in California) and 1933 Legacy Inc. Management has terminated the Management Agreement and anticipates dissolving 1933 Legacy Inc; therefore, nominal future costs are anticipated.

Cash used in investing activities of continuing operations was $356,199 during Q2 2022 related to the purchase of property and equipment and advance of loan receivable, compared to $86,514 during Q2 2021 related to the purchase of property and equipment.

Cash used in financing activities was $58,146, compared to cash provided by financing activities of $218,425 during Q2 2021:

- Cash raised from private placements raised cash of $nil in Q2 2022, compared to $918,720 during Q2 2021. There were $196,030 in cash share issuance costs related to the raise in Q2 2021.
- Lease principal repayment provided a decrease in cash of $58,146 during Q2 2022, compared to $504,265 during Q2 2021 related to lease payments on the Company's facilities.

Review of cash flow YTD 2022 compared to YTD 2021:

Cash used in operating activities from continuing operations was $2,989,543, compared to $1,605,021 during YTD 2021:

- Net loss from continuing operations before income taxes was $1,768,639, compared to net loss from continuing operations of $ $4,225,147 during YTD 2021. Included in net loss are non-cash items of $851,682, compared to $2,351,126 for YTD 2021.
- Movements in receivables decreased cash by $623,218, compared to $648,548 during YTD 2021 as a result of the timing of collection of receivables.
- Movements in inventory decreased cash by $1,632,839 compared to increasing cash by $285,414 during YTD 2021 as a result of the timing of harvests and subsequent sales of inventory.
- Movements in biological assets increased cash by $851,432 compared to $108,938 during Q2 2021.
- Movements in prepaid expenses and deposits decreased cash by $171,868, compared to $141,327 during YTD 2021 as a result of timing of payments.
- Movements in accounts payable and accrued liabilities increased cash by $1,207,271, compared to $664,523 during YTD 2021 as a result of the timing of payments of outstanding payables.

Cash used in operating activities from discontinued operations was $nil during YTD 2022, compared to $2,493 during YTD 2021. Funds were used to pay expenses for Green Spectrum LLC, per the Management Agreement between Green Spectrum (in California) and 1933 Legacy Inc. Management has terminated the Management Agreement and anticipates dissolving 1933 Legacy Inc; therefore, nominal future costs are anticipated.

Cash used in investing activities of continuing operations was $364,815 during YTD 2022 related to the purchase of property and equipment and advance of loan receivable, compared to $204,703 during Q2 2021 related to the purchase of property and equipment.

Cash used in financing activities was $162,108, compared to cash provided by financing activities of $844,378 during YTD 2021:

- Cash raised from private placements raised cash of $nil in YTD 2022, compared to $1,706,973 during YTD 2021. There were $202,067 in cash share issuance costs related to the raise in YTD 2021.
- Lease principal repayment provided a decrease in cash of $162,108 during YTD 2022, compared to $660,528 during YTD 2021 related to lease payments on the Company's facilities.

(In Canadian dollars, except where noted)

Capital Resources

The capital of the Company consists of consolidated equity and convertible debentures, net of cash.

	January 31, 2022	July 31, 2021
	$	$
Equity	**23,526,630**	25,232,536
Convertible debentures	**4,391,178**	4,234,819
	27,917,808	29,467,355
Less: cash	**(803,187)**	(4,405,849)
	27,114,621	25,061,506

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management policies on an annual basis. The Company's board of directors identifies and evaluates the Company's financial risks and is charged with the responsibility of establishing controls and procedures to ensure financial risks are mitigated. The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties, or businesses with a view to acquisition. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new common shares or adjust

the amount of cash. The Company's investment policy is to invest excess cash in investment instruments at high credit, quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

Dividends

No dividends have been declared or paid by the Company in any of the periods presented above. The Company does not anticipate declaring or paying any dividends on its common shares in the foreseeable future.

Outstanding share data

The authorized capital of the Company consists of an unlimited number of common shares without par value. The Company had the following securities outstanding as at the date of this MD&A:

Type of Security	**At January 31, 2022**	**At the date of this MD&A**
Common Shares	450,699,319	450,699,319
Stock Options	12,350,000	12,350,000
Warrants	67,961,199	67,961,199
Agent Options	3,153,214	3,153,214
Convertible debentures - $0.10 conversion	$3,662,007	$3,662,007

(In Canadian dollars, except where noted)

As at January 31, 2022, the Company has issued various warrants and stock options as summarized below:

Description of security	Number	Exercise price ($)	Proceeds if exercised ($)	Expiry date
Stock options	750,000	0.35	262,500	15-Feb-23
Stock options	300,000	0.075	22,500	6-Aug-25
Stock options	11,300,000	0.10	1,130,000	8-Nov-25
	12,350,000	**0.11**	**1,415,000**	
Warrants	5,255,020	0.125	656,878	3-Sep-22
Warrants	40,250	0.125	5,031	3-Sep-22
Warrants	13,920,000	0.11[1]	1,463,827	3-May-22
Warrants	45,045,929	0.16	7,207,349	4-Mar-23
Warrants	3,700,000	0.075	277,500	13-Jun-24
	67,961,199	**0.14**	**9,610,585**	
Agent Options	3,153,214	0.11	246,854	4-Mar-23
	3,153,214	**0.11**	**246,854**	

[1] USD$0.08

NON-GAAP MEASURES

Earnings before interest, taxes, depreciation, and amortization ("EBITDA") and Adjusted EBITDA are non-GAAP financial measures and accordingly they are not earnings measures recognized by IFRS and do not carry standard prescribed significance. Moreover, the Company's method for calculating Adjusted EBITDA may differ from that used by other companies using the same designation. Accordingly, we caution readers that Adjusted EBITDA should not be substituted for determining net income (loss) as an indicator of operating results or as a substitute for cash flows from operating and investing activities. Management believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, presentation of these measures is to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of the EBITDA loss and Adjusted EBITDA loss to the consolidated financial statements:

	Q2 2022	Q2 2021	**YTD 2022**	YTD 2021
			$	$
Net loss for the period	**(819,814)**	(1,409,063)	**(1,768,639)**	(4,227,640)
Add (subtract):				
Interest expense	**473,733**	433,375	**895,093**	1,140,920
Accretion expense	**-**	34,630	**10,434**	74,752
Depreciation	**112,876**	462,467	**193,336**	925,893
Income tax expense	**(114,698)**	-	**-**	-
EBITDA loss	**(347,903)**	(478,591)	**(669,776)**	(2,086,075)
Share-based compensation	**7,753**	360,947	**25,648**	614,629
(Gain) loss from discontinued operations	**-**	(97)	**-**	2,493
Adjusted EBITDA loss	**(340,150)**	(117,741)	**(644,128)**	(1,468,953)

(In Canadian dollars, except where noted)

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or arrangements with respect to any obligations under a variable interest equity arrangement.

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key management personnel compensation for the three and six months ended January 31, 2022 and 2021, was as follows:

	Three months ended		Six months ended	
	2022	2021	**2022**	2021
	$	$	**$**	$
Management and consulting fees	**87,020**	51,900	**174,020**	136,200
Wages and benefits	**-**	63,104	**48,350**	199,899
Directors' fees included in general and administration expense	**29,844**	37,788	**52,218**	92,018
Share-based compensation	**2,789**	310,454	**11,573**	506,257
	119,653	463,246	**286,161**	934,374

Other related party transactions for the three and six months ended January 31, 2022 and 2021, were as follows:

	Three months ended		Six months ended	
	2022	2021	**2022**	2021
	$	$	**$**	$
Legal fees (accrual reversal)	**-**	(112)	**-**	2,232
	-	(112)	**-**	2,232

The Company paid legal fees during the periods presented to a law firm where one of the directors was a partner.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB, effective as of January 31, 2022. The accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied and disclosed in note 3 to the July 31, 2021 annual audited financial statements.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The information about significant areas of estimation uncertainty and judgment considered by management in preparing these consolidated financial statements is as follows:

Critical judgements in applying accounting policies

Critical judgements made by management in applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

Functional currency
In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, the Company determined its functional currency, and its Canadian subsidiaries, to be the Canadian dollar, and the functional currency of its US subsidiaries to be the United States dollar. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Assessment of indicators of impairment
At the end of each reporting period, the Company assesses whether there are any indicators, from external and internal sources of information, that an asset or cash generating unit ("CGU") may be impaired, thereby requiring adjustment to the carrying value. The Company has identified the continued operating losses of AMA and Infused as an indicator of impairment.

As a result of these impairment indicators, the Company assessed the goodwill associated with the AMA CGU and the Infused CGU for impairment and concluded the recoverable value of the CGU was more than its carrying value and no impairment was required.

Estimated useful lives and depreciation of property and equipment
Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combinations
Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Estimates are made as to the fair value of assets and liabilities acquired. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuators. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, and discount rates. The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of the equity in the acquiree's identifiable net assets.

Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Convertible instruments
Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component.

The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Revenue recognition

Determination of performance obligations
The Company applied judgement to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is the delivery of product to its clients.

Transfer of control
Judgement is required to determine when transfer of control occurs relating to the sale of the Company's goods to its clients. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, and whether the physical possession of the goods, significant risks and rewards and legal title have been transferred to the customer.

Key sources of estimation uncertainty

Significant assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period that may result in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Biological assets and inventory
In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

Assessment of indicators of impairment
At the end of each reporting period, the Company assesses whether there are any indicators, from external and internal sources of information, that an asset or CGU may be impaired, thereby requiring adjustment to the carrying value. The Company has identified the continued operating losses of AMA and Infused as an indicator of impairment.

As a result of these impairment indicators, the Company assessed the goodwill associated with the AMA CGU and the Infused CGU for impairment and concluded the recoverable value of the CGU was more than its carrying value and no impairment was required.

Current and deferred taxes
The Company's provision for income taxes is estimated based on the expected annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current and deferred components of income taxes are estimated based on forecasted movements in temporary differences.

Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction.

Forecasted cash flows from operations based on production and customer demand are internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

<u>Equity-settled share-based payments</u>
The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers, employees, and consultants.

The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value, however the most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has a limited operating history and is in an emerging industry.

Due to the emerging nature of the industry, volatility estimates require significant estimates. The Company estimated volatility based on historic share prices of companies with significant operating history in the cannabis industry. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options was determined based on the estimate that they would be exercised evenly over their term.

<u>Contingencies</u>
Due to the nature of the Company's operations, various legal and tax matters can arise from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

<u>Leases</u>

Identifying whether a contract includes a lease
IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, does the Company obtain substantially all of the economic benefits and who has the right to direct the use of that asset.

Estimate of lease term
When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

Incremental borrowing rate
When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statement of loss and comprehensive loss.

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's exploration activities, and limited exposure to credit and market risks. There were no changes to the objectives or the process from the prior period.

The types of risk exposure and the way in which such exposures are managed are as follows:

<u>Credit Risk</u>

Credit risk primarily arises from the Company's cash and receivables. The risk exposure is limited to their carrying amounts at the statement of financial position date.

Cash is held as cash deposits on hand and deposits with financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company periodically assesses the credit quality of its financial institutions and is satisfied with the credit ratings of its banks.

Receivable primarily consists of trade receivables and GST credits. The objective of managing counterparty credit risk is to minimize potential losses in trade receivables. The Company assesses the quality of its customers, taking into account their credit worthiness and reputation, past performance and other factors. The Company does not expect significant credit losses as the Company has not had bad debts in its history due to the regulated nature of the industry. The counterparty for the GST credits is the government of Canada and therefore credit risk is low.

<u>Liquidity Risk</u>

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of assets, liabilities and cash flows.

The Company's cash is deposited in major banks, which is available on demand to fund the Company's operating costs and other financial demands.

<u>Currency Risk</u>

The Company has administration in Canada and operations in the U.S. and is exposed to foreign exchange risk due to fluctuations in the U.S. dollar and Canadian dollar. Foreign exchange risk arises from financial assets and liabilities denominated in currency other than the U.S. dollar.

<u>Interest Rate Risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to any cash flow interest rate volatility as its long-term debt instruments and convertible debentures are carried at a fixed interest rate throughout their term.

RISKS AND UNCERTAINTIES

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the year ended July 31, 2021.