HILL STREET BEVERAGE COMPANY INC.

AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDING SEPTEMBER 30, 2021

The following management's discussion and analysis ("**MD&A**") amends and restates the MD&A previously filed on November 29, 2021, for the activities, results of operations and financial condition of Hill Street Beverage Company Inc. (the "**Company**" or "**Hill Street**") for the three months ended September 30, 2021, in comparison with the three months ended September 30, 2020. These comments should be read in conjunction with the audited financial statements for the years ended June 30, 2021, and June 30, 2020, and accompanying notes included therein, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A is amended and restated as of March 1, 2022, and does not purport to update or restate the information in the original MD&A or reflect any events that occurred after the date of the filing of the original MD&A. Additional information relating to Hill Street is available on SEDAR.

All amounts are stated in Canadian dollars unless otherwise identified.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, the discussion in this MD&A contains certain forward-looking statements that involve risks and uncertainties, such as statements of Hill Street's plans, objectives, strategies, expectations and intentions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "seek", "plan", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although Hill Street believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, undue reliance should not be placed on these forward-looking statements. These forward-looking statements are not guarantees and reflect Hill Street's views as November 29, 2021, with respect to future events. Future events are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. The forward-looking statements, including the statements regarding expected volumes, operating efficiencies, and costs are based on, among other things, the following material factors and assumptions: sales volumes in the quarter will increase; no material changes in consumer preferences; brewing, blending, and packaging efficiencies will improve; the cost of input materials for brewing and blending will increase; competitive activity from other manufacturers will continue; foreign currency exchange rates will change; no material change to the regulatory environment in which Hill Street operates and no material supply, cost or quality control issues with vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements and for more information regarding the risks, uncertainties and assumptions that could cause Hill Street's actual financial results to differ from the forward-looking statements, to also refer to the remainder of the discussion in this MD&A, Hill Street's various other public filings as and when released by Hill Street. The forward-looking statements included in this MD&A are made only as of March 1, 2022, and, except as required by applicable securities laws, Hill Street does not undertake to publicly update such forward-looking statements to reflect new information, future events or otherwise.

DESCRIPTION OF THE BUSINESS

Hill Street is a progressive non-alcoholic beverage and cannabis infusion technology solutions company. We are pioneering the space where craft consumer products meet bioscience by combining our deep CPG expertise and brands with our rights to use **Lexaria Bioscience Corp's** ground-breaking **DehydraTECH™** patent portfolio for product development, licensing and B2B or B2C sales of cannabis ingredients or products on a global scale.
The Company currently has three lines of business:

1. Hill Street Alcohol-Free Beverages

This line represents the legacy consumer beverage marketing and distribution business. It includes Vin(Zero) alcohol-free wine in Canada, and on a smaller, newly expanded scale, in the United States and Australia. It is sold in retail chain stores through Canadian distributors, exported outside of Canada through foreign distributors and offered direct to consumers online at www.hillstreetbeverages.com.

2. Hill Avenue Cannabis Brands

Hill Avenue Cannabis Brands focuses on business-to-consumer (B2C) cannabis edibles products for a growing global market. At present, this line is focused on cannabis-infused (V)ia Regal consumer beverages in Canada.

3. Hill Avenue Cannabis Technologies

Hill Avenue Cannabis Technologies' business provides DehydraTECH™ enabled business-to-business (B2B) solutions for both extractors/ingredient suppliers and consumer packaged goods (CPG) manufacturers whose products are infused with cannabis and or hemp extracts. This B2B business line licenses global usage rights for DehydraTECH™ patented intellectual property acquired from Lexaria CanPharm ULC, a subsidiary of Lexaria Bioscience Corp. (together, with Lexaria CanPharm ULC, "**Lexaria**") in December 2020.

DehydraTECH™ is one of the world's newest technologies specifically designed to improve the efficacy of orally administered bioactive molecules, including cannabinoids. DehydraTECH™ improves the way active pharmaceutical ingredients (APIs), such as those found in cannabis, enter the bloodstream by promoting healthier delivery methods and increasing the effectiveness of fat-soluble active molecules in product forms such as the many forms of cannabis-infused edibles and topicals

Findings from extensive scientific studies on the DehydraTECH™ technology performed by its creator Lexaria include:

- **Increased bioavailability up to 5-10x** – to equate to blood absorption by inhalational delivery
- **Increased brain permeation up to 19x** – as demonstrated in animal studies
- **Avoids first-pass liver metabolism** - mitigating unwanted side effects
- **Reduced time of onset** – effects are felt within 15-20 min vs. 60-120 min
- **Masks unwanted tastes** – eliminating the need for sugar-filled edibles

Q1 HIGHLIGHTS

Fiscal Q1 continued the significant advances in corporate development that began in the second half of fiscal 2021 to build the resources and operations of the new multi-business-line model. During this period, additional key partnerships were put into place to continue fueling the company's global growth agenda across the legacy Hill Street Brands and the new Hill Avenue Cannabis Technologies.

Q1 financial results continued to tangibly demonstrate the step-change that the new multi-business-line model is having on the key financial metrics of the Company in terms of revenue growth and gross profit improvement.

Q1 consolidated net revenues more than doubled with an explosive 120% growth versus same quarter previous year.

This was driven by the following pillars of the Company's growth agenda:

1. **Hill Avenue Cannabis Technologies revenue addition**

Cannabis-related revenue was recorded in this quarter, whereas the company was pre-cannabis revenue during the same quarter year ago. Cannabis-related revenue also continued its growth trajectory, quarter to quarter, increasing 32% in Q1 of FY2022 versus Q4 of FY2021. This continued upward trajectory shows the impact of increased licensing revenues from key partners in the US market that the Company acquired together with its acquisition of the DehydaTECH™ rights. Additional partnerships that have been developed and announced by the Company in the US are yet to impact the financial results in this quarter.

2. **Hill Street Brands revenue growth, with alcohol-free beverage net revenue increasing a strong 66% versus same quarter a year ago. Key factors in the growth were:**

- The first shipments exported to the Australia market.
- The promotional program conducted with New York based alcohol-free beverage retailer Boisson creating awareness and trial of (V)inZero in the tastemaker market of New York.
- Favorable supply chain conditions and management versus year ago, during which COVID caused out-of-stock situations that depressed revenues.
- Continued favorable cultural tailwinds as more consumers embrace moderation and mindful consumption and still demand great taste experiences.

Q1 gross profit increased 129% versus same quarter previous year

During the three months ended September 30, 2021, gross profit was $334,422 compared to $146,006 for the three months ended September 30, 2020. Gross profit as a percentage of revenue increased to 51% from 38% in the prior year. The 13-percentage point increase is primarily driven from the addition of the higher margin cannabis technology licensing business.

The significant gross profit acceleration in Q1 compared to the same quarter previous year continues to demonstrate the impact of DehydraTECH™ licensing and expansion on elevating the profit metrics of the Company.

Hill Avenue Cannabis Brands' (V)ia Regal began presentation to provincial boards beyond Ontario

Hill Avenue's first cannabis-infused beverage, (V)ia Regal Pink Grape Sparkler, a premium sparkler made from grapes imported from European vineyards and available for retail purchase at the Ontario Cannabis Store, has been presented to additional provincial boards along with its sibling white grape varietal. The company awaits responses to these additional distribution opportunities through its co-packing partner Molecule Holdings Inc.

The Company continued building its Hill Avenue Cannabis Technologies line of business

The Company continued building its B2B DehydraTECH™ licensing business which is focused on:

1. licensing usage rights for DehydraTECH™ patented global intellectual property to licensed cannabis CPG companies for application in their cannabis-infused consumer products; and

2. licensing usage rights to extractors for converting cannabis oil into DehydraTECH™ powder to preserve cannabinoid potency and extend shelf life in the supply chain for cannabis-infused CPG brands and products.

Expanded revenues with existing DehydraTECH™ licensees

During the fiscal Q1, the Company worked on expanding licensing relationships for DehydraTECH™ intellectual property with companies operating commercially in the United States in California, Colorado, Illinois, Massachusetts, and Oklahoma. These states are expected to represent $12.9B in cannabis sales in 2021[1].

Added major new DehydraTECH™ licensing agreement with DeHydr8 MI, LLC

During the quarter, the Company executed a major new DehydraTECH™ licensing agreement in Michigan, with DeHydr8 MI LLC ("**DeHydr8**"), on July 26th, 2021. While as part of Hill Street's acquisition of the DehydraTECH™ technology from Lexaria, Hill Street acquired certain existing licensing agreements with licensees operating in the B2C market, DeHydr8 became Hill Street's first US licensee to gain rights to market DehydraTECH™ for THC cannabis products within both the B2B and B2C market. Since then, DeHydr8 has leveraged both its deep relationships and years of experience in the cannabis market to enter into agreements with top quality LPs to produce consumer products powered by DehydraTECH™. These partners include Evolution Edibles, LLC ("**Evolution Edibles**"), and For the Love of Charlie ("**FTLOC**"). These partners will be the first LPs in the state of Michigan to produce products powered by DehydraTECH™, which the Company anticipates will begin in fiscal Q2.

Evolution Edibles is focused on creating the best edible flavor profiles in the industry. They offer a broad range of choices for consumers ranging from microdosed products for the canna-curious to higher dosed products for more experienced users.

FTLOC is a best-in-class LP focused on the benefits of cannabis and cannabinoids in the medical use space. FTLOC creates cannabis products that address multiple indications including but not limited to pain relief, anxiety, sleeplessness, spectrum-related and dermal conditions.

Michigan adds another important state to the Company's US operating footprint, ranking among the top five states in the US for cannabis sales and growth and currently on track to register $1.4-$1.7 billion in annual cannabis sales in 2021[2]. This new commercial operation in Michigan significantly accelerates the Company's ability to commercialize DehydraTECH™ technology in other legal US states.

The total US market is projected by BDS Analytics to reach $24B in sales in 2021 and to practically double to $47.6B in 2026[3], with continued growth in current markets as well as several large states becoming newly legal expansions for adult use. Four new US states passed legalization measures in the November 2020 elections, and four more new states have approved legalization measures during calendar 2021, including New Jersey and New York, where the latter is predicted by BDS Analytics to be a top five market by 2026[4].

[1] Annual Marijuana Business Factbook, 2021, 9th Edition, *Marijuana Business Daily*, pages 16 – 17

[2] Annual Marijuana Business Factbook, 2021, 9th Edition, *Marijuana Business Daily*, pages 16 - 17

[3] "BDSA Reports Global Cannabis Sales Surge 41% YoY in 2021; Will Surpass $62 Billion by 2026" - https://www.yahoo.com/now/bdsa-reports-global-cannabis-sales-130000521.html

[4] "BDSA Reports Global Cannabis Sales Surge 41% YoY in 2021; Will Surpass $62 Billion by 2026" - https://www.yahoo.com/now/bdsa-reports-global-cannabis-sales-130000521.html

Supported a major new product line launch with existing DehydraTECH™ licensee Cannadips

On August 25th, 2021, Hill Street announced that its California DehydraTECH™ licensee Trinidad Consulting LLC dba Cannadips, has started production in preparation to launch a new THC-infused line of its top-selling Cannadips products. Powered by DehydraTECH™ fast-acting technology through a licensing agreement with Hill Avenue Cannabis, this latest innovation follows the extremely successful use of DehydraTECH™ technology in Cannadips' national CBD product lineup.

Based in Humboldt County, California, Cannadips is a leading brand of smokeless nicotine and tobacco-free hemp dips in the United States. The company currently manufactures and distributes their popular CBD brand through its exclusive licensee, Boldt Runners Corporation, in over 5,500 stores across the US. The modern oral pouch category is growing exponentially in the US, representing a $4.82 billion market category[5] comprised of 5.9 million smokeless tobacco users[6]. With the launch of the new THC line, Cannadips continues to lead innovation in the category, further pioneering the modern dip alternative.

This new product line launched subsequent to the close of fiscal Q1 quarter on November 8th, 2021, exclusively with HERBL, California's largest cannabis supply chain company, providing immediate access to more than 900 licensed retailers across the state, according to Cannadips. With the launch of the new THC line, Cannadips continues to lead innovation in the category, further pioneering the modern dip alternative and expanding the use of DehydraTECH™ to deliver premium consumer products.

Preparations continued on securing cannabis processing license for Hill Avenue's Lucknow facility

The Company continued preparations for obtaining the Health Canada Standard Processor License for its Lucknow cannabis facility at which it plans to produce DehydraTECH™ fast-acting cannabinoid powder for potential B2B and B2C sales. The Company has begun construction at the facility.

Permanent CEO Search

The interim plan of having two globally experienced CEOs, both highly driven and passionate about Hill Street, has been very important during the Company's transition. The Company has moved from one business predominately operating in Canada, to creating three distinct businesses with global potential and has worked to set up the operational backbone that could support the breadth and scale of its growth agenda. When the Company considers that this transition period is complete, it will look to have one dedicated CEO to execute the plan with continued speed and excellence.

[5] "FTC Report Finds Annual Cigarette Sales Increased for the First Time in 20 Years" - https://www.ftc.gov/news-events/press-releases/2021/10/ftc-report-finds-annual-cigarette-sales-increased-first-time-20
[6]Centers for Disease Control and Prevention, "Smokeless Tobacco Product Use in the United States" - https://www.cdc.gov/tobacco/data_statistics/fact_sheets/smokeless/use_us/index.htm#adult-national

SELECTED QUARTERLY FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following table summarizes certain financial information of the Company for the three months ended September 30, 2021 and the three months ended September 30, 2020.

Results for the Year Ended	Quarter Ended Sept 30, 2021	Quarter Ended Sept 30, 2020
Gross Revenue	$660,483	$384,450
Chargebacks and listing fees	($55,744)	($109,738)
Net Revenue	$604,739	$274,712
Direct Costs	$270,317	$128,706
Gross profit	$334,422	$146,006
Ordinary Operating Expenses	$650,016	$450,720
Other One-time Expenses	$16,146	$4,500
Non-Cash Expenses	$219,302	$166,621
Gain (Loss) before other Income	($551,042)	($475,835)
Other income (Expenses)		
Foreign exchange gain (loss)	$1,242	1,517
Write-off of inventory	($18,057)	($1,535)
Loss on Fair Value of Consideration	($35,416)	$0
Gain on settlement of liability	$213	$0
Other Income	$3,500	$0
Income (Loss) and comprehensive Income (loss) for the period	($599,560)	($475,853)
Basic and diluted income (loss) per common share	($0.00)	($0.01)
Weighted average number of common shares outstanding	212,294,452	112,085,463

REVENUES

During the three months ended September 30, 2021, gross revenues were $660,483 compared to $384,450 for the three months ended September 30, 2020. The increase of $276,033 or 72% compared to September 30, 2020, was due to increases in alcohol-free wine sales volume and cannabis revenue, offset by the Company's decision to discontinue the alcohol-free beer business in the face of supply chain issues and retailer fines and fees. In the prior year, gross sales were negatively impacted in part due to COVID-19 related manufacturing delays caused by lockdown at the overseas manufacturer, which contributed to significant out-of-stock positions at major grocery retail for much of the period.

Net revenues for the three months ended September 30, 2021, were $604,739 compared to $274,712 in the three months ended September 30, 2020, representing an increase of 120% which was mainly driven by the increase in gross revenue, and lower chargebacks and listing fees as a percentage of gross revenue. For the three months ended September 30, 2021, chargebacks represented 8% of gross revenues compared to 29% for the three months ended September 30, 2020. Chargebacks are fees charged by retailers and distributors for program money and discounts.

Listing fees were nil, for the three months ended September 30, 2021, and nil for the three months ended September 30, 2020.

COST OF SALES/DIRECT COSTS

Direct costs were $270,317 or 41% of gross revenue for the three months ended September 30, 2021, and $128,706 or 33% of gross revenue for the three months ended September 30, 2020. This 8% percentage point increase over the three months ended September 30, 2020 was driven by the alcohol-free beverage business due to higher freight costs, higher product costs and a one-time credit in prior year due to inventory revaluation.

GROSS PROFIT

During the three months ended September 30, 2021, gross profit more than doubled to $334,422 compared to $146,006 for the three months ended September 30, 2020. Gross profit as a percentage of revenue increased to 51% from 38% in the prior year. The 13-percentage point increase is primarily driven from the addition of the higher margin cannabis technology licensing business.

OPERATING EXPENSES - ORDINARY

Ordinary operating expenses include selling and marketing expenses, employee expenses, donations, dues and licenses, professional fees, and other general and administrative expenses. For the three months ended September 30, 2021, operating expenses totaled $650,016 compared to $450,720 for the three months ended September 30, 2020. The principal drivers of the $199,296 increase in operating expenses were salaries and wages of $67,757, professional fees of $59,592, insurance expenses due to cannabis exposure of $37,074, management fees of $22,167 and office and miscellaneous of $12,707.

The Company experienced significant increases in audit and insurance expenses versus prior year due to requirements relating to its entry into the cannabis business. The Company does not expect that these expenses will increase at the same rate in future periods, even at higher cannabis revenue levels.

These increased operating expenses were offset by lower marketing expenses, donations, and interest on convertible debt. Marketing expenses were $50,312 for the quarter compared to $57,432 for the same quarter last fiscal year. Donations, dues and licenses were $1,357 for the quarter compared to $6,482 for the same quarter last fiscal year. The convertible debt was converted into Company shares during the fourth quarter of the prior fiscal year.

OPERATING EXPENSES – ONE TIME

In addition to ordinary operating expenses, for the three months ended September 30, 2021, one-time expenses were $16,146 related to ERP implementation costs. For the three months ended September 30, 2020, one-time expenses totaled $4,500 relating to severance payments.

OPERATING EXPENSES - NON-CASH

For the three months ended September 30, 2021, the Company incurred non-cash expenses totaling $219,302, which includes expenses related to stock options, depreciation, warrants issued in exchange for marketing services, accretion expense for an interest-free CEBA loan and lease interest expenses, accrued interest on a promissory note and gain and losses related to shares issued to Lexaria subsequent to the closing date of the DehydraTECH™ rights acquisition. For the three months ended September 30, 2020, the Company incurred non-cash expenses of $166,621 for depreciation, accretion on convertible debt and CEBA loans, stock options and warrants issued for marketing services.

OTHER EXPENSES

For the three months ended September 30, 2021, the Company incurred other expenses totaling $48,518. This included a loss on fair value of consideration of $35,416 and a write-off of inventory of $18,057, which was offset by a foreign exchange gain of $1,242, a gain on settlement of liability for $213, and interest income of $3,500.

For the three months ended September 30, 2020, the Company incurred other expenses totaling $18. These expenses include $1,517 for gains in foreign exchange and a loss on the write off of inventory of $1,535.

NET EARNINGS

The Company recorded a net loss of $599,560 for the three months ended September 30, 2021, compared to a loss of $475,853 in the three months ended September 30, 2020. The decrease in net earnings of 26% was primarily driven by increases in general and administrative expenses including the aforementioned increases arising out of entry into the cannabis business, and higher depreciationexpenses.

The basic and diluted loss per share for the three months ended September 30, 2021, was $0.00 per share. The basic and diluted loss per share for the three months ended September 30, 2020, was $0.00 per share.

SELECTED QUARTERLY INFORMATION

The following table summarizes certain financial information of the Company for the quarters indicated below:

	Sep 30, 2021	**June 30, 2021**	**Mar 31, 2021**	**Dec 31, 2020**	**Sept 30, 2020**	**June 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**
Gross Revenue	$660,483	$718,755	$774,747	$875,529	$384,450	$623,450	$502,997	$973,710
Net Revenue	$604,739	$519,194	$655,259	$745,749	$274,712	$323,604	$388,536	$689,276
Direct Costs	$270,317	$261,583	$317,155	$363,840	$128,706	$231,176	$226,366	$395,228
Gross Profit	$334,422	$257,611	$338,104	$381,909	$146,006	$92,428	$162,710	$294,048
Net Loss (gain)	$599,560	$1,469,469	$660,387	$480,522	$475,853	$456,685	$796,425	$882,658
Total Assets	$7,125,001	$7,609,334	$5,935,113	$6,438,534	$1,368,840	$2,016,673	$1,594,737	$2,225,062
Total Liabilities	$3,161,015	$3,632,174	$5,031,004	$4,941,526	$1,600,388	$1,831,246	$1,242,007	$1,198,761
Shareholder Equity	$3,963,986	$3,977,160	$904,109	$1,497,008	($231,548)	$185,427	$352,730	$1,026,301

*Certain contractual changes and their associated accounting treatment impact gross revenue comparability over quarters. However, these changes do not similarly impact net revenue and therefore, net revenue of the Company provides better comparability over quarters.

LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL POSITION

The Company's principal capital needs are for operating expenses related to alcohol-free beverage inventory, employee and marketing expenses. Additional investments are being made to support the Company's cannabis-infused product line of business and the build-out of the Company's facility currently in application for a Health Canada cannabis processing license. Since its formation, the Company has financed its additional cash requirements through revenues generated from operations, issuance of securities and borrowing from shareholders and other lenders.

The Company has positive working capital and will continue to focus on cost management and revenue growth.

WORKING CAPITAL

Working capital represents current assets less current liabilities. As of September 30, 2021, the Company had a positive working capital of $2,415,742 compared to a working capital of $2,309,895 for the three months ended September 30, 2020.

As the Company shifts its focus from the alcohol-free beverage business with higher asset requirements and relatively low margins, to growing its cannabis technology licensing revenues which is a high-margin business requiring little to no inventory capital, the Company expects that the requirement to hold inventory in future periods will decrease as a percentage of its sales.

CASH FLOWS

During the three months ended September 30, 2021, Hill Street had negative cash flows from operations of $402,837 compared to negative cash flows of $470,282 during the three months ended September 30, 2020. The amount of cash (used) in investing activities in the three months ended September 30, 2021, was $9,468 compared to $10,659 in the three months ended September 30, 2020. The amount of cash used in financing activities in during the three months ended September 30, 2021, was $5,421 compared to cash used of $5,297 in the three months ended September 30, 2020.

CONTRACTUAL OBLIGATIONS

A summary of the Corporation's contractual obligations for future periods is as follows:

	Payments due by Period					
Contractual Obligations	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**Total**
Operating Leases and TMI	$30,779	$5,164	$0	$0	$0	$35,943
Purchase Obligations	$442,459	$13,235	$0	$0	$0	$455,694
Total	$473,238	$18,399	$0	$0	$0	$491,637

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares of which 212,294,452 common Shares are issued and outstanding as of the date hereof.

Security Designation	Number issued and outstanding
Common shares	212,294,452
Warrants to purchase common shares	99,084,196
Incentive Stock Options	15,774,693
Broker warrants to purchase common shares	52,000
Other[1]	4,188,953
Maximum Fully Diluted	331,394,294

Notes:
1. This represents the maximum number of common shares that remain issuable to Lexaria Canpharm ULC in connection with the Company's acquisition of the DehydraTech™ technology which was completed on December 9, 2020.

CAPITAL RESOURCES

As of September 30, 2021, the Company has capital commitments in fiscal 2022 for leasehold improvements at the Lucknow facility for powder production that are included in the contractual obligations table above.

OFF BALANCE SHEET ARRANGEMENTS

Hill Street does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

The Company considers its executive officers and directors to be key management personnel. The Company incurred the following amounts to related parties during the respective periods for key management personnel compensation.

During three-month period ended September 30,	2021	2020
Total salaries, benefits and management fees	$260,137	$184,137
Stock-based compensation	$54,932	$43,696
Management and director compensation	$315,069	$227,833

Included in accounts payable as of September 30, 2021, is $276,181 (compared to $294,287 as of June 30, 2020) payable to directors and officers of the Company for management compensation.

On April 9, 2021, certain members of management and board members participated in a non-brokered private placement financing of units ("**April 2021 Units**") for gross proceeds of $310,825 at a price of $0.08 per April 2021 Unit. Each April 2021 Unit consists of one common share and one warrant, with each warrant entitling the holder thereof to purchase one common share in the capital of the Company at a price of $0.11 per share for a period of three years from closing, subject to acceleration on certain terms.

During the year ended June 30, 2021, the principal amount of $1,022,500 of a convertible note payable by the Company was converted into 20,450,000 common shares at conversion price of $0.05 per share.

CRITICAL ACCOUNTING ESTIMATES

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Calculation of the net book value of machinery and equipment requires management to make estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. Residual values of the assets estimated useful lives and depreciation methodologies are reviewed annually with prospective application of any changes, if deemed appropriate. Changes to estimates could be caused by a variety of factors, including changes to the useful life of the assets. A change in any of the estimates would result in a change in the amount of depreciation and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the balance sheet.

The amortization of the Company's intangible assets involves estimates of their useful lives. Such estimates may change as more experience is obtained or as general market conditions change, thereby impacting the value of the Company's intangible assets.

When valuing options, management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected plan lives, underlying share price volatility and forfeiture rates. Volatility is estimated by considering peer companies historic share price volatility over similar periods to the expected life of the awards under consideration. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in the consolidated statements of loss and comprehensive loss.

When valuing warrants, similar to other stock-based compensation, management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected life, and underlying share price volatility. Volatility is estimated by considering peer companies historic share price volatility over similar periods to the expected life of the warrants. Changes in these assumptions will impact the calculation of fair value and the value attributed to the warrants.

When the Company enters into leases as a lessee and where the interest rate implicit in a lease cannot be readily determined, the Company determines its incremental borrowing rate in order to measure its lease liability. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In estimating its incremental borrowing rate, the Company considers the term of the lease, the nature of the leased asset, and its level of indebtedness with reference to market risk-free interest rates.

When determining the discount rate used to estimate the fair value of the debt component of the convertible debenture and the fair value of the CEBA loan, the Company considers market conditions and other internal and external factors. The Company estimates its credit rating and benchmarks the discount rate to certain fixed income indices.

In some contracts, the Company transfers control of a product to distributors and grants the distributors the right to return the product for a full or partial refund in the scenario that products are to expire in the hands of the distributor. To account for the transfer of products with a right of return, the Company recognises revenue for the transferred products in the amount of consideration to which the Company expects to be entitled to (therefore, revenue would not be recognised for the products expected to be returned). The expected consideration to be received is determined based on a combination of historical, current and forecasted information available to the entity at the end of each reporting period.