TAAT GLOBAL ALTERNATIVES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED APRIL 30, 2024 AND 2023

(Expressed in Canadian dollars)

Set out below is a review of the activities, results of operations and financial condition of TAAT Global Alternatives Inc. ("TAAT", or the "Company") for the period ended April 30, 2024. The discussion below should be read in conjunction with the Company's condensed interim consolidated financial statements ("financial statements") for the period ended April 30, 2024. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated.

This MD&A has been prepared as at July 16, 2024.

The Company is listed on the CSE:TAAT, OTCQB: TOBAF and Frankfurt :2TP2

Additional information related to the Company is available on SEDAR+ at www.sedarplus.ca and the Company's website is www.taatusa.com

BACKGROUND AND CORE BUSINESS

TAAT Global Alternatives Inc. ("TAAT" or the "Company") was incorporated on June 5, 2006 in British Columbia under the Business Corporations Act. The Company develops, manufactures, and distributes alternative product categories such as tobacco, hemp and other emerging consumer packaged goods ("CPG") segments.

The Company's registered address is Suite 1890 – 1075 West Georgia Street, Vancouver BC, V6E 3C9, Canada and its head office is located at 823 Pilot Rd, Las Vegas, NV, United States.

On May 14, 2024, the BCSC has issued a cease trade order under Multilateral Instrument 11-103 – Failure-to-File Cease Trade Orders in Multiple Jurisdictions (the "FFCTO") against the Company.

CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULTS OF OPERATIONS

OUR PRODUCTS AND PROPRIETARY PROCESS

The Company is innovating nicotine-free and tobacco-free alternatives to traditional cigarettes. The Company utilizes a proprietary, patent-pending process (including a patent-pending refinement technique) with a blend of all-natural ingredients to provide smokers aged 21+ an alternative to traditional cigarettes that does not contain nicotine or tobacco.

In 2020, the Company initially released three primary flavour variants, namely Original, Smooth, and Menthol. -The Company markets its original three products under the TAAT brand and positions its base material as Beyond Tobacco™

CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULTS OF OPERATIONS (CONTINUED)

OUR PRODUCTS AND PROPRIETARY PROCESS (CONTINUED)

The Company has a unique, novel, and patent-pending process for refining the Beyond Tobacco™ base material to impart a scent and taste that resembles tobacco, despite containing no actual tobacco. Through the application of a proprietary blending treatment, the Company is able to completely transform the raw material into a finished product that tastes and smells like tobacco when combusted. This material is referred to as Beyond Tobacco™ ("BT"). Similar to fine-cut tobacco, BT is derived entirely from plant matter, however BT is fundamentally different from fine-cut tobacco in that it has no tobacco content whatsoever. As such, BT contains no nicotine, is non-addictive, and undergoes substantially different processing than fine-cut tobacco. This process forms a significant part of the value of BT and is a closely guarded trade secret. The Company has applied for and anticipates the granting of a US patent on this process which would further protect the company's intellectual property and allow it to apply its IP to other product forms.

ACQUISITIONS

TAAT acquired ADCO during the year ended October 31, 2022. ADCO is the parent entity of a convenience and tobacco wholesaler based in the state of Ohio. The addition of ADCO provides several advantages enabling TAAT to refine and accelerate the introduction of its branded products into the non-traditional consumer space. TAAT not only gains greater control over the placement of its product in Ohio, one of the most attractive markets in the U.S., but also gains the capability to test and perfect its packaging, marketing and sales initiatives while receiving invaluable consumer feedback and data from the ADCO sales team and customer base.

TAAT, which intends to continue its focus of building upon its broad network of arms-length distributors, sees ADCO as platform to launch additional non-traditional branded products into the consumer marketplace. Many of these products, such as the 'heat-not-burn' initiative and TAAT's non-tobacco, non-hemp offering, are already under development, and it is expected their launch will be greatly assisted and enhanced by the data and market intelligence secured through ADCO.

DISTRIBUTION

The Company is proud to provide an update on the Company's distribution network. As of the date of this MD&A, the Company has made several key partnerships with key distributors to scale the Company's business and increase the overall value of the business for its shareholders. Through a combination of online, in-store, and digital out-of-home campaigns targeted towards smokers aged 21+, the Company has cultivated considerable interest in TAAT® in specific markets where the Company is focusing its marketing and advertising efforts and across the United States in general.

In Q4 2022, the Company formed a wholly owned subsidiary, Beyond Alternative LLC ('Beyond Alternatives") and in Q1 2023, the Company formed a new wholly owned subsidiary, Jayvee's Brands LLC. The Company intends to use Beyond Alternatives to begin distribution of other alternative products in growing categories to drive short-term incremental revenues with new revenue streams. In 2023, Beyond Alternatives commenced production of edibles under the *Jayvees* brand. The Company will continue to distribute the Jayvees edibles through its existing wholesale distribution infrastructure with ADCO.

As of the date of this MD&A, the Company has elected to suspend the launch of TAAT® in Austria indefinitely on account of the financial and marketing resources that would be required to facilitate a successful launch, for the sake of prioritizing its ongoing rollouts in existing markets at this time.

Additionally, the Company has undertaken a reorganization of its subsidiaries based in Las Vegas, Nevada, which includes migrating certain production and fulfillment duties to third-party service providers and reducing staff to mitigate overhead expenses. The Company's subsidiary, ADCO continues to perform well and has introduced non-traditional and high-margin products to its customer base including the *Jayvees* product line.

OUTLOOK

The Company launched TAAT® into the market in 2021 and made numerous improvements to the product, route to market strategy, marketing initiatives and production throughout 2022 continued into 2024.

In 2022, the Company's focus was to continue to expand the store count and reorder rate in all our accounts in several U.S. States for TAAT® utilizing its internal sales team by driving traffic to brick and mortar locations which was complimented by a strategy with trial initiatives to foster conversion from traditional tobacco to TAAT®. The Company is already experiencing that these strategies lead to increased demand both in current accounts and new accounts within the vicinity of the locations that currently carry TAAT®. The Company's acquisition of ADCO in 2022 has increased its distribution capabilities in the US.

For 2024, the Company has several objectives which include but are not limited to the following:

- Continue to pursue cost rationalization and synergies within its remaining operations;
- Conduct a strategic review as how best to capitalize upon and advance sales of its various product offerings;
- Explore options for increasing shareholder value through the advancement of current products (by way of 'industry partnerships') or the acquisition of additional product opportunities, focusing upon the non-traditional product space.

In an effort to improve the company's financial health, management has undertaken a reorganization of its subsidiaries based in Las Vegas, Nev., which includes migrating certain production and fulfilment duties to third party service providers and reducing staff to mitigate overhead expenses.

Update regarding application for listing on the Nasdaq Capital Market

In a press release dated April 23, 2021, the company announced that it had submitted its initial application for its common shares to be listed on the Nasdaq Capital Market. At the time, the company's management had reached the conclusion that all requirements as stipulated by the Nasdaq Stock Market for listing on the Nasdaq Capital Market were sufficiently met. However, it was not possible for the application to move forward, and as such, the company elected to suspend its application for listing its common shares on the Nasdaq Capital Market.

The Company completed a share consolidation where the Company will be consolidated all of its issued and outstanding share capital on the basis of every ten (10) old common shares into one (1) new common share, effective October 3, 2023.

On February 14, 2024, the District of Nevada approved TAAT International's filing for bankruptcy under the Chapter 11 Bankruptcy Code. As a result of the approval of the bankruptcy, the Company agreed to pay $165,000 legal fees to be used to pay for administrative and priority claims. The Company also reached a Settlement Agreement with a former marketing partner and agreed to pay to the former marketing partner US$100,000 and the Company is released from all liabilities with the former marketing partner. During the period ended April 30, 2024, the Company repaid US$30,000 and $96,222 (US$70,000) is recorded in accrued liabilities.

FINANCING AND CORPORATE MATTERS

Period ended April 30, 2024

As at April 30, 2024, Nil shares (October 31, 2023 – Nil shares) remained in escrow.

Stock option and RSU issuances:

On April 15, 2021, the Company granted 100,000 stock options to a consultant with an exercise price of $29.80 per option expiring April 15, 2023. The options vest over several periods: 25,000 of the options vest on the earlier of the first distribution agreement made with a minimum of 100,000 Euros signed by the Company or six months from the grant date, 25,000 stock options vest six months from the initial vesting date, 25,000 options vest twelve months from the initial vesting date and 25,000 vest eighteen months from the initial vesting date. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of $1,967,520 assuming an expected life of 1.52 years, a risk-free interest rate of 0.24%, an expected dividend rate of 0.00%, and an expected annual volatility of 168%. The share-based payment expense related to the fair value of the options granted was $118,594 during the period ended April 30, 2023. During the year ended October 31, 2023, all 100,000 options expired without being exercised.

FINANCING AND CORPORATE MATTERS (CONT'D)

Stock option and RSU issuances (Cont'd):

On June 20, 2022, the Company granted 685,750 stock options to consultants, directors and officers. The options have an exercise price of $8.50 per option expiring June 20, 2027. 535,750 of the options vested immediately, and the remaining 150,000 options vest quarterly over a period of two years from issuance, starting on the 91st day of grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of $5,441,514 assuming an expected life of 5 years, a risk-free interest rate of 3.35%, an expected dividend rate of 0.00%, and an expected annual volatility of 143%. The share-based payment expense related to the fair value of the options granted was $301,369 during the period ended April 30, 2023 and $82,691 during the period ended April 30, 2024.

On June 20, 2022, the Company granted 100,000 RSUs to an Officer of the Company, which will vest quarterly over a period of two years from issuance, starting on the 91st day of grant and shall entitle the Officer the ability to acquire one share of the Company per RSU. The RSUs were priced at $8.80 based on the closing price of the shares on grant date and expire five years from the vesting date. The Company recognized $278,825 share-based payments during the period ended April 30, 2023 and $61,135 during the period ended April 30, 2024.

On November 18, 2022, the Company granted 25,000 stock options to a consultant of the Company with an exercise price of $5.70 per option expiring November 18, 2027. The options vest 100% two years from the date of grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of $127,771 assuming an expected life of 5 years, a risk-free interest rate of 3.35%, an expected dividend rate of 0.00%, and an expected annual volatility of 142%. The share-based payment expense related to the fair value of the options granted was $15,346 during the period ended April 30, 2023 and $31,383 during the period ended April 30, 2024.

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 2024, the Company had working capital deficit of $326,308, including cash of $142,178 as compared to a working capital deficit of $1,217,415, including cash of $535,647 as at October 31, 2023.

The Company's ability to fund operational activities, including promotional activities, are contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company and if and when the Company will be profitable; however, management is committed to pursuing all possible sources of financing and other resources in order to execute its business plan including new equity issues and other forms of financing.

Cash flows for the period ended April 30, 2024 compared to 2023

Cash used in operating activities was $801,162 (April 30, 2023 - $1,228,978). In the comparative period, the Company had primarily spent funds on management and consulting fees, marketing and shareholder communications, product marketing, and salaries and wages. In the current period, the Company has decreased its product and marketing expenditure for its products and has continued its focus on streamlining operations which led to an overall decrease in cash expenditure, period over period and the Company had a gain on termination of lease. In addition, in 2024, the Company generated cash through revenue and had increased gross profit from sales.

Cash used in investing activities was $71,833 (April 30, 2023 - $92,643), decreased since the prior period as the Company received a refund on part of its purchases of property and equipment in the current period. In both periods, the Company purchased property and equipment.

Cash inflows from financing activities was $448,934 (April 30, 2023 - $1,198,071). In the current period, the Company received net cash from notes payables and net cash from its line of credit of $499,607 (April 30, 2023 – net cash receipt of $1,834,341). The funds received in the current period were offset by cash lease payments of $50,673 (April 30, 2023 - $636,270). A decrease in lease payments in the current period is expected as in the prior year comparative period, the Company accrued lease payments in the current period for certain leases which have not yet been paid in cash and in the current period the Company terminated two of its leases.

SELECTED FINANCIAL INFORMATION

TAAT Global Alternatives Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

For the	**Three-months ended April 30, 2024** **$**	Three-months ended April 30, 2023 $	**Six-months ended April 30, 2024** **$**	Six-months ended April 30, 2023 $
REVENUE				
Sales	**21,365,016**	22,229,020	**42,669,742**	45,515,983
Cost of goods sold	**(20,249,662)**	(20,932,591)	**(40,340,145)**	(43,111,493)
Gross profit	**1,115,354**	1,296,429	**2,329,597**	2,404,490
OPERATING EXPENSES				
Accounting and legal	**79,369**	105,855	**198,659**	389,823
Accretion and interest expense	**115,173**	192,086	**309,042**	340,540
Depreciation and amortization	**105,179**	457,262	**422,809**	956,026
Bad debt expense	**(88,357)**	3,254	**46,767**	33,972
Filing and regulatory	**6,963**	50,383	**11,614**	61,744
Foreign exchange loss	**(590,867)**	(240,568)	**46,800**	151,639
Management and consulting	**309,459**	235,367	**581,123**	468,338
Office, rent and administrative	**89,071**	368,205	**115,519**	775,101
Other operating costs for sales including sales fees, utilities, repair and maintenance, and automobile costs	**102,360**	311,798	**202,845**	481,196
Investor relations and shareholder communication	**888**	23,020	**888**	66,583
Product marketing	**54,823**	34,033	**104,396**	166,431
Research and development	**-**	16,422	**-**	35,058
Share-based payments	**44,865**	209,494	**114,074**	435,309
Share-based payments – RSU	**21,696**	113,886	**61,135**	278,825
Travel	**163**	14,532	**1,173**	90,295
Gain (loss) on disposal of property, plant and equipment	**(15)**	-	**8,367**	-
Salaries and wages	**587,196**	618,328	**1,354,237**	1,922,435
Total operating expenses	**(958,874)**	(2,513,357)	**(3,700,356)**	(6,653,315)
Income (loss) for the period	**156,480**	(1,216,928)	**(1,370,759)**	(4,248,825)
Other income				
License income	**-**	999,733	**-**	999,733
Gain on termination of lease	**1,282,134**	-	**1,282,134**	-
Loss on debt settlement	**(10,621)**	-	**(10,621)**	-
Other income	**14,150**	61,161	**73,114**	115,083
Total other income, net	**1,285,663**	1,060,894	**1,344,627**	1,114,816
Income (loss) before income taxes	**1,442,143**	(156,034)	**(26,132)**	(3,314,009)
Income tax expense	**(15,356)**	(77,255)	**(44,184)**	(77,255)
Net income (loss) for the period	**1,426,787**	(233,289)	**(70,316)**	(3,211,264)
OTHER COMPREHENSIVE LOSS				
Foreign exchange loss on translating foreign operations	**(404,491)**	(159,459)	**162,634**	93,252
Comprehensive income (loss) for the period	**1,022,296**	(392,748)	**92,318**	(3,118,012)

SELECTED FINANCIAL INFORMATION (CONTINUED)

Results of Operations for the six-months ended April 30, 2024 ("2024") compared to the six-months ended April 30, 2023 ("2023")

The net loss for the period decreased by $3,210,330 for the period ended April 30, 2024 from a net loss of $3,118,012 to a net income of $92,318. This decrease in net loss is primarily due to a decrease in investor relations and shareholder communication expenses, decrease in product marketing, decrease in accounting and legal expenses, decrease in depreciation and amortization, decrease in other operating costs, decrease in salaries and wages, and less stock options and RSU being issued during the period resulting in a decrease in share-based payment expense.

- Management and consulting expenses increased to $581,123 for the period ended April 30, 2024 (2023 – $468,338). The increase in the current period relates to an increase in management fees to related parties of the Company.
- Office, rent, and administration decreased to $115,519 for the period ended April 30, 2024 (2023 – $775,101). In the prior year comparative period, $210,000 of management fees were included in office, rent and administration which were adjusted as at October 31, 2023. The remaining decrease relates to cost-saving measures by the Company.
- Accounting and legal expenses decreased to $309,042 for the period ended April 30, 2024 (2023 – $389,823). The Company incurs legal and accounting fees associated with developing and managing its tobacco-free combustible products, and increased staffing in its finance departments in Canada and the United States. The decrease is immaterial and relates to cost-saving measures by the Company.
- Investor relations and shareholder communication decreased to $888 (2023 – $66,583) as a result of the Company's efforts in the prior year to promote investor awareness of the activities that occurred during the period. The higher expenditures in the prior year reflects the Company's expansion in U.S and globally.
- Product marketing costs decreased to $104,396 (2023 – $166,431) as the Company began to commercialize its flagship TAAT products into the US and Europe in Q4 2021. In the current period the Company has focused on maintaining its efficiencies within the US, thus a decrease in marketing costs is expected.
- Research and development of $Nil (2023 – $35,058) is related to the Company's development of its non-tobacco based smokable products and flavorings. A decrease was noted as the Company focused more on retail sales and distribution of products within the United States in the current year as compared to the prior year comparative period.
- Salaries and wages decreased to $587,196 (2023 – $1,922,435) primarily due to a decrease in activity for the Beyond subsidiary for the current period.
- Share-based payments of $114,074 (2023 – $435,309) is related to the stock options granted to Directors, Officers and consultants of the Company to assist with the Company's operations. A decrease is noted as the Company issued more stock options in the prior year.
- Share-based payments for Restricted Share Units of $61,135 (2023 – $278,825) is related to the Restricted Share Units granted to the CEO. In the prior year, Restricted Share Units were granted to the former CRO and former CEO resulting in more expenses recognized.
- Accretion and interest expense of $309,042 (2023 – $340,540) is primarily related to costs of the lease liabilities and notes payables.
- Amortization and depreciation expense of $422,809 (2023 – $956,026) relates to the amortization of the right of use lease asset and property and equipment, as well as amortization of intangible acquired from accretive business combinations. A decrease in amortization and depreciation is expected as the Company terminated a lease and disposed of property and equipment in the prior year.
- Revenue of $42,669,742 (2023 – $45,515,983) and cost of sales of $40,340,145 (2023 – $43,111,493) is related to sales of tobacco and non-tobacco product sales.
- Other income of $73,114 (2023 – $115,083) consists of finance charges from customers that paid late for purchases.
- Licensing income of $Nil (2023 – $999,733) consisted of $999,733 (US$730,000) received from Boksburg in the for License and Distribution in the prior year. No licensing income was received in the current period.
- Gain on termination of lease of $1,282,134 (2023 - $Nil) relates to the Company's gain realized on termination of two of its leases.

SELECTED FINANCIAL INFORMATION (CONTINUED)

Results of Operations for the three-months ended April 30, 2024 ("Q2 2024") compared to the three-months ended April 30, 2023 ("Q2 2023")

The net loss for the period decreased by $1,415,044 for the Q2 2023 from a net loss of $392,748 to net income of $1,022,296 in Q2 2024. This decrease in net loss is primarily due to the gain on termination of lease and a decrease in investor relations and shareholder communication expenses, decrease in product marketing, decrease in accounting and legal expenses, decrease in depreciation and amortization, decrease in other operating costs, decrease in salaries and wages, and less stock options and RSU being issued during the period resulting in a decrease in share-based payment expense.

Below is a break-down of the various consulting fees incurred by the Company:

	Period ended April 30, 2024 $	2023 $
Management consulting fees	426,508	185,667
Advisory and business development consulting fees	142,577	109,495
Professional fees, accounting	12,038	37,707
Sales consulting	-	135,469
Total	**581,123**	**468,338**

Summary of Quarterly results

	2024		2023				2022	
	Q2 $	**Q1** $	**Q4** $	**Q3** $	**Q2** $	**Q1** $	**Q4** $	**Q3** $
Total revenues	21,365,016	21,304,726	24,388,932	24,716,620	22,229,020	23,286,963	24,077,475	17,473,223
Comprehensive income (loss)	1,022,296	(929,978)	(3,168,845)	(5,158,306)	(392,748)	(2,725,264)	(6,657,710)	(7,286,837)
Basic income (loss) per share	0.09	(0.08)	(0.27)	(0.50)	(0.00)	(0.30)	(0.60)	(0.70)
Diluted net loss per share	0.09	(0.08)	(0.27)	(0.50)	(0.00)	(0.30)	(0.60)	(0.70)

The fluctuation of net loss and profit throughout the different quarters is a result of a variety of factors related to development activities.

During Q3 2022, the Company's revenues grew substantially between May 18, 2022 to October 31, 2022 due to the acquisition of ADCO, a tobacco distributor based in Canton, Ohio and was established in 1960. The Company recognized a gross profit of $3,741,822 from its consolidated operations in 2022. During Q3 2022, the Company issued 6,857,500 stock options, which contributed the overall net loss during Q3 2022. In Q4 2022, the Company incurred additional share-based payments relating to the vesting of the stock options and RSUs, and recorded impairment on intangible assets.

During Q4 2022, as a result of the acquisition of ADCO, the Company incurred higher administrative expenses, higher salaries and wages, and also recorded share-based payments. Additionally, the Company recorded total impairment of $1,116,074 on its goodwill and intangible assets as at October 31, 2022.

In Q2 2023, the Company had a more profitable quarter with higher gross margins and overall decrease in general and administrative costs. Additionally, the Company earned Trademark License and Distribution Income of $999,733 (US$730,000) which contributed to the significant decrease in net losses for Q2 2023.

In Q3 2023, the Company had a significant increase in management and consulting expenses, and noted a negative gross margin for the quarter which resulted in a higher overall net loss for Q3 2023.

In Q4 2023, the Company recorded impairment of $1,823,626 on its goodwill and intangible assets.

In Q1 2024, the Company had a decrease in accounting and legal expenses, depreciation and amortization, other operating costs, product marketing, share-based payments and share-based payments for RSUs, and salaries and wages which led to an overall decreased net loss for the period.

Summary of Quarterly results (Cont'd)

In Q2 2024, the Company had net income mainly as a result of a gain on termination of leases during the quarter.

REVENUE AND COST OF SALES ANALYSIS

Six month period ended April 30,	2024 $	2023 $
Sales	42,669,742	45,515,983
Cost of goods sold	(40,340,145)	(43,111,493)
Gross profit	2,329,597	2,404,490

- The Company's revenue comes from the sale of smokable products and finished goods, raw hemp, promotional products, sundry, candy and grocery items, retail sales, and distribution, online and retail sales of alternative smoking products such as hemp products which are manufactured by the Company.
- Cost of goods sold include all expenditures related to the sale and distribution of the Company's products. This includes ingredients and manufacturing costs, as well as cost of purchasing the products.
- During the period ended April 30, 2024, the Company had sales of $38,961,003 (2023 – $41,695,761) for tobacco products and $3,708,739 (2023 – $3,820,222) for non-tobacco products.
- Overall, the Company saw a decrease in revenue and cost of goods sold, which resulting in a gross margin percentage to 5% (2023 – 5%). The decrease in revenues and costs of goods sold has not impacted the Company's gross margin percentage. The Company continues to look for ways to increase sales and decrease costs.

OUTSTANDING SHARE DATA

At the date of this report the Company has 11,859,681 issued and outstanding common shares, 1,552,166 outstanding stock options, 125,000 restricted share units and Nil outstanding warrants.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At the date of this report, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

RELATED PARTY TRANSACTIONS

The Directors and Executive Officers of the Company are as follows:

Michael Saxon	Chief Executive Officer ("CEO")
Joel Dumaresq	Chief Financial Officer ("CFO") and Director, Former CEO
John Cumming	Director
Joe Deighan	Director
Peter Nguyen	Director
John Martin	Director

Key management personnel are comprised of the CEO, CFO, and Directors of the Company. The remuneration of the key management personnel is as follows:

	April 30, 2024 $	April 30, 2023 $
Directors fees paid to John Martin, Director	2,500	2,500
Consulting feed paid to Peter Nguyen, Director	-	1,000
Share-based payments Michael Saxon, CEO	143,827	580,194
	164,327	588,694

RELATED PARTY TRANSACTIONS (cont'd)

The Company incurred the following transactions with companies that are controlled or managed by Directors of the Company:

	April 30, 2024 $	April 30, 2023 $
Consulting fees to SXN Strategy Partners, a company controlled by Michael Saxon, CEO	297,714	169,063
Consulting fees to Lockhold Consulting, a company controlled by Joe Deighan, COO	81,294	-
Consulting fees to Pashleth Investments Ltd., a company controlled by Joel Dumaresq, CFO	45,000	45,000
	424,008	214,063

Balances at period end

As at April 30, 2024, $1,232,510 (October 31, 2023 - $889,848) is due to related parties. All balances are unsecured, non-interest bearing and are due on demand.

During the year ended October 31, 2023, the Company received notes payable of $322,800 from the CFO. The notes payable is unsecured, and accrues interest at 10% per annum. During the year ended October 31, 2023, the notes payable accrued interest of $12,413 with a foreign exchange gain of $709, the balance of the notes payable was $334,504 as at October 31, 2023. During the period ended April 30, 2024, the notes payable with relates parties are unsecured and due on demand, and accrued interest of approximately $17,083 at 10% per annum and had a foreign exchange gain of $1,052. As at April 30, 2024, the balance of the notes payables was $352,639 (October 31, 2023 - $334,504).

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment valuation of inventory, impairment of property and equipment, intangible assets and goodwill, business combination vs asset acquisition, provision of income taxes, share based compensation, going concern assumption, determination of the Company and its subsidiaries' functional currency, right of use assets and lease liability, accounts receivable and decommissioning liability. Actual results may differ from those estimates and judgments.

Financial Instruments

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities, and notes payable approximate their fair value because of the short-term nature of these instruments. The receivables, prepaid expenses, consideration payable and lease liability are classified as level 3.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (Cont'd)

Financial risk factors (cont'd)

Liquidity risk (cont'd)

As at April 30, 2024, the Company had a cash balance of $142,178 (October 31, 2023 - $535,647) to settle current liabilities of $9,905,266 (October 31, 2023 - $10,867,751) which are due within 12 months of April 30, 2024. The Company may need additional capital in the future to support its business model. The Company's future revenues, if any, are expected to be from the sale of tobacco and non-tobacco products.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of amounts due from customers and loans receivable. The Company has recorded allowances for doubtful receivables on some of its amounts due from customers and loans receivables during the year as management has assessed that some amounts were uncollectible. As at April 30, 2024 and October 31, 2023, trade receivables were due from many different customers. During the year ended October 31, 2023 and period ended April 30, 2024, no significant percentage of sales were made to a single customer.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at April 30, 2024, the Company does not have any short-term deposits.

b) Foreign currency risk

The majority of the Company's business is conducted in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Group's business, actually occur, the Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may stand to lose all or part of their investment.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (CONTINUED)

RISK FACTORS (CONT'D)

Regulatory Risks

Some of the proposed activities of the Company will be subject to regulation by governmental authorities, which may include, but are not limited to the various state departments of agriculture, U.S. Food and Drug Administration, USDA, and/or Drug Enforcement Administration. The Company's business objectives are, in part, contingent upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the cultivation and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to cultivate or sell industrial hemp. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of industrial hemp, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Limited Operating History
TAAT was founded in early 2019 and is generating revenue. The Company is therefore subject to many of the risks common to revenue generating enterprises, including under-capitalization, lack of gross profit margins, cash shortages, limitations with respect to personnel, financial, and other resources. The Company only has limited historical financial data, it is difficult to predict our future revenues and appropriate budget for our costs and expenses, and the Company's evaluation of the business and prediction about the future performance may not be as accurate as they would be if the Company had a longer operating history. In the event that actual results differ from our evaluation or the Company adjusts estimates in future periods, results of operations and financial position could be materially affected and the investors' perception of the business and future prospects could differ materially from their expectations.

Volatile Stock Price
The stock price of the Issuer, is expected to be highly volatile and could be drastically affected by governmental and regulatory regimes and community support for the tobacco industry. On May 14, 2024, the BCSC has issued a cease trade order under Multilateral Instrument 11-103 – Failure-to-File Cease Trade Orders in Multiple Jurisdictions (the "FFCTO") against the Company. The results of the cease trade order will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Company's Shares.

Risks Inherent in an Agricultural Business
The Company's business may, in the future, involve the growing of industrial hemp, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although such growing for the Company is expected to be completed by experienced farmers, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Reliance on Management
Another risk associated with the cultivation and sale of industrial hemp is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well-managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Insurance and Uninsured Risks
The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses, and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (CONTINUED)

RISK FACTORS (CONT'D)

Difficulty to Forecast
The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industrial hemp industry in the USA. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth
The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

Internal Controls
Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's Shares.

Cease Trade Status
The Issuer is currently subject to a failure to file cease trade order ("FFCTO"). All of the Issuer's securities will remain subject to the FFCTO until such orders are revoked and the issuance of the partial revocation order does not guarantee the issuance of a full revocation in the future;

Need for Additional Financing and Possible Effects of Dilution
The Issuer may issue equity securities to finance its activities, including future acquisitions. If the Issuer were to issue additional Shares following the TAAT International Acquisition, existing holders of such Shares may experience dilution in their holdings. Moreover, when the Issuer's intention to issue additional equity securities becomes publicly known, the Issuer's share price may be adversely affected.

Litigation
The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be finalized against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Unfavourable Publicity or Consumer Perception
Any adverse or negative publicity, scientific research, limiting regulations, medical opinion, and public opinion relating to the consumption of non-tobacco combustible products and CBD may have a material adverse effect on the Company's operational results, consumer base, and financial results.

Global Economy Risk
An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Issuer will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Issuer and its management. If uncertain market conditions persist, the Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations, and the trading price of the Issuer's Shares on the CSE.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing future performance, and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our business model and strategic plans;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our ability to develop and commercialize product candidates;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- the ability of management to respond to existing global supply chain challenges and shortages;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- estimates of our expenses, capital requirements, and our needs for additional financing

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company are inherently subject to significant business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions including, but not limited to: (i) obtaining positive results of trials with of-age users of combustible products; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.