Earth Alive Clean Technologies Inc.

Management Discussion and Analysis

For the six months ended June 30, 2019
(Prepared as of August 29, 2019)

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended June 30, 2019

Management's discussion and analysis (MD&A) presents an analysis of the financial position and results of operations of Earth Alive Clean Technologies Inc. for the six months ended June 30, 2019 and is complementary to the Unaudited Interim Financial Statements for the same period. It should be read in conjunction with the Audited Consolidated Financial Statements and the related notes for the year ended December 31, 2018 that were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The audited consolidated financial statements provide comparative information in respect of the previous year.

This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Company in the future. Unless stated otherwise, all dollar amounts are expressed in Canadian dollars. Except as otherwise indicated, all financial information contained in this discussion and analysis and in the audited consolidated financial statements has been prepared in accordance with IFRS.

This MD&A was reviewed and approved by the Company's Audit Committee and approved by the Board of Directors and is effective as of August 29, 2019.

As used in this Management's Discussion and Analysis, the terms "EACT", "Earth Alive", "the Company", "we", "us", "its" or "our", mean Earth Alive Clean Technologies Inc., unless the context indicates otherwise. Additional information about the Company can be obtained on SEDAR at www.sedar.com and at www.cnsx.ca under the stock symbol EAC.

DESCRIPTION OF THE COMPANY AND OVERALL PERFORMANCE

Earth Alive formulates and manufactures niche environmentally friendly products, destined for a variety of industries, and exports its products to numerous regions around the globe. Earth Alive uses the latest innovations in microbial technology which, once blended with a host of other natural ingredients, allows the Company to formulate innovative environmentally sustainable products. Earth Alive sells the microbial and bacterial spores in their primary form or blended, in ready-to-use powdered or liquid formulations. Earth Alive also formulates and blends specially developed products to manage specific tasks and produces private label products that are shipped from its headquarters in Montreal directly to customers around the world or through one of its distributors/blending contractors in various countries.

Earth Alive markets its products in Canada, the United States, the Caribbean, Central and South America, Europe and East and West Africa and receives numerous inquiries for its products from all parts of the world.

Historically Earth Alive had two major operating sectors: agriculture and dust suppression. In the first quarter of 2018, a comprehensive budget review led to the replacement of the dust suppression segment with the Infrastructure & Maintenance division which includes RapidAll®, the Company's multi-purpose microbial cleaning product in addition to the Company's EA-1® ("EA1") dust suppressant solution. Both the Infrastructure & Maintenance and Agriculture segments are highly specialized and competitive, yet there is a strong demand for new technologies in both sectors. Having developed innovative, effective and environmentally friendly technologies/products, the Company believes that it is well positioned to enter into and capture a portion of these markets.

THE INFRASTRUCTURE & MAINTENANCE DIVISION

Earth Alive's Infrastructure & Maintenance segment offers biodegradable microbial products mainly aimed at abating dust and providing cleaning solutions for the most difficult industrial challenges.

EA1 Dust Suppressant

Earth Alive commercializes its patent-pending microbial dust suppression technology, EA1, to the global mining and other industries, as an environmentally sustainable alternative to harmful chemicals such as chlorides and petroleum derivatives, and the waste of water, used in their efforts to control harmful dust emissions. EA1's microbial technology agglomerates dust particles in the soil, making it ideal for use on industrial sites and on road infrastructure projects, by preventing dust from becoming airborne, while helping the soil to retain moisture. EA1 reintroduces into the soil some of the same natural microbial compounds already found in nature to control dust emissions. EA1 also reduces the formation of ripples on road surfaces, provides soil stabilization benefits, and improves traction. EA1 can also help remedy roads that were previously contaminated by hydrocarbons and other chemicals, leaving behind a cleaner site. The conventional use of synthetic chemicals to control road dust is coming under increasing scrutiny by governments, corporations, activists and local communities. In addition to being environmentally sustainable, EA1 makes dust control efforts more efficient and less labor-intensive.

EA1 is being tested and evaluated by a number of mining companies as a solution for a wide range of operational challenges. During this past year Earth Alive has refocused its marketing efforts for EA1, which has been proven effective in various settings to solve dust-related challenges in the mining industry, by developing the variety of uses and expanding the product offering to a wide range of users, from various industries.

In November 2018 the Company completed a transaction with a major mining company for a six-month commercial trial of EA1 Dust Suppressant at one of their mining operations for total sales of US$200,000. After a successful 3-month commercial trial, the mining company placed an additional order worth CAD $2,600,000. The application, scheduled to begin in May 2019, finally began in July, after the mine faced operational problems this spring. As of today, more than 555,388 liters of EA1 have been shipped for immediate use. The impact of the 2-month deferral on EACT's revenues is approximately $ 300,000 which will be billed in the third quarter instead of the period ending June 30, 2019.

A pilot test on 20,000 m² will be performed on a leading global mining company's mine located in southern Africa in the upcoming months. This first phase trial is scheduled to begin in the fourth quarter of 2019 and represents sales of C$126,000 for Earth Alive.

Research and development projects are underway aimed at developing derivative suppressant formulations. Our France-based partner, who has tested and utilized EA1 in the past, will perform additional tests using the new formulations. Through these advancements we endeavour to make the current supply chain more efficient.

Thanks to the EA1's innovative value proposal, Earth Alive was invited to submit proposals to bidding processes for two separate leading mining companies with major mine sites in Chile and Colombia. The mining companies are currently in the technical and economical reviewing stages.

After receiving the approval of the All-Russian Scientific Institute of Railway Hygiene, the Company continues the approval process for the Russian government. This process, which will grant access to the Russian market, is being carried out in collaboration with Polimerrus LLC, a leading distributor of specialty products and consultancy services in organic and chemical fertilizers and dust suppression in Russia, and Bios-Fair Distribution S.A., a company specialized in the development of organic innovative products incorporated in Switzerland.

The Company delivered EA1 to a Chinese client interested in running tests for dust control at construction sites.

A former Brazilian client has re-established contact with Earth Alive and has expressed a keen interested in resuming use of the EA1 for dust control. Discussions are ongoing in order to determine next steps.

RapidAll Microbial Cleaner

Earth Alive's RapidAll microbial cleaning product is a 100%-organic, biodegradable cleaner. RapidAll's advanced microbial formula safely and efficiently removes oil and grease from all surfaces, including mechanical equipment, generators, contaminated floors, etc. RapidAll microorganisms have been specifically developed and proven effective for the deep cleaning and disintegration of hydrocarbons.

In August 2018, the Company entered into an exclusive agreement with a large Beijing-based conglomerate for the distribution of RapidAll in China.

In addition, Earth Alive is assessing the potential of offering RapidAll to new markets, with several trials to be conducted this summer.

THE AGRICULTURE DIVISION

The agriculture segment provides environmentally friendly products for retail and industrial use, such as biofertilizers (soil inoculants) and soil amendments. Earth Alive commercializes its non-crop specific and Canadian Food Inspection Agency (CFIA) approved organic microbial biofertilizer, Soil Activator® to the global fertilizer market. Soil Activator® is certified organic by ECOCERT and OMRI. The agriculture segment is cyclical in terms of seasonality and the Company aims to avoid dependency on such cycles by exporting its products to various regions throughout the world. Soil Activator® is currently being evaluated and rolled out for large scale use on a wide variety of crops in organic and non-organic farming operations in Africa, Latin America, is registered in more than 40 states in the USA and is being made available throughout the United States and Canada via coast to coast distributors. Earth Alive has also secured the online distribution of Soil Activator® through Amazon.com and Amazon.ca.

In 2017, Earth Alive commercialized a new biofertilizer, Dr. Marijane. Dr. Marijane is a 100% organic root probiotic that has been shown to increase cannabis yields by up to 28%. Scientific testing and validation of its performance began in 2014 and has been repeatedly confirmed by several licensed producers over the last year. Currently, Dr. Marijane is available for purchase by growers in Canada and in certain regions of the United States. In Latin America, Dr. Marijane is available in Colombia and Chile.

Earth Alive received OMRI organic certification for its GRO4 Earthworm Castings product. GRO4 consists of highly concentrated, easily absorbed nutrients, rich in nitrogen, phosphorus, potassium, which contains a multitude of organisms, including bacteria. This special formulation works to transform and maximize available nutrients to be used as food for plants and helps to sustain an active and balanced soil structure.

Earth Alive launched the Clean Fiber Initiative to support fiber crop growers in North America, Africa and Latin-American. The goal is to develop improved sustainable production methods for crops like hemp and cotton. Currently the Company has ongoing trials in Canada, US and Colombia.

In the first months of 2019, EACT entered into a partnership with Root Rescue to acquire a new technology to be part of our Soil First Platform. We have since added Root Rescue Mycorrhizae to our product portfolio and distribution system.

In May 2019 Earth Alive entered into a distribution agreement with California-based Left Coast Wholesale to commercialize Soil Activator in the registered states in the United States. Left Coast Wholesale supplies and distributes specialty garden, hydroponic and horticultural products to more than 500 stores across the United States.

Earth Alive began working with two new distributors to expand market reach, Solquisa in Peru and Fertibal in Ecuator. Both distributors have placed initial orders.

We are finalizing negotiations with two new distributors in Colombia that will focus in high-value export crops such as bananas and avocados.

RESOURCES

Selling Earth Alive's technologies requires highly skilled and knowledgeable individuals, and Earth Alive has individuals within the Company that have developed and possess these skills. This expertise was honed over the last four years as the Company's technologies were being developed. For countries in which the Company offers its products, local agronomists are trained on Earth Alive's technologies and supported in their roles to effectively serve local customers.

Earth Alive also has agreements in place with blenders who combine raw materials with the Company's ingredients in accordance with its proprietary formulas.

Currently, the Company's agriculture portfolio is distributed in eight countries, on a non-exclusive basis. New distributors are finalizing registration transfers, setting up demonstration plots and finalizing legal agreements, which will enable them to add Earth Alive's agriculture products to their offerings.

Earth Alive recently signed a distribution agreement for its Soil Activator® in Nigeria, where registration and commercial trials are underway. Registration is expected to be completed by the end of 2019.

EA1 sales are being conducted directly with six mining companies in various countries, it is also available through agents and partners. Currently, several new proposals are being negotiated with mining companies for the application of EA1 at numerous mine sites around the world.

SELECTED FINANCIAL INFORMATION

In Dollars	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,		
	2019	2018	2019	2018	2018	2017	2016
	$	$				$	$
Revenue	**258 539**	321 345	471 152	775 075	1 432 287	449 108	957 733
Gross Margin	**61 531**	69 272	116 726	287 268	430 003	88 958	407 684
Net loss	**(855 058)**	(718 869)	(1 591 025)	(1 326 388)	(3 511 705)	(3 149 555)	(2 386 801)
Per share - basic	**(0.007)**	(0.006)	(0.013)	(0.012)	(0.031)	(0.028)	(0.025)
Per share - fully diluted	**(0.007)**	(0.006)	(0.013)	(0.012)	(0.031)	(0.028)	(0.025)

	As at June 30,		Year Ended December 31,		
	2019	2018	2018	2017	2016
				$	$
Total assets	**1 198 991**	1 275 260	1 180 333	1 672 795	2 538 452
Total liabilities	**3 838 098**	2 552 315	3 374 891	1 860 305	240 811
Equity	**(2 639 107)**	(1 277 055)	(2 194 558)	(187 510)	2 297 641

RECENT HISTORY

Director and Officer Appointments

- On March 5, 2018, the Company announced the nomination of Mr. Ousmane Paye to the Board of Directors. Mr. Paye brings a different perspective, experiences and profound knowledge of international affairs. He has had a distinguished diplomatic carreer and was most recently Senegal's Ambassador to Canada. Prior to his appointment to Canada, Mr. Paye exercised from 2002 to 2015 the role of Special Advisor to the Secretaire General de l'Organisation Internationale de la Francophonie (OIF) and that of Ombudsman and Special Envoy of the Secretaire Général during crisis in Africa. He was from 2003 to 2014 the Head of the Delegation of the OIF to the United Nations General Assembly and to the General Conference of the African Union.

- On April 25, 2018, the Company announced the nomination of Mr. Steve Saviuk to the Board of Directors. Mr. Saviuk started his career in accounting at KPMG and quickly moved to venture capital investing through Manitex Capital Inc., a company he co-founded over 30 years ago, and which still actively invests in emerging companies with a focus on the life science, renewable energy and sustainable resource sectors. He also co-founded Valeo Pharma in 2003 and transformed it from its early years as an in-licensor of established brands to a fast-growing full service Canadian pharmaceutical company and was instrumental in the sale of certain assets to Valeant Canada. In addition to Mr. Saviuk's executive management experience, he is well acquainted with key corporate governance issues having served on numerous boards of both public and private companies.

- On June 26, 2018, the Company announced the nomination of Mr. Michael Warren to the Board of Directors. Mr. Warren was appointed President & CEO of Earth Alive in May 2014 and was a member of Earth Alive's senior management team since 2014 when he was singled out for consistently identifying and bringing to market innovative business concepts, all with a focus on products that are earth and human-friendly. Mr. Warren holds a Business Degree from Bishop's University. Prior to joining Earth Alive, he founded LFP Solutions, an organic soil inputs distribution company where he developed operational and management expertise.

- On October 11, 2018, the Company announced the nomination of Mrs. Ann Catherine Barnes to the Board of Directors, Ann has a acted as legal counsel for numerous private and publicly held companies, specializing in corporate, commercial and intellectual property law as in-house and general counsel for industry-leading companies including: Manulife Financial, Cott Corporation, Alliance Atlantis, TSN and Insight Sports Media. Her love of business combined with health led to an entrepreneurial path culminating in the launch of a number of Canadian-based superfood companies. Ann introduced Chia to Canada and was an early hemp food pioneer as the CEO and spokesperson for her hemp food-based superfood company, Mum's Original Inc. Ann followed her interest in food grade hemp and hemp farming and saw the potential benefits of cannabis as a crop. Acting as a cannabis pioneer and an industry leader, Ann co-founded and owned the first Health Canada licensed and operational medical cannabis company: Peace Naturals Project Inc. Ann held the position of Chairman of the Board from its inception to five years later when she sold her majority interest of Peace to Cronos Group Inc. Ann continues her campaign for health and wellness and environmental responsibility.

- On June 13, 2019 the Company announced that Mr. Pay resigned from the Board of Directors for personal reasons.

- On June 27, 2019, at the Annual Shareholder Meeting, the Company announced the resignation of Michel Ringet as director and the nomination of Todd Paterson to the Board of Directors. Mr. Patterson is a corporate entrepreneur with over 25 years of experience developing markets for both US- and Canadian-based businesses. Throughout his career, he has been immersed in the world of agriculture. As the Founder/President/Owner of P4 Group Inc., Todd focuses on developing national or international growth for organizations ranging in size from start-ups to companies valued at over $55 million. Over the course of his career, he has launched some exceptionally innovative and profitable brands in North America, including POM Wonderful, Gourmet Garden, Snapple and just recently Big Mountain Foods. He also has considerable experience managing government relations, sales, marketing, and logistics for companies wishing to expand their product reach across borders.

Issuance of shares/convertible securities

During the first quarter ended March 31, 2018

- On January 31, 2018, 200,000 options were exercised at a price of $0.10 per option, for gross proceeds of $20,000.
- On March 5, 2018, the newly appointed director, Ousmane Paye, received 300,000 options, having an exercise price of $0.35, and a term of five years, of which half vested immediately and half will vest on March 5, 2019.
- On March 9, 2018, 200,000 options were exercised at a price of $0.10 per option, for gross proceeds of $20,000.

During the second quarter ended June 30, 2018

- On April 27, 2018, the Company completed a fourth tranche in the debenture financing and issued with the issuance of a debenture in the principal amount of $333,000 to Groupe Lune Rouge Inc. and issued 1,182,346 warrants.
- In May 2018, 1,050,000 options were exercised at the price of $0.10 per option, for gross proceeds of $105,000.

During the quarter ended September 30, 2018

- On September 12, 2018, the Company completed the final tranche with Groupe Lune Rouge Inc, in the debenture financing and issued a debenture in the principal amount $667,000 and issued 2,240,246 warrants.
- On September 13, 2018, 300,000 options were exercised at a price of $0.10 per option, for gross proceeds of $30,000.
- On September 20, 2018, Earth Alive granted 3,904,000 options to employee, directors, officers and consultants. The options have an exercise price of $0.35 and are valid for five years, with 3,000,000 immediately exercisable, 804,000 options vesting in September 2019 and 100,000 in September 2020. The fair value of the options was estimated using the Black-Scholes pricing model and the following assumptions: a volatility rate of 151%, a risk-free interest rate of approximately 2,32%, an expected life of five (5) years and no dividend yield.

During the quarter ended December 31, 2018

- On October 1, 2018, the newly appointed director, Ann Catherine Barnes, received 300,000 options, having an exercise price of $0.35, and a term of five years, of which 100,000 options vested immediately, 100,000 options will vest October 1, 2019 and 100,000 options will vest on October 1, 2020.
- On November 16, 2018 the Company completed a non-brokered private placement, for gross proceeds of $500,000 through the sale of 2,272,727 units, priced at $0.22 each. Each unit consisting of one common share and one common share purchase warrant. Each full warrant entitling the holder to purchase one common share of Earth Alive, at the price of $0.35, for a period of 24 months. The fair value of the common shares of $208,434 was determined by subtracting both the share issue costs of $2,930 and the value of the common share purchase warrant of $288,636 included in the unit.

During the first quarter ended March 31, 2019

- On February 6, 2019, 350,000 options were exercised at a price of $0.10 per option, for gross proceeds of $35,000.
- On February 22, 2019, the Company completed a private placement and issued 4,545,454 units at a price of $0.22 each, for total proceeds of $1,000,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one common share of the Corporation at the price of $0.25, for a period of 36 months following the closing of the private placement. Groupe Lune Rouge Inc., an insider of the Corporation, participated in the private placement and purchased 1,750,000 units, for a total subscription price of $385,000, thereby increasing its holdings from 21,228,572 common shares to 22,978,572 (representing 19.27% of the outstanding common shares and 26.63% assuming the exercise of all of their outstanding convertible securities).

Subsequent events

None

OUTLOOK

Earth Alive is in the early stages of commercialization and the Company is focusing on securing additional clients throughout the world for its dust suppression product, EA1 and biofertilizer for agriculture, its Soil Activator®. Management is optimistic that the near to mid-term outlook for substantial product orders is favorable.

QUARTERLY RESULTS

Comparison of the Six Months Ended March 2019 and 2018

During the six months ended June 30, 2019, Earth Alive incurred a net loss of $1,591,025 compared to a net loss of $1,326,388 for the same period in 2018. Total operating expenses for the period stood at $1,224,170 compared to $1,332,017 for the same period in 2018. Net financial expenses stood at $483,581 compared to $281,639 for the corresponding period in 2018.

Revenues and Gross Margin

Revenues decreased to $471,152 for the six months ended June 30, 2019 compared to $775,075 for the same period in 2018. Gross margin decreased to 24,77% compared to 37,06% for the same quarter in 2018. The decrease in the gross margin is due to the fixed costs, which regardless of the amount of sales do not vary. The lower the sales, the more significant effect on the margin. Since January 2019, a depreciation amount of $9,453 directly affected the gross margin.

Expenses

General & Administrative

General & Administrative expenses for the period ended June 30, 2019 were $533,278, compared to $582,219 for the same period in 2018. The decrease is mainly due to two expenses incurred in 2018, that being $40,660 for recruitment and $30,000 for the extraordinary annual meeting. The Company spent $74,300 less on investor relations than was spent in 2018. Without these two expenses, General & Administrative Expenses for the first six months of 2019 are similar to the same period in 2018.

Sales & Marketing

Sales & marketing expenses for the period ended June 30, 2019 increased to $593,747, compared to $579,100 for the same period in 2018. In 2019 four employees joined the sales and marketing team representing an additional charge of $77,500, in 2018 a commission of $16,710 was paid to a consultant. Without this paid commission sales & marketing expenses are very similar to those of 2018.

In June 2019, an amount of $481,190 was allocated to the agriculture segment, compared to $540,674 in 2018, and $112,295 to the infrastructure & maintenance segment compared to $38,426 in 2018.

Research and Development

For the six months ended June 30, 2019, research and development costs decreased to $97,145 compared to $170,698 for the same period in 2018, which is the result of abandoning the patent applications in certain countries were management considered that there were limited advantages to owning the patent.

Financial Income and Expenses

For the period ended June 30, 2019, financial expenses, excluding foreign exchange gains and losses increased to $483,581 compared to $281,639 for the same period in 2018. The increase is essentially due to the convertible debenture interest payments and accretion expense.

Liquidity and Capital Resources

As at June 30, 2019, Earth Alive had negative working capital amounting to $2,859,086, compared to $2,439,012 as at December 31, 2018. Earth Alive's main objectives in managing its capital resources are to ensure liquidity and the availability of sufficient funds for working capital, capital asset purchases or other investments to support the business. The working capital is negative on the reclassification of convertible debentures in the short-term portion. They expire in October 2019 and most should be converted into action. In February 2019, the Corporation completed a private placement and issued 4,545,454, units at a price of $0.22 each for a total of $1,000,000.

The Company is also considering various alternate sources of financing. Earth Alive's current capital resources consist of cash, borrowings and share capital. The Company may have to raise additional capital in the short term depending on its ability to generate cash from sales activities. In this regard, it is important to note that the Company remains focused on increasing sales with the objective of achieving positive cash flow as soon as possible.

The Company incurred a loss from operations of $1,591,025 for the period ended June 30, 2019. The Company's cash resources amounted to $158,914 and when added to the net cash generated from the collection of receivables and the payment of liabilities as at June 30, 2019, this represents approximately less of one month in cash operating and financial expenses based on those incurred in the first six months of 2019, assuming no revenues for the remainder year.

COMMITMENTS

The Company's significant commitments consist of its office space, warehouse as described in Note 14 to the Condensed Consolidated Interim Financial Statements for the period ended June 30, 2019.

RELATED PARTY TRANSACTIONS

Related parties of the Company include its subsidiaries as well as the Company's key management personnel, as well as entities directly or indirectly controlled by key management personnel or entities where key management personnel are directors or officers.

Compensation of Key Management Personnel – The Company considers its directors and executives to be key management personnel. Key management personnel compensation for the period ended June 30, 2019, consisting of stock-based compensation, consulting fees, salaries and benefits, interest earned from convertible debentures and sales commissions and are as follows:

	Three-month period ended June 30,		**Six months ended June 30,**	
	2019	2018	**2019**	2018
Salaries and benefits	**51,254**	60,629	**103,187**	151,382
Consulting fees (1)	**96,975**	85,780	**187,661**	170,886
Convertible debenture interest (2)	**65,424**	33,875	**127,795**	53,227
Stock based compensation	**13,025**	26,050	**26,050**	26,050
Sale	**-**	-	**-**	63,115
Total	**226,678**	206,334		464,660

(1) Consulting fees for a director and officer of the Company are paid to a separate management company controlled by the director and officer.

(2) As at June 30, 2019, $127,795 convertible debenture interest to be paid to an entity where key management personnel are directors, (2018, $53,227 where key management personnel are directors)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as those derived from prices.
- Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers to or from Level 3 during the year.

a) Fair value of financial instruments

Financial instruments of the Company consist of cash and cash equivalents, accounts receivable, accounts payable, due from shareholder and purchase consideration payable in cash. The Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value due to the short-term maturity of these financial instruments (classified as Level 1).

The convertible debentures have been initially measured at fair value as described in Note 12 (classified as Level 2).

b) Financial risk factors

The Company is exposed in varying degrees to a number of risks arising from its financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The principal financial risks to which the Company is exposed are described below.

(i) *Liquidity risk* – Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations as they become due. Since inception, the Company has financed its cash requirements primarily through issuances of securities, short-term borrowings. The Company controls liquidity risk through management of working capital, cash flows and the availability and sourcing of financing. The Company's ability to accomplish all of its future strategic plans is dependent upon obtaining additional financing or executing other strategic options, however, there is no assurance that the Company will achieve these objectives.

(ii) *Interest rate risk* – Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk resulting from fluctuations in interest rates on cash equivalents that earn interest at market rates, as well as on the loans and leases that fluctuates according to interest rates. Unfavorable changes in the applicable interest rates may result in an increase in interest expense.

The Company does not use derivative instruments to reduce its exposure to interest rate risk. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations. Based on the net exposures as at June 30, 219, and assuming that all other variables remain constant, a 1% appreciation or deterioration of the interest rate would result in no significant decrease/increase in the Company's net loss for the period then ended.

(iii) *Credit risk* – Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company's investment policies are designed to mitigate the possibility of deterioration of principal, enhance the Company's ability to meet its liquidity needs, and to provide high returns within those parameters. The Company manages its risk on accounts receivable by requesting deposits or advance payments prior to shipping most significant orders.

(iv) Currency risk – Currency risk refers to the risk that the value of a financial commitment, recognized asset or liability will fluctuate due to changes in foreign currency rates. The Company's functional currency is the Canadian dollar, but it is exposed to foreign currency risk primarily arising from U.S. dollar denominated cash, accounts receivable and accounts payable. The U.S. dollar is the only foreign currency to which the Company has significant exposure with net monetary assets denominated in US dollars amounting to $203,803. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

At June 30, 2019, the impact on the after-tax loss of a 1% weakening/strengthening of the Canadian dollar, all other variables remaining constant, on the revaluation of the Company's monetary assets and liabilities would result in no significant decrease/increase in the Company's monetary assets and liabilities.

SELECTED QUARTERLY FINANCIAL DATA

The following table sets out selected unaudited financial information of the Company for the last eight quarters:

In Dollars	June 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	June 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017
Revenue	**258 539**	212 613	350 321	306 891	321 345	453 730	158 203	92 014
Gross Margin	**61 531**	55 195	79 592	63 424	69 272	217 996	62 208	3 580
Operating Expenses	**669 265**	554 905	914 510	1 061 009	627 777	704 240	1 320 669	650 770
Financial (Income) Expenses	**-**	236 257	217 763	180 385	160 364	121 275	60 568	31 040
Comprehensive loss	**(855 058)**	(735 967)	(1 052 164)	(1 133 153)	(718 869)	(607 519)	(1 205 099)	(677 302)

SIGNIFICANT ACCOUNTING POLICIES

The information is provided in Note 2 to the condensed consolidated interim financial statements for the period ended June 30, 2019.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Please refer to Note 3 of the condensed consolidated interim financial statements for the period ended June 30, 2019 for an extended description of the information concerning the Company's significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

FUTURE ACCOUNTING POLICIES

The information is provided in Note 4 to the condensed consolidated interim financial statements for the period ended June 30, 2019.

INTERNAL CONTROLS

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support that disclosures are fairly presented with no material misrepresentations. Readers should be aware that inherent limitations on the ability of a venture issuer to design and implement on a cost-effective basis disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim filings and the reports provided under securities legislation.

BUSINESS RISKS FACTOR

As with all early commercialisation efforts, inherent risks still exist as to management's ability to get its products to market quickly enough, and in large volumes. To date, Earth Alive has no net earnings and has negative operating cash flows. Our ability to continue as a going concern and accomplish all of our future strategic plans is dependent upon obtaining additional financing or executing other strategic options, however, there is no assurance that the Company will achieve these objectives. There can be no assurance that we will be successful in raising additional investment capital, realizing assets, or achieving revenue to generate sufficient cash flows to continue as a going concern. As a result, there is significant risk regarding our ability to continue as a going concern.

Earth Alive has relied on external sources of debt and equity to fund operations to date. Our ability to continue as a going concern will depend on management's ability to successfully execute its business plan and obtain additional financing until it achieves profitability and positive cash flow from operating activities.

Earth Alive is subject to risks, events and uncertainties, or "**risk factors**", associated with being an enterprise with projects in the research and development stage. Such risk factors could cause reported financial information to not necessarily be indicative of future operating results or of future financial position. Management of EARTH ALIVE cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on their business or the extent to which any factor, or combination of factors, may cause future results or financial position to differ materially from either those reported or those projected in any forward-looking statements. Accordingly, historical financial information and forward-looking statements should not be relied upon as a prediction of future results.

Development companies face many and varied risks, many of which are the same industry risks faced by companies in the commercialization of biotechnology products. While Earth Alive strives to manage such risks to the extent possible and practical, risk management cannot completely eliminate risk. The following **specific risk factors** are those the Company's management believes are most important in the context of the Company's business.

Capitalization and Commercial Viability

Earth Alive has negative operating cash flow at June 2019 and will continue to have negative operating cash flow until revenues increase. Earth Alive currently has inadequate funds to fully develop its business and may need additional debt financing or other capital investment to fully implement their business plans. Earth Alive have no assurance that additional funding will be available to the Company to carry out the completion of all proposed activities. Although the Company has been successful in the past in obtaining financing through the sale of securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of its business plan.

Development Stage Business

Earth Alive has only a limited history upon which an evaluation of its prospects and future performance can be made. Earth Alive has a limited operating history, has never operated at a profit and there can be no assurance of its ability to operate at a profit. Earth Alive proposed operations are subject to all business risks associated with new enterprises including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The likelihood of Earth Alive success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the performance of its customers. There is a possibility that Earth Alive could continue to sustain losses in the future. If Earth Alive is unable to generate revenues or profits, investors might not be able to realize returns on their investment or keep from losing their investment.

Inability to Manage the Potential Growth of the Business

Earth Alive's potential growth may place significant demands upon its personnel, management, and financial resources. There is no assurance that its current or proposed personnel, systems, procedures, and controls will be adequate to support its future operations, that EACT will be able to train, retain, motivate, and manage necessary personnel, or that its management will be able to identify, manage and exploit existing and potential strategic relationships and market opportunities. If Earth Alive is unable to effectively manage any future growth, its business and financial condition could be adversely affected.

Key Personnel

Earth Alive's success depends, in part, on its ability to attract and retain key scientific, technical, management, and operating personnel, including consultants and members of its Board of Directors. Earth Alive needs to develop sufficient expertise and add skilled employees or retain consultants in areas such as research and development and marketing in order to successfully execute its business plan. Earth Alive may be unable to attract and retain qualified personnel or develop the expertise needed in these areas. If Earth Alive fails to attract and retain key personnel it may be unable to execute its business plan, or its business could be adversely affected.

Challenges to Commercial Production – Raw materials

Earth Alive's sales objectives for the coming years will require significant demand on raw materials to produce its various product formulations. Variations in commodity prices at several levels of its production chain may affect Earth Alive's ability to meet product demand in multiple global markets. Additionally, a large portion of the raw materials required are paid for in US dollars and accordingly gross margins may fluctuate based on the exchange rate in effect at the time of purchase. While Earth Alive has established manufacturing and processing operations based on its ability to obtain adequate supplies of raw materials on a timely basis, Earth Alive relies on a limited number of third-party suppliers with respect to a portion of the raw materials. Despite our efforts to reduce risks, it is difficult for us to secure additional suppliers for some of the specialized raw materials from two or more suppliers. If any of our suppliers are unable to meet their obligations under our present or future supply agreements due to any factors such as delays, or insufficient supply in their supply chains, or increases in the prices of the raw materials to be provided to us, or if any of our key supply agreements is terminated earlier than we anticipate, we may be forced to postpone delivery dates for our products or be forced to purchase raw materials in the open market or from alternative suppliers, and no assurances can be given that we would be able to make those purchases or make them at prices or quality levels that would allow us to remain competitive or deliver our products as anticipated. Our business may also be impacted by sudden increases in raw material prices and we may not be able to adjust our prices and thereby pass along such rising costs to our customers. In addition, natural disasters, accidents, customer bankruptcies and other factors that may impact our suppliers, including unexpected supply limitations or increased costs for key raw materials may negatively impact our operations. Any or all of such events could have a material adverse effect on the results of our operations.

Dependence on Collaborative Partners

In addition to self-reliance for commercialization of certain of its products, the Earth Alive has and may, in the future, enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, testing, manufacturing, marketing, commercialization and distribution of the Corporation's products. To date, the Company has entered into different types of collaborations whether for research and development, manufacturing, marketing, distribution or blending. The Company may enter into additional corporate partnering agreements to develop and commercialize products and testing services. There can be no assurance, however, that the Company will be able to establish such additional collaborations on favourable terms, if at all, or that current or future collaborative arrangements will be successful, and the Company's business may be adversely affected.

Competition

If Earth Alive fails to compete effectively against larger, more established companies with greater resources, then its business may suffer. Competition in the market for Earth Alive products is intense from larger, more established global players in the marketplace. Factors affecting competition include financial resources, research and development capabilities, and manufacturing and market expertise and resources. Competitors are expected to include major chemical and specialized biotechnology companies. Many of these companies will have financial, technical, and marketing resources greater than Earth Alive's. These organizations may commercialize products that could compete directly or indirectly with Earth Alive's products on their own or through joint ventures. In addition, Earth Alive may be unaware of technologies or technologies that may be developed in the future that could adversely affect our perceived technical and competitive advantage.

Product Liability

Marketing any of Earth Alive's current or potential future products may expose Earth Alive to liability claims arising from the use of these products. Earth Alive cannot ensure that its current or future liability insurance, together with indemnification rights under any potential future license agreements and other collaborative arrangements, will be adequate to protect it against any claims and resulting liabilities. As Earth Alive's business expands, it may be unable to obtain additional insurance on commercially reasonable terms. Earth Alive may be subject to product liability lawsuits, and its insurance may be inadequate to cover potential damages. Therefore, Earth Alive's financial condition and its reputation could be adversely affected if a product liability claims or recall exceeds insured amounts.

Government Regulation

If Earth Alive is unable to comply with current or future government regulations of its products and production activities, Earth Alive may be forced to discontinue production of current or future products. Earth Alive is subject to federal, state, local, and foreign laws and regulations governing its products and production activities. Each product that is developed, produced, marketed, or licensed presents unique regulatory problems and risks. The problems and risks depend on the product type, its uses, and method of manufacture. For products used in human nutrition, Earth Alive will be required to adhere to requirements published by the Canadian Food Inspection Agency regulations, United States Food and Drug Administration, ISO standards as required in Europe, and any other applicable standards. If it is unable to comply with these practices and procedures, Earth Alive may be unable to produce its current or future products.

No Assurances of Protection for Patents, Proprietary Rights, or Trade Secrets

Earth Alive relies on patents and trade secrets, which it has developed, licensed or acquired, or may develop in the future, to protect its proprietary technology and processes and maintain its competitive position. There can be no assurances that secrecy obligations will be honoured or that others will not independently develop similar or superior technology. The protection of proprietary technology through patents or claims of trade secret status has been the subject of increasing claims and litigation by various companies both in order to protect proprietary rights as well as for competitive reasons even where proprietary claims are unsubstantiated. The prosecution of proprietary claims or the defence of such claims is costly and uncertain given the uncertainty and rapid development of the principles of law pertaining to this area. Earth Alive, in common with other firms, may also be subject to claims by other parties with regard to the use of technology information and data, which may be deemed proprietary to others.

Outstanding Securities data

The Company has the following securities outstanding:

	As at June 30, 2019	As at August 29, 2019
Common shares	**120,645,862**	120,645,863
Stock options	**8,387,000**	8,387,000
Warrants	**16,836,938**	16,836,938
Agent options	**6,000**	6,000

Off-balance sheet arrangements

There are no off-balance sheet arrangements as of June 30, 2019.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com

FORWARD-LOOKING STATEMENTS

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and are generally beyond the control of Earth Alive. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected in this MD&A. Forward-looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Certification

This Management Discussion and Analysis was approved by the Audit Committee of the Board of Directors.

(s) Liette Nadon, CFO(s) per interim

August 29, 2019