



Earth Alive Clean Technologies Inc.

Management's Discussion and Analysis

For the year ended December 31, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2020

The following Management Discussion and Analysis ("Management's Discussion and Analysis" or "MD&A") should be read in conjunction with the Audited Consolidated Financial Statements and the related notes for the year ended December 31, 2020 that were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The audited consolidated financial statements provide comparative information between the year ended December 31, 2020 and December 31, 2019.

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 was approved by the Board of Directors as of April 28, 2021.

As used in this Management's Discussion and Analysis, unless the context requires otherwise, the terms "EACT", "Earth Alive", "the Company", "we", "us", "its" or "our", mean Earth Alive Clean Technologies Inc.

Additional information about the Company can be obtained on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain information that may constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the expectations of Earth Alive with regard to industry dynamics, competitive position and growth prospects. All forward-looking information and forward-looking statements are necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies.

All statements other than statements which are reporting results as well as statements of historical fact set forth herein are forward-looking statements that may involve a number of known and unknown risks, uncertainties and other factors. Forward-looking statements include, without limitation, statements regarding strategic plans, market conditions, future clients, sales and revenue estimates, partnerships, cost estimates and anticipated financial results, capital expenditures and objectives. These statements relate to analysis and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved. Such assumptions, which may prove incorrect, include the following: (i) projections regarding future demand for Earth Alive's products will be substantially realized, (ii) Earth Alive will be successful in maintaining its competitive advantage, including both the technological sophistication of its products and their pricing relative to those of Earth Alive's competition, (iii) solving the technical challenges addressed by the Company's products will remain a high priority for its customers and potential customers, (iv) the absence of unfavorable legal, financial, business, technological or other circumstances that would have a material adverse effect on Earth Alive, (v) Earth Alive's ability to successfully negotiate, conclude and implement business agreements with various partners on commercially-favorable terms, and (vi) generally, Earth Alive will be successful in implementing its business plan.

The most important factors that could cause actual results or events to differ materially from those discussed in the forward-looking statements are disclosed under the "Risks Factors" section of this MD&A.

Except as required under applicable securities legislation, Earth Alive undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE OVERVIEW

Earth Alive uses state-of-the-art microbial technology to formulate and manufacture ecological products, destined for a variety of industries, and exports its products to several regions around the world. We sell the microbial spores in their primary or blended forms, and 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 or through one of its distributors/blending contractors in various countries.

Earth Alive develops, manufactures and distributes a variety of microbial based products that address some important challenges currently faced in various industries. In addition to its flagship Soil Activator® and ea1™, it manufactures and sells other agricultural supplements such as Dr. Marijane, a certified-organic biofertilizer for application to hemp plants and Rapidall, a 100% organic, biodegradable industrial cleaner made with beneficial bacteria that works on all types of metal surfaces and flooring surfaces for indoor and outdoor applications.

The common shares of EACT are listed on the TSX Venture Exchange under the symbol "EAC".

OVERALL PERFORMANCE

Earth Alive has two operating segments: Infrastructure & Maintenance (primarily dust suppression) and Agriculture. The Infrastructure & Maintenance and Agriculture industries are highly specialized and competitive; however, there is a strong demand for alternate and innovative technologies in both sectors and the Company is of the view that it is well positioned to capture and capitalize on this demand.

THE INFRASTRUCTURE & MAINTENANCE SEGMENT

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

ea1™ Dust Suppressant

The conventional use of synthetic chemicals to control road dust is coming under increasing scrutiny by governments, corporations, activists and local communities. Earth Alive commercializes its patent-pending microbial dust suppression technology, ea1, to the global mining industry as well as other industrial sectors, as an efficient and environmentally sustainable alternative to the use of scarce water resources and harmful chemicals such as chlorides and petroleum derivatives. ea1 is biodegradable, non-toxic, and environmentally sustainable and is well suited for extreme cold and hot conditions (as demonstrated in tests in the cold mountains of the Chilean Andes and in the Sahara Desert). The ea1 microorganisms injected in the top layer of the soil continuously reproduce biosurfactants and biopolymers, which retain moisture in the roadbed. Along with a decrease of up to 90-99% of fine particulate emissions produced by traffic on the roads, this microbial interaction also avoids the need for continual application of water, substantially reducing water usage. ea1's microbial technology agglomerates dust particles in the soil preventing them from becoming airborne, while helping the soil retain moisture. It is therefore, in our view, ideal for use on industrial sites and on road infrastructure projects. ea1 also reduces the formation of ripples on road surfaces, provides soil stabilization benefits, and improves traction. Furthermore, ea1 can help remedy roads that were previously contaminated by hydrocarbons and other chemicals, leaving behind a cleaner site.

In addition to allowing for substantial reductions in water usage, a key feature for mining companies which are increasingly pursuing water conservation goals, ea1 makes dust control efforts more efficient and less labor-intensive and its extended application schedule may contribute to a significant reduction in operational inefficiencies caused by regular dust suppression activities.

Earth Alive uses a variety of raw materials, natural ingredients, including crude glycerine, from various suppliers to manufacture ea1 on a just-in-time basis. These materials are available from a variety of sources, locally and internationally and their pricing has historically been stable, with the notable exception of glycerine, which is a by-product of the bio-fuel production process. Currently, two companies respectively located in Montreal, Canada and in the Midwest region of the United States are providing the microbial spores to Earth Alive. Although the pricing for microbial spores has been relatively stable, there is a limited number of suppliers and pricing has been largely dictated by order volume. Earth Alive has several agreements in place with blenders who can combine

the raw materials in accordance with its formulas. Multiple ISO certified chemical manufacturers can also provide such blending services. Earth Alive is not currently dependant on any one supplier.

In early 2019, after a successful 3-month trial, a large mining company placed a follow-on order for ea1, worth approximately US\$2,000,000. Deliveries under this commercial order were completed in December 2020, later than previously anticipated due to unrelated work stoppages at this customers' site caused in part by the ongoing global pandemic. This customer has since then made two subsequent orders for ea1, each amounting to approximately US\$500,000, in December 2020 and March 2021, respectively. Deliveries under these orders are expected to be completed by the end of second quarter 2021 and Earth Alive is engaging with the customer to assess the future of this commercial relationship.

Following a successful pilot test carried out in the fourth quarter of 2019 in South Africa, Earth Alive received, in April 2020, a purchase order to perform another test for the same company at a large open-pit iron-ore mine in Brazil, representing a sale of \$215,000. This was followed in June 2020 by a purchase order at a third mine from the same group in Chile for an amount of approximately \$75,000. After transportation and weather-related delays, a further trial at one of this mining company's largest mines, in South Africa is scheduled to start in May 2021. These trials are part of the validation process to becoming an important multi-site dust suppressant solution provider for this corporate group.

In June 2020, Earth Alive announced the commercial application ea1 on a leading metal transformation group's industrial site. This initial order, for approximately \$67,000, followed a series of conclusive tests that were conducted on similar industrial sites in France and was the technology's first commercial application on an industrial site. This order also marked the first commercial application of ea1 in Europe.

ea1 is also poised to enter the Russian market after obtaining approval to sell ea1 from regulatory authorities in Russia. The approval process was carried out in collaboration with a leading distributor of specialty products and consultancy services in organic and chemical fertilizers and dust suppression in Russia. With this group, ea1 is expected to be applied in different industries widening the range of application of the dust suppressant. A first test of ea1 was carried out during the third quarter of 2020 at a phosphorus mining operation, and additional tests as well further progress toward commercialisation are expected after the end of the Russian winter during the second quarter 2021.

In Brazil, Earth Alive has been collaborating on a non-exclusive basis with a distributor network. This collaboration has led to preliminary trials with three separate mining companies being carried out at various sites in this country over the past two years.

In addition to revenue opportunities outlined above, Earth Alive is in early-stage discussions with a number of other large potential customers, primarily in the global mining industry. ea1 sales discussions are being conducted directly with 10 global mining companies in various countries, and with other potential customers through agents and partners.

AGRICULTURE SEGMENT

The Agriculture segment provides ecological products for retail and industrial use, such as biofertilizers (soil inoculants) and soil amendments. Most notably, 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. Soil Activator is currently used in large scale operation and/or being evaluated on a wide variety of crops in organic and non-organic farms in the Americas, as well as some regions of Africa and Europe.

To date, Soil Activator sales have mainly come from Canada, the United States, Mexico, Caribbean countries (Cuba, Dominican Republic) and South America (Chile, Colombia, Ecuador and Peru). Earth Alive has sales representatives in Canada, and South America. For countries where Earth Alive offers its products, it trains local agents and/or representatives to better serve the local customers. Products are also sold in Canada at the retail level from coast to coast and through an industrial business-to-business model and are available online.

Earth Alive uses a variety of raw materials, all-natural ingredients, from various suppliers to manufacture Soil Activator. These materials are available from a variety of sources, locally and internationally, and their pricing has been historically stable. The microbial and bacterial spores used are sold in their primary form or directly blended with natural ingredients, by the supplier in ready-to-use powdered or liquid formulations or through a third-party blender who can combine the raw materials in accordance with its formulas. Most often, having the supplier of the microbial components perform the blending functions allows for a slight reduction in production costs. The most expensive component of Soil Activator are the microbial spores. Currently, a company

based in Montreal, Canada is providing the microbial spores and blending services for Earth Alive. The pricing for these microbial spores has been relatively stable, but with a limited number of suppliers, pricing is largely dictated by production volumes.

Currently, the Company's agriculture products are 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.

As at December 31, 2020, Soil Activator is a registered input in 19 countries as well as 42 states in the USA. Registration processes are still underway in Vietnam, Thailand, and Mexico, with support from local partners. In North America, EACT has ended its partnership with Root Rescue in Q1 2020 but our other products continue to be marketed through a wide range of distributors and agents. New distribution partnerships in Colombia and Ecuador and Peru have begun yielding new sales with orders in Ecuador and Colombia during the 2020 fiscal year. At the end of the third quarter, we restructured our operations in South America with an aim to reduce operating costs and accelerate sales growth in this region.

In August 2020, Earth Alive received confirmation from the California Department of Food & Agriculture that it had approved Soil Activator for sale in the state. In early 2021, Soil Activator also received California Department of Food and Agriculture ("CDFA") registration under the Organic Input Material Program. California is North America's leading producer of several high-value crops, growing more than 80% of US grapes and over 90% of US strawberries, gaining access to this market is a significant milestone for our Agriculture segment.

The agricultural segment also markets Dr. Marijane, a 100% organic root probiotic. Scientific testing and validation of its performance began in 2014 and has been repeatedly confirmed by several licensed producers. While a distribution agreement, reached in 2019 for Dr. Marijane with the Hawthorne Garden Company has not been renewed, Dr. Marijane remains positioned to be one of the few inputs specifically marketed for the hemp industry.

HUMAN RESOURCES

Selling Earth Alive's technologies requires highly skilled and knowledgeable individuals. The Corporation has developed and possesses these skills internally, acquired the last few years as it was developing its technologies. Earth Alive had 11 employees as of December 31, 2020, and 13 employees as of the date of this MD&A. We have begun to increase our workforce to better position the Company to capture additional sales potential (Agriculture) and maximise execution of existing opportunities (Infrastructure & Maintenance). We expect to continue to add resources selectively over coming quarters. In addition to its employees, the Company also retains industry and sales expert consultants in several countries.

SELECTED FINANCIAL INFORMATION

In Dollars	Three Months Ended		Year Ended		
	December 31,		December 31,		
	2020	2019	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue	667,271	657,890	2,779,902	2,177,950	1,432,287
Gross Margin	150,827	149,480	783,670	484,775	430,003
Net loss	(356,390)	(2,154,422)	(1,415,535)	(2,661,923)	(3,511,705)
Per share - basic	(0.002)	(0.001)	(0.007)	(0.014)	(0.031)
Per share - fully diluted	(0.002)	(0.001)	(0.007)	(0.014)	(0.031)

	Year Ended December 31,		
	2020	2019	2018
	\$	\$	\$
Total assets	1,860,251	3,320,650	1,180,333
Total liabilities	367,909	637,681	3,374,891
Equity	1,492,342	2,682,969	(2,194,558)

IMPACT OF THE GLOBAL PANDEMIC AND 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.

The outbreak of the novel strain of the coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting various emergency measures since March 2020. These include restrictions on travel to foreign countries that have prevented the Company from sending employees to customers' sites for implementation and testing purposes. This has been alleviated by the use of local third-party providers. The Company has also implemented a work-from-home policy for substantially all of its employees, with physical presence at the Company's facility in Lasalle, Québec, limited to maintaining essential activities.

While it is not possible in the current circumstances to estimate with certainty the length and long-term consequences of the pandemic, as well as their impact on the financial results and operations of the Company, management believes that the prospects for its business remain very favorable as we, and our customers, continue to adapt to the changed operational environment.

FINANCIAL RESULTS

Year ended December 31, 2020	Infrastructure & Maintenance	Agriculture	Not Allocated	Total
Revenue	1,960,712	819,190	-	2,779,902
Cost of goods sold	1,466,846	529,386	-	1,996,232
Gross Margin	493,866	289,804	-	783,670
General and administration	270,513	359,086	308,365	937,964
Sales and Marketing	400,438	698,930	-	1,099,368
Research and development	33,184	69,445	-	102,629
Stock based compensation	-	-	224,658	224,658
Government grants	-	-	(183,515)	(183,515)
Operating Expenses	704,135	1,127,461	349,508	2,181,104
Loss from Operations	(210,269)	(837,657)	(349,508)	(1,397,434)
Financial Income	-	-	8,835	8,835
Financial Expenses	-	-	(26,936)	(26,936)
Net Loss	(210,269)	(837,657)	(367,609)	(1,415,535)

Year ended December 31, 2019	Infrastructure & Maintenance	Agriculture	Not Allocated	Total
Revenue	1,521,316	656,634	-	2,177,950
Cost of goods sold	1,139,490	553,685	-	1,693,175
Gross Margin	381,826	102,949	-	484,775
General and administration	243,159	771,265	341,085	1,355,509
Sales and Marketing	287,743	983,280	34,963	1,305,986
Research and development	11,894	168,204	1,608	181,706
Stock based compensation	-	-	177,538	177,538
Operating Expenses	542,796	1,922,749	555,194	3,020,739
Loss from Operations	(160,970)	(1,819,800)	(555,194)	(2,535,964)
Financial Income	-	-	403	403
Financial Expenses	-	-	(832,339)	(832,339)
Gain on conversion of debenture	-	-	705,977	705,977
Net Loss	(160,970)	(1,819,800)	(681,153)	(2,661,923)

Overview of Fiscal 2020 Financial Results and Comparison to Fiscal 2019

During the year ended December 31, 2020, Earth Alive incurred a net loss of \$1,415,535 compared to a net loss of \$2,661,923 for 2019. The reduction in net loss compared to the same period last year was primarily attributable to higher revenues and lower operating and net financial expenses.

Revenues and Gross Margin

Revenues increased to \$2,779,902 for the year ended December 31, 2020 compared to \$2,177,950 for the same period in 2019. Gross margin increased to 28.2% in 2020 compared to 22.3% in 2019. The increase in gross margin is primarily due to higher volumes in both operating segments and improved pricing in Agriculture.

Infrastructure & Maintenance revenues increased to \$1,960,712 for the year ended December 31, 2020, with a gross margin of 25.2%, compared to revenues of \$1,521,316 with a gross margin of 25.1% for the same period in 2019. The increase in revenues is attributable to the sustained momentum in new ea1 business that the company has seen over the past year, partially offset by the ongoing global pandemic's impact on economic activity.

The Agriculture segment's revenues were \$819,190 for the year ended December 31, 2020, with a gross margin of 35.4% compared to revenues of \$656,634 and a gross margin of 15.7% in the same period in 2019. The higher gross margin was driven improved pricing and a more favourable product mix, both of which are the result of close monitoring of the segment's activities over the past few months.

Expenses

Total operating expenses for the year ended December 31, 2020 were \$2,181,104 compared to \$3,020,739 for the year ended December 31, 2019.

General and Administrative

General and administrative expenses for the year ended December 31, 2020 were \$937,964, compared to \$1,355,509 during the same period in 2019. The decrease is partly due to the absence of the provision related to the write-off of customer receivables in 2019 and of costs incurred in connection with equity financing activities also in 2019, partially offset by higher salaries due to the expansion of the management team in summer 2020 and, to a lesser extent, higher legal fees in early 2020.

Sales and Marketing

Sales and marketing expenses for the year ended December 31, 2020 decreased to \$1,099,368, compared to \$1,305,986 for the same period in 2019, primarily due to travel and other pandemic-related restrictions as well as reduced costs related to the restructuring of our sales activities in South America. These were partially offset by higher expenses related to social media initiatives.

Research and Development

For the year ended December 31, 2020, research and development costs decreased to \$102,629 compared to \$181,706 in 2019, due to lower spending on global product registrations.

Government grants

Government grants related to COVID relief amounting to \$183,515 were recorded as a reduction of expenses in 2020 (2019, nil). These were comprised of \$163,515 relating to the Canada Emergency Wage Subsidy and \$20,000 relating to the forgivable portion of a loan under the Canada Emergency Business Account program.

Financial Income and Expenses

For the year ended December 31, 2020, net financial expenses (income) were \$18,101 compared to \$125,959 for 2019. The improvement was driven by the elimination of the accretion and interest expenses on convertible debentures, partially offset by the absence in 2020 of the gain on conversion of debenture.

Overview of Fourth Quarter 2020 Financial Results and Comparison to Fourth Quarter 2019

During the quarter ended December 31, 2020, Earth Alive incurred a net loss of \$356,390 compared to a net loss of \$215,442 for 2019. The increase in net loss compared to the same period last year was primarily attributable to the absence this year of the gain on the conversion of convertible debentures in 2019, partly offset by lower operating expenses.

Revenues and Gross Margin

Revenues increased to \$667,271 for the three months ended December 31, 2020 compared to \$657,890 for the same period in 2019, as lower Infrastructure & Maintenance revenues were offset by stronger revenues in our Agriculture segment. These revenues were slightly lower than the range of \$700,000 to 800,000 previously anticipated for the quarter. The revenue shortfall relative to expectations was driven by the timing of certain Infrastructure & Maintenance revenues and, to a lesser extent, by a stronger than anticipated Canadian currency relative to the US dollar. Fourth quarter 2020 gross margin was 22.6% compared to 22.7% in the same period last year.

Infrastructure & Maintenance revenues decreased to \$495,000 for the three months ended December 31, 2020, with a gross margin 19.2%, compared to \$549,766 with a gross margin of 23.6% in the same period last year. This decrease in revenues was driven by lower shipments to our main customer's site in Mexico. The year-over-year decline in gross margin was attributable to higher costs incurred in preparation for a field test which will occur in 2021.

The Agriculture segment's revenues increased to \$172,271 for the three months ended December 31, 2020 compared to \$108,124 in the same period in 2019, as strong order activity in Latin America more than offset a slight year-over-year decline in our North American business caused by the discontinuation of the sales of the Root Rescue product line in early 2020. Gross margin of 32.3% in the fourth quarter of 2020 was higher than 18.2% in the same period last year due to improved pricing, resulting from the of close tracking of this segment's activities over the past year, as well as a more favourable regional mix.

Expenses

Total operating expenses for the quarter ended December 31, 2020 were \$485,953 compared to \$995,798 for the quarter ended December 31, 2019.

General and Administrative

General and administrative expenses for the three-month period ended December 31, 2020 were \$200,668 compared to \$535,818 for the same period in 2019. The decrease is mainly due to the absence of the provision related to the write-off of customer receivables which amounted to \$299,940 in fourth quarter 2019 and of costs incurred in connection with equity financing activities in 2019, combine with lower consulting fees in fourth quarter 2020, partially offset by higher salaries due to the expansion of the Company's senior management team.

Sales and Marketing

Sales and marketing expenses for the three months period ended December 31, 2020 decreased to \$289,224, compared to \$335,743 for the same period in 2019, primarily due to travel and other pandemic-related restrictions as well as the restructuring of our sales activities in South America which permanently reduced our cost structure in this region.

Research and Development

For the three-month period ended December 31, 2020, research and development costs decreased to \$37,651 compared to \$63,337 for 2019, primarily due to a decrease in product registration expenses and patent application fees.

Government grants

Government grants related to COVID relief amounting to \$52,172 were recorded as a reduction of expenses in fourth quarter 2020 (2019, nil). These were comprised of \$32,172 relating to the Canada Emergency Wage Subsidy and \$20,000 relating to the forgivable portion of a loan under the Canada Emergency Business Account program.

Financial Income and Expenses

For the three-month period ended December 31, 2020, net financial expenses, excluding foreign exchange gains and losses improved to \$357 compared to \$183,124 for the same period in 2019. This improvement was driven by the elimination of the accretion and interest expenses on convertible.

Liquidity and Capital Resources

For the year ended December 31, 2020, cash flows used in operating activities were \$1,777,317, an improvement from cash flows used in operating activities of \$2,348,769 for the year ended December 31, 2019. Excluding changes in non-cash working capital items cash flows used in operating activities improved to \$794,177 in 2020, from \$3,090,830 in 2019. The Company remains focused on continuing to increase revenues and gross margin, with the objective of achieving positive cash flows provided by operating activities as soon as possible.

In December 2020, the Company contracted a \$60,000 interest-free loan from the Canada Emergency Business Account Program. By repaying the loan before December 31, 2022, the Company will benefit from a 33% write-off or \$20,000, which will be transferred to a non-repayable grant. If the loan is not repaid by December 31, 2022, it will be converted into a three-year term loan at an annual interest rate of 5%, with the entire loan to be repaid. The Company intends to reimburse the \$40,000 in December 2022.

As at December 31, 2020, Earth Alive had net working capital amounting to \$1,364,740, compared to net working capital of \$2,480,449 as at December 31, 2019. Earth Alive's main objectives in managing its capital resources are to ensure liquidity and the availability of enough funds for working capital, capital asset purchases or other investments to support the business. The Company's current capital resources consist of cash and short-term deposits. The Company's cash resources amounted to \$565,039, including a short-term deposit of \$417,266.

SUBSEQUENT EVENT

Subsequent to year-end, Earth Alive announced, on February 26, 2021, a non-brokered private placement of 43,478,261 units at a price of \$0.115 per unit, for gross proceeds of \$5 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles its holder to subscribe for a common share at a price of \$0.25 per common share, until February 25, 2024 and is subject to an accelerated expiry clause. Net proceeds will be used to grow the size of our team, to fund operational projects and the growth of the business, and for general corporate purposes. In connection with the Offering, the Company issued 2,065,217 units as a finder's fee.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The Company's principal contractual obligations and commercial commitments relate to outstanding debt.

	Book Value	2021	2022
Loan	40,000	-	40,000
	40,000	-	40,000

SELECTED QUARTERLY FINANCIAL DATA

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

	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	Mar. 31, 2019
Revenue	667,271	192,473	666,336	1,253,822	657,890	1,048,908	258,539	212,613
Gross Margin	150,827	58,283	175,438	399,122	149,480	218,569	61,531	55,195
Operating Expenses	485,953	502,776	571,165	621,210	995,798	800,771	669,265	554,905
Financial (Income) Expenses	(3,739)	7,151	15,539	(37,052)	75,101	273,254	247,324	236,257
Gain on conversion of debenture	-	-	-	-	705,977	-	-	-
Comprehensive loss	(356,390)	(451,644)	(422,465)	(185,036)	(215,442)	(855,456)	(855,058)	(735,967)
Loss per share, Basic and diluted	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.007)	(0.006)

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 year ended December 31, 2020, consisting of share-based compensation, consulting fees, salaries and benefits, interest earned from convertible debentures and sales commissions and are as follows:

	Year ended December 31,	
	2020	2019
Salaries and benefits	424,025	175,000
Convertible debenture interest (2)	-	204,995
Consulting fees (1)	189,200	322,599
Stock based compensation	203,199	116,308
Total	816,425	818,902

(1) Consulting fees for an officer of the Company were paid to a separate management company controlled by an officer and an entity related to an officer.

(2) As at December 31, 2019 interest on convertible debenture of \$196,136 had been paid to an entity where key management personnel are a director.

SIGNIFICANT ACCOUNTING POLICIES

The information is provided in Note 2 to the condensed consolidated financial statements for the year ended December 31, 2020.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Please refer to Note 3 of the condensed consolidated financial statements for the year ended December 31, 2020 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 financial statements for the year ended December 31, 2020.

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 filings and the reports provided under securities legislation.

RISK FACTORS

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. The long-term viability of the Company is dependent on our ability to successfully execute our strategic plan or obtaining additional financing. Earth Alive has relied on external sources of debt and equity to fund operations to date.

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.

The outbreak of the novel strain of the coronavirus, specifically identified as COVID-19, has resulted in governments worldwide, and in the province of Québec, enacting emergency measures to combat the spread of the virus. Since the beginning of March 2020, the Company is monitoring the potential impact on the operations of the Company. As of the time of authorisation of these financial statements, it is not possible to reliably estimate the length and severity of these developments and their long term impact on the financial results and operations of the Company.

Capitalization and Commercial Viability

Earth Alive had negative operating cash flow in the three-month and 12-month periods ended December 30, 2020. Earth Alive may need additional debt financing or other capital investment to fully implement its 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.

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.

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 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.

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 December 31, 2020 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 and comprehensive lost for the year then ended.

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.

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 \$360,317. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

At December 31, 2020, the impact on the after-tax loss of a 10% 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.

OUTSTANDING SECURITIES DATA

The Company has the following securities outstanding:

	April 28, 2021	December 31, 2020
Common shares	241,489,191	195,945,713
Stock options	9,205,000	9,205,000
Warrants	100,106,689	54,563,211
Agent's options	800,000	800,000

Off-balance sheet arrangements

There are no off-balance sheet arrangements as of December 31, 2020.

Other Information

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

Certification

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

(s) *Frédéric Beausoleil, CFO(s)*

April 28, 2021