



HEMPALTA™

HEMPALTA CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2025

INTRODUCTION

This management discussion and analysis (“**MD&A**”) should be read in conjunction with the interim condensed financial statements for the three and nine months ended June 30, 2025 (the “Financial Statements”) and the audited consolidated financial statements for the years ended September 30, 2024 and 2023 for Hempalta Corp. (the “Company”), which can be found on www.sedarplus.ca.

The Financial Statements, including the comparative figures, were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Unless otherwise noted, all dollar amounts are in Canadian dollars.

The information in this MD&A is current as of August 29, 2025, unless otherwise noted.

The Financial Statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company. Management of the Company is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the Financial Statements and MD&A, are complete and reliable.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information contained in this MD&A may constitute forward-looking information under applicable securities laws. Such forward-looking information is used in this MD&A for the purpose of providing information about management’s current expectations and plans relating to the future development of the Company’s business. All statements and information other than statements of historical fact or historical information may be forward-looking information. Readers are cautioned that reliance on such forward-looking information may not be appropriate for other purposes, such as making investment decisions. Forward-looking information typically contains statements with words such as “expect”, “intend”, “estimate”, “will”, “anticipated”, “possible”, “potential” or similar words, including negatives thereof, suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements or information with respect to: the Company’s strategies and objectives, both generally and in respect of its existing business and planned businesses; the increase in the planting of hemp by farmers in North America due to new processing capabilities and greater regulatory certainty in the United States; the anticipation that the Company will become an active participant in the nature-based carbon removal industry and will derive revenue from carbon credit sales; the expectation that the Company will have sufficient capital resources for the 2025 financial year; and certain other statements herein with respect to other expectations, beliefs, plans, objectives, assumptions and intentions, or statements about future events or performance.

The forward-looking information is based on a number of factors, expectations and assumptions which have been used to develop such information, and which may prove to be incorrect. Such material factors, expectations and assumptions include, but are not limited to: the ability of the Company to successfully implement its strategic plans and initiatives and whether such strategic plans and initiatives will yield the expected benefits; applicable tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; assumptions of costs associated with business plans; consistency of laws and regulation relating to the hemp industry; the timely receipt of any required regulatory approvals for the business plans of the Company; the ability of the Company to obtain qualified staff and necessary products in a timely and cost efficient manner; the general stability of the economic and political environment in which the Company operates; and the ability of the Company to obtain financing on acceptable terms when and if needed. Although the Company believes that the factors, expectations, and assumptions on which the forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurances that they will prove to be correct.

Since forward-looking information addresses future events and conditions, by its very nature it involves inherent known and unknown risks and uncertainties which are beyond the control of the Company. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These factors and risks include, without limitation: the risks related to the seasonality of the Company’s business; the ability of management to execute its business strategy, objectives and plans; the risks related to uninsured or uninsurable risks; disruptions in the Company’s activities due to acts of God; changes to contracts; the risks relating to attracting and retaining qualified management and technical personnel; environmental risks; the ability of the Company to effectively manage its growth and operations; dependence on equipment, materials and skilled technical workers; the risks related to human error, and the factors and risks identified under the “Risk Factors” section of this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. The Company’s actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom.

The forward-looking information included in this MD&A is made as of the date hereof and the Company does not undertake an obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise, except as required by applicable law.

Additional information related to the Company is available by requesting further information from the Company’s head office in Calgary.



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COMPANY OVERVIEW

OUR HISTORY

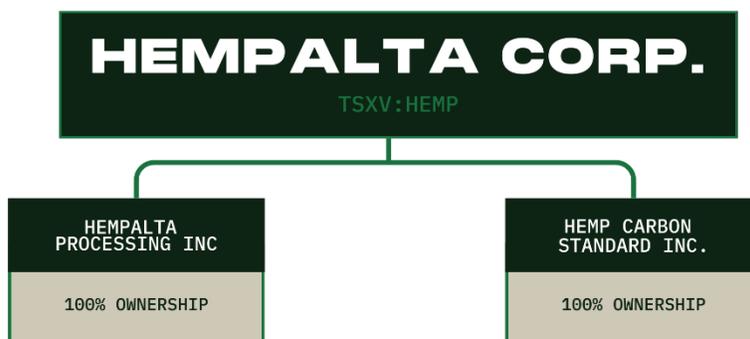
On March 19, 2024, Hempalta Corp. (formerly capital pool company Trail Blazing Ventures Ltd. (“TBV”)) acquired Hempalta Inc. by way of a reverse takeover. Prior to this transaction, TBV changed its name from Trail Blazing Ventures Ltd. to Hempalta Corp. In conjunction with these name changes came the name change of Hempalta Inc. to Hempalta Processing Inc. (“HPI”), which was done in an effort to distinguish the processing business from other businesses of the parent company. The HPI processing business was initially purchased from Canadian Greenfield Technologies on December 24, 2021. It was purchased under 2387761 Alberta Ltd which later became Hempalta Inc. and thereafter Hempalta Processing Inc.

On April 30, 2024, Hempalta Corp. acquired 50.1% of Hemp Carbon Standard Inc. (“HCS”), an Alberta based company in the business of carbon sequestration and carbon credit generation. During the quarter ended December 31, 2024, Hempalta Corp. acquired the remaining 49.9% of HCS. With the addition of HCS as a wholly owned subsidiary, the Company has adjusted its focus from hemp processing and manufacturing of hemp products to the carbon credit market.

Further details to each of the above transactions can be found in the notes to the financial statements for the year ended September 30, 2024.

OUR CORPORATE STRUCTURE

As of the date of this MD&A, the Company, trading on the TSX Venture Exchange under the symbol HEMP, has 2 operating subsidiaries: (i) Hempalta Processing Inc., and (ii) Hemp Carbon Standard Inc., both of which are wholly owned by the Company. The subsidiaries were incorporated under the laws of the Province of Alberta and are headquartered in Calgary, Alberta.



MANAGEMENT

Our team is united by a passion for sustainability and innovation in carbon solutions. From industry leaders to early adopters, each member brings unique expertise, driving our mission to create impactful carbon removal strategies. Together, we’re pioneering new ways to make carbon credits a cornerstone of a greener, more sustainable future.

- Darren Bondar, President & Chief Executive Officer
- Candace Ryan, Chief Financial Officer
- Brittany McKell, General Manager
- Samantha Down, Marketing Manager

COMPANY OPERATIONS

The Company is completing a strategic focus on the carbon credit market. The shift in focus will allow the Company to become an active participant as a nature-based carbon credit provider focused on leveraging industrial hemp’s ability to sequester carbon. Through its subsidiary, HCS, the Company develops methodologies and supports farmers in monetizing regenerative farming practices. As part of its strategic focus, the Company has ceased hemp processing operations under HPI and is centering efforts exclusively on its carbon credit business. The Company is in the process of marketing the sale of its processing facility and equipment while exploring licensing opportunities for its consumer product lines.

INNOVATIVE SERVICES

Industrial Hemp Carbon Credits

At Hemp Carbon Standard (HCS), we offer comprehensive, step-by-step support for farmers, ensuring they maximize the benefits of regenerative agriculture while earning carbon credits. Our process is designed to be simple and effective, guiding farmers through each critical stage. We do this by leveraging state-of-the-art technology to simplify and optimize the carbon credit process for farmers.

The carbon credits are science-based carbon removal credits that are derived using a precision quantification methodology which include the following aspects:

Ground Truth:
Ground truth data is collected to enable accurate models for remote measurement at scale and to collect a sparse array of crop samples for verification at the end of each growing cycle.

Sentinel-2 Satellite Data:
We can detect cover crops from satellite, enabling stakeholders to monitor and verify the prevalence of cover crops over large areas.

Flux Towers:
We use data from the global flux tower network to measure the flux of CO₂ between the surface of fields and the atmosphere.

Crop Rotation:
Applying our crop type models to analyze geospatial and temporal trends enables us to identify crop rotations and diversity. This allows users to monitor management practices at scale, as a component of sustainable agriculture verification or supply chain vision.

Field & Boundary Detection:
We focus on what is relevant: detecting areas where crops grow. Field boundaries are the geometric borders or cropped areas, which are not necessarily exact cadastral reference locations.

CO₂ Calculation:
To avoid extensive and expensive crop sampling, CO₂ absorption of hemp crops is measured via satellite data, at scale, with the use of AI and innovative machine learning approaches. The subsequent generation and sale of carbon credits for the voluntary carbon market (VCM) is a prime example of a regenerative agricultural incentive system.

HCS established its platform in 2023 by monitoring 15 farms, 45 sites, and 3,410 acres in Canada, the United States, Ukraine, and Spain that resulted in sequestering 15,325 tonnes of CO₂. In 2024, HCS further built its platform and resulted in monitoring 38 farms, 209 sites, and 12,669 acres, resulting in sequestering 29,448 tonnes of CO₂. In addition, in 2024, HCS introduced fields in Australia, Germany, Sweden, the UK and Zimbabwe to its portfolio of sites.

To date, HCS has successfully sold 996 credits.

COMPETITIVE CONDITIONS

With HCS providing nature-based carbon credits on the voluntary market, our competitors include a number of players in the carbon credit and environmental impact sector. Key competitors fall into 4 categories:

- 1) Carbon credit developers, both nature-based and technology based,
- 2) Brokers connecting buyers and sellers of carbon credits,
- 3) Aggregators pooling carbon credits and selling in bulk, and
- 4) Registries and their sales platforms.

HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

Hemp Derived Carbon Credits

- The Company completed the acquisition of a controlling interest of 50.1% of Hemp Carbon Standard Inc in April 2024 (the "HCS Transaction") and has subsequently acquired the remaining 49.9% during the quarter ended December 31, 2024. HCS harnesses the natural nature-based carbon sequestration properties of industrial hemp through sustainable hemp farming practices around the world to help address climate change.
- HCS began its integration with Cloverly's Catalyst Program to help streamline the management and distribution of carbon credits. Catalyst is a platform designed to enhance carbon credit operations, assisting in expanding market reach while maintaining transparency and efficiency.
- The 2024 carbon credit inventory has been fully verified by third-party auditor Control Union to make them available for sale. A total of 29,448 verified carbon credits were issued under the Company's ISO 14064-2 certified methodology, bringing its total verified carbon sequestration to over 44,000 tonnes of CO₂ over the past two years. The 2024 program included: 38 farms across 209 sites, 12,669 monitored acres and global monitoring spanning Canada, USA, UK, Ukraine, Sweden, Germany, and Australia.
- To date, 980 of the 15,326 vintage verified carbon credits from 2023 have been sold and 16 of the 29,448 verified carbon credits issued in 2024 have been sold.
- The Company is completing a strategic focus on nature-based carbon credit solutions and as a result will focus its operations to prioritize premium hemp-derived carbon credits through HCS while continuing to manage its intellectual property under HPI.

Hemp Processing Facility

- During the quarter ended June 30, 2025, the Company received a lease termination agreement from the landlord dated April 30, 2025, pursuant to the lease liabilities in Note 11. The termination fee was \$88,784 less the lease deposit of \$6,484, with the net withdraw to terminate being \$82,300.
- During the quarter ended June 30, 2025, as part of the Company's previously announced strategic shift to focus exclusively on its carbon credit business, the Company has completed the wind down and closure of its processing facility in Calgary. The facility has now been vacated and decommissioned. The equipment is in storage and is being marketed for sale.
- In connection with the plant closure, the Company's wholly owned subsidiary, HPI has received a notice of default from Farm Credit Canada ("FCC") in respect of the Company's obligations under its existing loan agreement and related security (the "Default"). The notice cites technical defaults arising from the cessation of operations and FCC's determination that there is a material adverse change. No monetary payment default has occurred to date.
- The FCC has granted a 90-day extension to its current forbearance agreement (the "Extension") as outlined in Note 12. The Extension runs to September 30, 2025, providing the Company with critical flexibility as it advances several strategic initiatives, including a planned equipment sale, ongoing carbon credit inventory sales, and new investor engagement efforts.

Continued Operations

- During the quarter ended March 31, 2025, the Loan in the amount of \$325,000 at 12% interest was extended by major shareholders of the Company. In conjunction with the Loan, the lenders of the aggregate will receive a loan bonus in the aggregate of 5,416,667 common share purchase warrants with an exercise price of \$0.06, pursuant to the policies of the TSX Venture Exchange.
- During the quarter ended June 30, 2025, Darren Bondar advanced the Company an additional \$50,000 at 12% interest.

FINANCIAL PERFORMANCE

SELECTED FINANCIAL RESULTS

| | Three months ended | | Nine months ended | |
|----------------------------|--------------------|---------------|-------------------|--------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Product sales | \$ 53,310 | \$ 185,021 | \$ 246,613 | \$ 436,328 |
| Net loss for the period | \$ (1,056,520) | \$ (858,647) | \$ (2,417,979) | \$ (2,008,330) |
| Net loss per share-basic | (\$0.01) | (\$0.01) | (\$0.03) | (\$0.02) |
| | | | June 30, 2025 | September 30, 2024 |
| Cash | | | \$ 62,220 | \$ 726,514 |
| Working capital | | | \$ (776,530) | \$ 712,072 |
| Capital expenditures | | | \$ 155,550 | \$ 407,200 |
| Total assets | | | \$ 2,223,808 | \$ 5,188,978 |
| Total liabilities | | | \$ 1,274,598 | \$ 2,000,135 |
| Total shareholders' equity | | | \$ 949,210 | \$ 3,188,843 |

RESULTS OF OPERATIONS

| | Three Months Ended | | Nine Months Ended | |
|---------------------------------------|--------------------|---------------|-------------------|----------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| PRODUCT SALES | \$ 53,310 | \$ 185,021 | \$ 246,613 | \$ 436,328 |
| COST OF SALES | 125,753 | 220,916 | 572,489 | 497,587 |
| GROSS LOSS | (72,443) | (35,895) | (325,876) | (61,259) |
| EXPENSES | | | | |
| Amortization | 74,351 | 108,913 | 277,968 | 323,098 |
| Financing costs | 21,019 | 23,077 | 60,959 | 120,670 |
| General and administrative costs | 408,014 | 639,516 | 1,347,336 | 1,383,683 |
| Share based compensation | 19,592 | 76,312 | 178,356 | 178,085 |
| | 522,976 | 847,818 | 1,864,619 | 2,005,536 |
| OTHER INCOME (EXPENSES) | | | | |
| Other income | - | 25,066 | 3,028 | 44,831 |
| Loss on assets disposal | (461,101) | - | (461,101) | - |
| Gain on debt settlement | - | - | 230,589 | - |
| Government grant | - | - | - | 13,634 |
| NET LOSS AND COMPREHENSIVE LOSS | \$ (1,056,520) | \$ (858,647) | \$ (2,417,979) | \$ (2,008,330) |
| NET LOSS PER SHARE- Basic and diluted | (\$0.01) | (\$0.01) | (\$0.03) | (\$0.02) |

The following paragraphs provide information about the results of the Company's operations for the three months and nine months ended June 30, 2025.

Product sales

Revenues for the three months ended June 30, 2025, decreased 71% as compared to 2024. Revenues for the nine months ended June 30, 2025, decreased 43% as compared to 2024. The primary reason for the decline in sales is a result of the Company focusing sales efforts on carbon credit rather than consumer packaged goods. As a result of the focus on carbon credits, the Company ceased production of inventory and revenues were generated off of existing inventory.

Cost of sales

For the three months ended June 30, 2025, cost of sales decrease by 43% compared to 2024. The decrease is a result of the closure of the processing facility, and thus no allocation of overhead to cost of sales.

For the nine months ended June 30, 2025, the Company's cost of sales increased by 15% compared to 2024. The increase in cost of sales is primarily a result of inventory being written off to cost of sales.

General and Administrative Costs

The following table provides a breakdown of general and administrative costs:

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|---------------|-------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Accounting and legal | \$ 77,894 | \$ 256,329 | \$ 281,236 | \$ 361,637 |
| Advertising and marketing | 28,652 | 45,737 | 146,834 | 154,770 |
| Bank service charges | (660) | 180 | 2,058 | 722 |
| Office and sundry | 144,170 | 82,537 | 295,126 | 153,182 |
| Salaries and benefits | 149,779 | 378,084 | 650,129 | 1,077,353 |
| Travel and business development | 8,179 | 3,939 | 12,953 | 19,317 |
| Gross general and administrative costs | \$ 408,014 | \$ 766,806 | \$ 1,388,336 | \$ 1,766,981 |
| Costs transferred to cost of goods sold and inventory | - | (127,290) | (41,000) | (383,298) |
| Net general and administrative costs | \$ 408,014 | \$ 639,516 | \$ 1,347,336 | \$ 1,383,683 |

Net general and administrative costs decrease 36% for the three months ended June 30, 2025 compared to 2024. Net general and administrative costs decrease 3% for the nine months ended June 30, 2025 compared to 2024. This was mostly due to wind down of the processing operations of HPI.

Net loss

Net loss for the three months ended June 30, 2025 increased 23% from 2024. Net loss for the nine months ended June 30, 2025 increased 20% from 2024. This was mainly as a result the winddown of the HPI operations which resulted in lower sales, and losses on disposal of assets which was offset by the gain on debt settlement.

Property Plant and Equipment

The following table shows the Company's Property, plant and equipment ("PP&E") for the nine months ended June 30, 2025:

| | Furniture and Fixtures | Processing Equipment | Plant and Buildings | Vehicles | Total |
|---------------------------------|---------------------------|-------------------------|------------------------|----------|--------------|
| Cost | | | | | |
| September 30, 2024 | 50,254 | 2,267,269 | 635,875 | 25,000 | 2,978,398 |
| Additions (dispositions) | (50,254) | 65,550 | (635,875) | (25,000) | (645,579) |
| June 30, 2025 | \$ - | \$ 2,332,819 | \$ - | \$ - | \$ 2,332,819 |
| Accumulated amortization | | | | | |
| September 30, 2024 | 21,816 | 570,037 | 17,943 | 11,400 | 621,196 |
| Amortization | 3,318 | 130,958 | 2,621 | 1,521 | 138,418 |
| Dispositions | (25,134) | - | (20,564) | (12,921) | (58,619) |
| June 30, 2025 | \$ - | \$ 700,995 | \$ - | \$ - | \$ 700,995 |
| Net book value | | | | | |
| June 30, 2025 | \$ - | \$ 1,631,824 | \$ - | \$ - | \$ 1,631,824 |

PP&E for the nine months ended June 30, 2025 is reported in the amount of \$1,631,824. There are no operating PP&E assets. The reported PP&E assets are classified as non-operating and are currently being held for sale.

Capital Expenditures

The following table shows the Company's capital additions for the nine months ended June 30, 2025:

| | Capital expenditures |
|---|----------------------|
| Plant and buildings | \$ 65,550 |
| Total Plant, property and equipment additions | \$ 65,550 |
| Goodwill | \$ 90,000 |
| Total Intangible assets additions | \$ 90,000 |
| Total capital expenditures | \$ 155,550 |

The Company's major capital expenditure in the nine months ended June 30, 2025, was the acquisition of plant machinery and the acquisition of the non-controlling interest in HCS (goodwill).

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Expenses related to key management personnel are comprised of:

| Nine months ended | June 30, 2025 | June 30, 2024 |
|--------------------------|---------------|---------------|
| Salaries and benefits | \$ 192,850 | \$ 156,000 |
| Share-based compensation | 172,285 | 34,106 |
| | \$ 365,135 | \$ 190,106 |

Included in accounts payable and accrued liabilities is \$7,065 (September 31, 2024 - \$nil) due to the Chief Executive Officer and Director of the Company.

During the quarter ended March 31, 2025, major shareholders Darren Bondar and Prairie Merchant Corporation (the "Lenders") have extended a one-year term loan in the aggregate amount of \$325,000 at 12% interest (the "Loan"). In connection with the Loan, the Company issued a loan bonus to the Lenders of an aggregate of 5,416,667 common share purchase warrants (the "Warrants"), exercisable for a period of one year with an exercise price equal to \$0.06 (the "Bonus"). The Warrants are subject to a hold period under Canadian securities laws, expiring four months and one day from the date of issuance. The Loan and the Bonus are subject to the approval of the TSX Venture Exchange. This Loan provides additional working capital to support the Company's growth in the carbon credit market. During the quarter ended June 30, 2025, Darren Bondar advanced the Company an additional \$50,000 at 12% interest and an additional \$50,000 at 12% interest was advanced on August 6, 2025.

During the nine months ended June 30, 2025, interest of \$12,953 (June 30, 2024 - \$nil) was accrued and paid to the Lenders.

Commitments - Contingent liabilities

As at the current date, management was not aware of any outstanding contingent liabilities or commitments relating to the Company's activities.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Legal Proceedings

As at the current date, management was not aware of any legal proceedings involving the Company.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly financial statements for the last eight quarters.

| Quarter Ended | Revenue | Net loss | Loss per Share |
|--------------------|------------|----------------|---------------------|
| | | | (Basic and Diluted) |
| June 30, 2025 | \$ 53,310 | \$ (1,056,520) | (\$0.01) |
| March 31, 2025 | \$ 122,806 | \$ (929,178) | (\$0.01) |
| December 31, 2024 | \$ 70,497 | \$ (432,281) | (\$0.00) |
| September 30, 2024 | \$ 103,399 | \$ (4,629,001) | (\$0.06) |
| June 30, 2024 | \$ 185,021 | \$ (858,647) | (\$0.01) |
| March 31, 2024 | \$ 131,486 | \$ (512,461) | (\$0.01) |
| December 31, 2023 | \$ 119,821 | \$ (496,949) | (\$0.01) |
| September 30, 2023 | \$ 96,481 | \$ (659,066) | (\$0.01) |

The Company's revenues are seasonal but they have an overall upward trend over the last 8 quarters as the Company expanded its production and distribution markets during operations.

Net loss for the quarter ended June 30, 2025 increased due to the following factors:

- a strategic focus on carbon credit generation and sales rather than consumer goods;
- lower product revenue due ceased production and sales of existing inventory only;
- loss on disposal of assets for HPI operations.

Net loss for the quarter ended March 31, 2025 increased due to the following factors:

- a strategic focus on carbon credit generation and sales rather than consumer goods;
- lower product revenue due ceased production and sales of existing inventory only;
- higher cost of sales due to inventory write-offs of HPI product;
- higher share-based compensation expense due to the issuance of warrants for the Loan.

Net loss for the quarter ended September 30, 2024 increased significantly due to the following factors:

- IFRS treatment of accounting for the reverse takeover by TBV resulting in listing costs of \$1.8 million,
- Increased general and administration costs, and
- Goodwill impairment recorded of \$2.0 million related to HCS. Though the initial acquisition price was supported by an independent valuation, impairment testing under IFRS, resulted in the write-down, due to lower than anticipated revenue in the current year, and subsequent to year end the remaining 49.9% was acquired by the Company for approximately \$90,000 (plus certain earnout provisions).

Revenue and losses varied in other quarters mainly as a result of seasonality with regard to revenue and timing of professional fees.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Working Capital

| | June 30, 2025 | September 30, 2024 |
|-----------------|---------------|--------------------|
| Cash | \$ 62,220 | \$ 726,514 |
| Working capital | \$ (776,530) | \$ 712,072 |

Total cash decreased 91% in the nine months ended June 30, 2025, mostly due to reduced revenue, ongoing general and administration costs, and transaction costs for the acquisition of the 49.9% of HCS. Working capital decreased by approximately \$1.49 million due to the reduction in cash, accounts receivable, inventory, and prepaids, and the increase in accounts payable and the Loan.

Liquidity is primarily influenced by the operational performance of product sales, the level of capital expenditures, and the ability to obtain external sources of financing. The Company's objectives when managing its liquidity and capital resources are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company monitors its liquidity on a continuous basis to ensure there is sufficient capital to meet business requirements and to provide shareholder value.

The Company has ceased its production operations and is actively marketing the sale of its turnkey hemp production facility. Management notes that the carrying amount may differ from the realizable value upon sale, and any such differences will be recognized in the financial statements when realized. The Company continues to evaluate opportunities to dispose of these assets in a manner that maximizes shareholder value. Proceeds from this asset sale, along with the potential closing of the ongoing private placement and the \$375,000 Loan secured from major shareholders, are expected to provide near-term liquidity. However, if these transactions do not materialize as anticipated, the Company may need to seek additional financing to meet its obligations.

Capital Resources

Even with approximately \$0.8 million of a working capital deficit, the Company has adequate capital resources for the short term due to the Loan secured by major shareholders during the period ended June 30, 2025 in the amount of \$375,000, and due to no current commitments for capital expenditures. However, the Company will need to complete a financing or sell its equipment to fund operations for the balance of the 2025 financial year.

Contractual Obligations

The table below summarizes the Company's contractual obligations as at June 30, 2025 and September 30, 2024.

| June 30, 2025 | | Recognized in Financial Statements | Total | Less than 1 year | 2-3 years | 4-5 years | More than 5 years |
|--|-----|---------------------------------------|-----------|---------------------|--------------|--------------|----------------------|
| Accounts payable and accrued liabilities | (1) | Yes-Liability | 266,120 | 266,120 | - | - | - |
| Long-term debt | | Yes-Liability | 629,474 | 199,674 | 429,800 | - | - |
| Interest payable on long term debt | (2) | No | 39,544 | 24,370 | 15,174 | - | - |
| September 30, 2024 | | | | | | | |
| Accounts payable and accrued liabilities | (1) | Yes-Liability | 142,910 | 142,910 | - | - | - |
| Long-term debt | | Yes-Liability | 678,106 | 197,473 | 480,633 | - | - |
| Minimum lease payments | | Yes-Liability | 1,135,856 | 192,000 | 340,528 | 350,799 | 252,529 |
| Interest payable on long term debt | (2) | No | 46,891 | 26,553 | 20,338 | - | - |

1) Excludes interest payable on long-term debt

2) Excludes interest payable on lease liabilities

Cash Flows

| Nine months ended | June 30, 2025 | June 30, 2024 |
|--|----------------|----------------|
| Cash used in operating activities | \$ (1,404,135) | \$ (1,589,563) |
| Cash from financing activities | 242,882 | 618,426 |
| Cash from investing activities | 496,959 | 2,123,043 |
| Increase (decrease) in cash and cash equivalents | \$ (664,294) | \$ 1,151,906 |

Cash used in operating activities for the nine months ended June 30, 2025, decreased 12% from 2024 mostly as a result of the wind-down of the HPI processing facility and for reasons outlined under Results of Operations.

Cash flows from financing activities for the nine months ended June 30, 2025, was from proceeds from the Loan plus the amount payable to non-controlling interest that was forgiven less payment of lease liabilities and long-term debt. Cash flows from financing activities for the nine months ended June 30, 2024 was as a result of proceeds from issuance of shares, offset by the repayment of long-term debt, repayment of promissory notes, and settlement of lease liabilities.

Cash from investing activities for the nine months ended June 30, 2025 was primarily a result of dispositions to property, plant, and equipment, less the additions to intangible assets from the acquisition of the non-controlling interest in HCS (goodwill). Cash flows from investing activities for the nine months ended June 30, 2024 was as a result of the acquisition of cash from the reverse acquisition less additions to property, plant, and equipment, and intangible assets

OUTSTANDING SHARE DATA

ISSUED AND OUTSTANDING COMMON SHARES

As at June 30, 2025, and the date of this MD&A, the Company has 94,944,176 shares issued and outstanding (September 30, 2024 – 94,944,176).

SHARE PURCHASE WARRANTS

As of June 30, 2025 the number of warrants issued and outstanding is 7,733,490.

A continuity of the share purchase warrants is summarized as follows:

| | June 30, 2025 | | September 30, 2024 | |
|---|--------------------|---------------------------------|--------------------|---------------------------------|
| | Number of Warrants | Weighted average exercise price | Number of Warrants | Weighted average exercise price |
| Warrants outstanding, beginning balance | 2,784,823 | \$0.14 | 2,629,964 | \$0.13 |
| Issued January 19, 2024 | - | - | 154,859 | \$0.17 |
| Expired February 7, 2025 | (468,000) | (\$0.10) | - | - |
| Issued March 10, 2025 | 5,416,667 | \$0.06 | - | - |
| Warrants outstanding, ending balance | 7,733,490 | \$0.09 | 2,784,823 | \$0.14 |

As at June 30, 2025, the Company had outstanding warrants as follows:

| Expiry date | Exercise price | Remaining life (years) | Number of warrants outstanding | Number of warrants exercisable |
|--------------------|----------------|------------------------|--------------------------------|--------------------------------|
| July 31, 2025 | \$0.20 | 0.08 | 625,000 | 625,000 |
| August 8, 2025 | \$0.15 | 0.11 | 80,000 | 80,000 |
| September 30, 2025 | \$0.16 | 0.25 | 100,000 | 100,000 |
| January 19, 2026 | \$0.17 | 0.56 | 154,859 | 154,859 |
| January 25, 2026 | \$0.15 | 0.57 | 150,000 | 150,000 |
| March 10, 2026 | \$0.06 | 0.69 | 5,416,667 | 5,416,667 |
| June 27, 2027 | \$0.10 | 1.99 | 1,000,000 | 1,000,000 |
| November 9, 2027 | \$0.15 | 2.36 | 206,964 | 206,964 |
| | \$0.09 | 0.84 | 7,733,490 | 7,733,490 |

As at the date of this MD&A, the number of warrants issued and outstanding is 7,028,490, as 705,000 warrants expired out of the money.

STOCK OPTIONS

As of June 30, 2025 and as at the date of this MD&A, the number of options issued and outstanding is 6,392,647.

A summary of the Company's stock option transactions is presented below:

| | June 30, 2025 | | September 30, 2024 | |
|--|-------------------|---------------------------------|--------------------|---------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Options outstanding, beginning balance | 7,927,941 | \$0.14 | 4,375,000 | \$0.13 |
| Granted | - | - | 2,150,000 | \$0.17 |
| Options from Qualifying Transaction | - | - | 2,352,941 | \$0.13 |
| Cancelled/Expired | (1,535,294) | \$0.14 | (950,000) | \$0.13 |
| Options outstanding, ending balance | 6,392,647 | \$0.13 | 7,927,941 | \$0.14 |
| Number of options exercisable | 5,455,147 | \$0.13 | 5,052,941 | \$0.13 |

The share options outstanding as at June 30, 2025 are as follows:

| Grant date | Number of options outstanding | Exercise price | Expiry date | Number of options exercisable | Remaining life (years) |
|------------------|-------------------------------|----------------|------------------|-------------------------------|------------------------|
| October 1, 2021 | 1,058,824 | \$0.09 | October 1, 2031 | 1,058,824 | 6.26 |
| January 21, 2022 | 1,058,823 | \$0.17 | January 21, 2032 | 1,058,823 | 6.56 |
| February 7, 2022 | 1,450,000 | \$0.10 | February 7, 2027 | 1,450,000 | 1.61 |
| March 9, 2022 | 250,000 | \$0.10 | March 9, 2027 | 250,000 | 1.69 |
| January 25, 2023 | 1,400,000 | \$0.15 | January 25, 2028 | 1,050,000 | 2.57 |
| June 24, 2024 | 1,175,000 | \$0.17 | June 24, 2029 | 587,500 | 3.99 |
| | 6,392,647 | \$0.13 | | 5,455,147 | 3.85 |

FINANCIAL RISK MANAGEMENT

RISK FACTORS

The Company's activities expose it to a variety of market risks, including foreign currency risk, interest rate risk, credit risk, and liquidity risk. Management has overall responsibility for the establishment of risk management strategies and objectives. The Company's risk management policies are established to identify the risks faced, to set appropriate risk limits, and to monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

Liquidity and Going Concern Risk

The Company is currently completing its planned focus from hemp processing and consumer packaged goods to carbon credit generation. While this focus offers significant long-term potential, it presents near-term financial risks. The Company has historically relied on revenues from hemp processing and product sales, which have now ceased. Although the Company has secured short-term funding through the Loan from major shareholders Darren Bondar and Prairie Merchant Corporation in the amount of \$375,000, there is a risk that additional financing may be required to meet ongoing obligations.

The ability of the Company to continue as a going concern is dependent upon securing additional financing, successfully selling its processing facility and equipment, and generating sufficient revenue from carbon credit sales. There can be no assurance that such financing or sales will be available on favorable terms, or at all. If the Company is unable to raise additional funds or generate adequate revenue, it may be unable to continue operations, which could have a material adverse effect on its business and financial condition.

Investment Risks

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has limited foreign currency transactions and management is of the opinion that the foreign currency risk is low and is not material.

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk, as the Company's long-term debt has a fixed interest rate.

Industry Risks

Entering the voluntary carbon credit market involves several risks, including regulatory uncertainty, credibility concerns, and market volatility. The lack of standardization and potential for low-quality or unverifiable credits can undermine the market's effectiveness and reputation. Additionally, carbon credit prices can fluctuate, and the market's relatively small size and limited liquidity pose challenges for large transactions. Environmental and social risks, such as negative impacts on ecosystems or local communities, also need to be considered. Companies may face reputational damage if they are perceived as greenwashing or failing to meet expectations. Overall, thorough due diligence and strategic planning are essential to navigate these risks successfully.

Company Risks

- The Company is exposed to credit risk if a customer or counterparty fails to meet its contractual obligations. The maximum credit risk that the Company is exposed to is the carrying value of cash and accounts receivable.
- In the course of activities, several risks, in particular, risks that could result in damage to, or destruction of our assets, personal injury or death of our key personnel, monetary losses and possible legal liability, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company. The Company cannot be certain that insurance will be available on acceptable terms or conditions. In some cases, coverage may not be acceptable or may be considered too expensive relative to the perceived risk.
- Disruptions in the activities of the Company may be caused by natural disasters, effects of climate change and man-made activities, pandemics, trade disputes and disruptions, war, terrorism, and any other form of economic, health, or political disruptions. Any impact on the Company will vary to the extent of the disruption and cannot be adequately predicted.
- The Company relies heavily on its key management personnel, whose commitment and availability are crucial to the organization. Losing such individuals could harm business performance. The Company, in order to efficiently operate, may also need to recruit additional skilled and specialized personnel, and may hire third parties for expertise in some instances. Conflicts of interest or delays with these third parties could affect operations. Recruiting and retaining qualified personnel is vital for success, and failure to do so could negatively impact the Company's growth strategy, profitability, operations, financial condition, and trading price of securities.
- Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Company's interests, and even when those efforts are successful, people are fallible, and human error could result in significant uninsured losses to the Company. These could include inability to produce or delivery products or non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Company might undertake and legal claims for errors or mistakes by the Company's personnel.

ADDITIONAL INFORMATION

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the current year. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

DIRECTORS

Certain directors of the Company are also directors, officers, and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

As at the date of this MD&A, the directors of the Company are Darren Bondar, Adrian Stokes, Craig Steinberg, Dan Balaban, and Liam Russell Wilson.

COPORATE DATA

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|---------------------|--|
| Head office | 1560 Hastings Crescent SE, Calgary, Alberta, Canada, T2G 4E1 |
| Independent auditor | Geib & Company Professional Corporation |



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