



# HEMPALTA™

HEMPALTA CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

## INTRODUCTION

This Management Discussion and Analysis (“**MD&A**”) should be read in conjunction with the audited consolidated financial statements of Hempalta Corp. (the “Company”) for the years ended September 30, 2025 and 2024 which are available on SEDAR+.

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

This MD&A provides management’s commentary on the Company’s financial condition, results of operations, liquidity, capital resources, and strategic direction. The information contained herein is current as of January 28, 2026, 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 are complete and reliable.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information is provided for the purpose of conveying management’s expectations regarding future plans, strategies, financial performance, and operational results. Forward-looking information typically includes words such as “anticipate,” “expect,” “estimate,” “intend,” “believe,” “potential,” “plan,” “target,” “may,” “could,” “will,” and similar expressions suggesting future outcomes.

Forward-looking information in this MD&A includes, but is not limited to:

- the Company’s strategic transition to a nature-based carbon credit business model;
- expectations regarding the development and expansion of the Hemp Carbon Standard (“HCS”);
- anticipated revenues from carbon credit sales;
- assumptions regarding farmer participation and program scalability;
- expectations relating to liquidity, financing requirements, and capital resources; and
- management’s beliefs, intentions, and expectations regarding future economic conditions and regulatory developments.

Such forward-looking information is based on a number of material assumptions, including but not limited to: the Company’s ability to execute its strategic plans; the availability of required financing on reasonable terms; stable regulatory conditions in the jurisdictions in which the Company operates; the continued availability of qualified personnel; the Company’s ability to generate carbon credits in accordance with established methodologies; and general economic and industry conditions.

Forward-looking information involves significant risks and uncertainties that may cause actual results to differ materially from those expressed or implied. These risks include, but are not limited to: market demand and pricing for carbon credits; regulatory and policy risks affecting the voluntary carbon market; operational and execution risks; risks associated with the wind-down of the Company’s former processing operations; liquidity constraints; reliance on external financing; changes in economic conditions; and the other risks described under “Risk Factors” in this MD&A.

Readers are cautioned not to place undue reliance on forward-looking information. Forward-looking information is provided as of the date of this MD&A, and the Company does not undertake any obligation to update such information unless required by applicable securities laws.



**CONTENTS**

COMPANY OVERVIEW .....4

HIGHLIGHTS .....7

FINANCIAL PERFORMANCE .....8

OUTSTANDING SHARE DATA.....13

FINANCIAL RISK MANAGEMENT .....13

ADDITIONAL INFORMATION .....14

## COMPANY OVERVIEW

### COMPANY OVERVIEW

Hempalta Corp. (“Hempalta” or the “Company”) is a Canadian-based company focused on the development, verification, and monetization of nature-based carbon removal credits generated through the cultivation of industrial hemp. The Company operates through two wholly owned subsidiaries:

- Hempalta Processing Inc. (“HPI”), which historically operated the Company’s hemp processing facility; and
- Hemp Carbon Standard Inc. (“HCS”), the Company’s carbon credit platform specializing in industrial hemp-based carbon sequestration.

During the year ended September 30, 2025, the Company made a strategic transition away from hemp processing and consumer product manufacturing toward a streamlined business model centered on carbon credit generation. This transition reflects the Company’s assessment that nature-based carbon removal presents a scalable, capital-light opportunity aligned with global demand for high-integrity carbon credits.

### OUR HISTORY

In March 19, 2024, Hempalta Corp. (formerly Trail Blazing Ventures Ltd. (“TBV”)) completed a reverse takeover of Hempalta Inc. Following the transaction, TBV changed its name to Hempalta Corp., and Hempalta Inc. was subsequently renamed Hempalta Processing Inc. (“HPI”). The HPI processing assets were originally acquired from Canadian Greenfield Technologies on December 24, 2021.

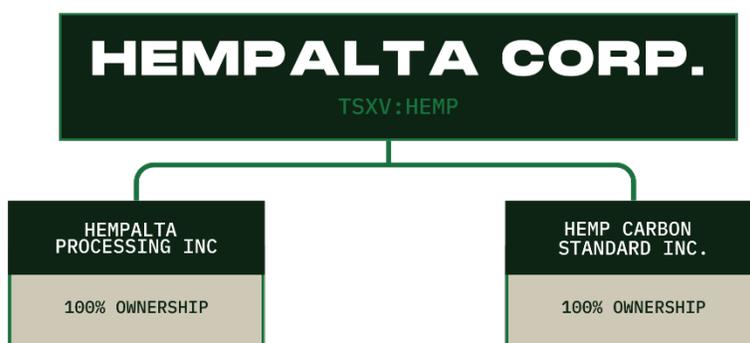
On April 30, 2024, the Company acquired a 50.1% interest in Hemp Carbon Standard Inc. (“HCS”), an Alberta-based developer of industrial hemp carbon sequestration projects. During the quarter ended December 31, 2024, the Company acquired the remaining 49.9%, making HCS a wholly owned subsidiary.

Following these acquisitions, and in response to market conditions, the Company transitioned its strategic focus from hemp processing to carbon credit generation and sales. As a result, the Company ceased operations at its Calgary processing facility and redirected its resources to scaling the HCS platform. This strategic shift includes farmer engagement, methodological development, carbon credit verification, and participation in the voluntary carbon market.

Further details on these transactions are provided in the notes to the consolidated financial statements for the year ended September 30, 2025.

### OUR CORPORATE STRUCTURE

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



### MANAGEMENT

Hempalta’s management team is responsible for executing the Company’s strategic shift toward nature-based carbon credit generation and ensuring effective oversight of financial reporting, operations, and corporate governance.

- Darren Bondar, President & Chief Executive Officer
- Candace Ryan, Chief Financial Officer

Management is supported by outside consultants who oversee farmer engagement, methodology development, carbon credit verification processes, and operational support. The Company continues to maintain appropriate internal controls and governance practices to support financial reporting and operational integrity.

## COMPANY OPERATIONS

During the year ended September 30, 2025, the Company completed a significant transition in its business operations. The Company moved away from hemp processing and consumer packaged goods production and refocused its activities exclusively on the development and monetization of nature-based carbon removal credits through its subsidiary, Hemp Carbon Standard Inc. (“HCS”).

## INNOVATIVE SERVICES

### Industrial Hemp Carbon Credits

HCS is the Company’s core operating platform and is responsible for developing industrial hemp carbon sequestration projects, monitoring participating fields, and generating carbon credits in accordance with ISO 14064-2. HCS works directly with farmers to measure and verify carbon removal through regenerative agricultural practices.

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 CO<sub>2</sub> 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.

**CO<sub>2</sub> Calculation:**  
To avoid extensive and expensive crop sampling, CO<sub>2</sub> 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.

The Company intends to continue expanding farmer participation, scaling program acreage, and advancing its monitoring, reporting, and verification (MRV) capabilities.

### Hemp Processing Facility Wind-Down

As part of its strategic realignment, the Company fully ceased all hemp processing activities under Hempalta Processing Inc. (“HPI”). Key elements of the wind-down include:

- Closure of the Calgary processing facility, including decommissioning and removal of all equipment.
- Receipt of a lease termination agreement dated April 30, 2025, with a net termination payment of \$82,300.
- Notice of Default issued by Farm Credit Canada (“FCC”), resulting in the entire loan balance becoming current and FCC assuming possession of substantially all processing equipment securing the loan. FCC initiated liquidation proceedings during the year, which remained in progress as at the date of this MD&A.
- All equipment formerly used in processing operations is either in storage awaiting sale or subject to FCC liquidation proceedings. The Company does not intend to resume hemp processing activities.

## **Continued Operations and Funding**

During the year ended September 30, 2025, the Company relied on loans advanced by major shareholders to support ongoing operations and its strategic transition. These loans are described in the “Related Party Transactions” section of this MD&A.

The Company’s near-term efforts are focused exclusively on its carbon credit business, including the development, verification, and sale of nature-based carbon credits.

## **Innovative Services**

The Company delivers nature-based carbon removal solutions through its wholly owned subsidiary, Hemp Carbon Standard Inc. (“HCS”). HCS provides an integrated process for generating carbon credits derived from the cultivation of industrial hemp, using a methodology designed to quantify carbon removal through regenerative agricultural practices.

HCS supports participating farmers through a structured program that includes:

- Monitoring, reporting, and verification (“MRV”) of hemp fields using remote sensing, satellite imagery, and data-driven modeling;
- Application of the Company’s ISO 14064-2 certified methodology, which quantifies carbon sequestration from industrial hemp biomass and root systems;
- Third-party verification of carbon removal results by accredited auditors; and
- Issuance of carbon credits for sale in the voluntary carbon market.

The Company continues to expand its carbon credit program, including the introduction of new geographic regions and additional farmer partners. HCS also evaluates opportunities to incorporate biochar and other long-duration carbon storage pathways within its methodology framework.

## **Program Metrics**

- In 2023, HCS monitored 15 farms across 45 sites, covering 3,410 acres and generating 15,325 tonnes of CO<sub>2</sub> in verified carbon removal.
- In 2024, HCS expanded to 38 farms across 209 sites, monitoring 12,669 acres and generating 29,448 tonnes of CO<sub>2</sub> in verified carbon removal. Additional fields were introduced in Australia, Germany, Sweden, Zimbabwe, and the United Kingdom.
- As at the date of this MD&A, the Company has sold 996 verified carbon credits from its 2023 and 2024 inventories.

These results reflect the Company’s ongoing shift from traditional hemp processing to the generation of nature-based carbon removal credits.

## **COMPETITIVE CONDITIONS**

The Company operates within the voluntary carbon market, which includes a broad range of participants offering project development, verification, and carbon credit sales services.

The competitive landscape consists of:

1. Carbon credit developers  
Organizations that originate nature-based or technology-based carbon removal projects and generate credit inventories.
2. Brokers and marketplaces  
Entities that facilitate the sale and distribution of carbon credits to corporate and institutional buyers.
3. Aggregators  
Groups that consolidate credits from multiple small-scale projects into larger portfolios for sale.
4. Registries and certification bodies  
Platforms and organizations that provide credit validation, issuance, and public transparency.

Competition within the voluntary carbon market is influenced by credit quality, methodology transparency, verification standards, pricing, and the credibility of monitoring and quantification practices. As a provider of nature-based carbon removal credits, the Company’s ability to compete is dependent on maintaining scientific rigor, operational efficiency, and third-party verification of carbon removal outcomes.

## HIGHLIGHTS

### OPERATIONAL HIGHLIGHTS

#### **Hemp Derived Carbon Credits**

During the year ended September 30, 2025, the Company advanced its strategic transition to a nature-based carbon credit business through its subsidiary, Hemp Carbon Standard Inc. (“HCS”). Key operational developments included:

#### **Full consolidation of HCS ownership**

The Company acquired an initial 50.1% interest in HCS in April 2024 and the remaining 49.9% during the quarter ended December 31, 2024, making HCS a wholly owned subsidiary.

#### **Expansion of global field monitoring**

HCS monitored industrial hemp fields across Canada, the United States, the United Kingdom, Ukraine, Sweden, Germany, Australia, and Zimbabwe during the 2024 growing season.

#### **2024 carbon credit verification completed**

Third-party verifier Control Union completed the verification of the Company’s 2024 carbon credit inventory under the ISO 14064-2 standard.

- 29,448 verified carbon credits were issued for 2024.
- Credits were generated across 38 farms, 209 sites, and 12,669 acres.

#### **Two-year verified carbon removal results**

Cumulatively, the Company has generated more than 44,000 tonnes of verified CO<sub>2</sub> removal from the 2023 and 2024 programs.

#### **Carbon credit sales to date**

As at the date of this MD&A:

- 980 of the 15,326 verified 2023 credits have been sold;
- 16 of the 29,448 verified 2024 credits have been sold.

These results reflect the Company’s transition to a carbon-focused operating model and the continued development of its nature-based carbon credit platform.

#### **Hemp Processing Facility**

As part of the Company’s shift toward carbon credit operations, the hemp processing facility operated by Hempalta Processing Inc. (“HPI”) was fully wound down and closed during the year. Key developments included:

#### **Lease termination**

On April 30, 2025, the Company entered into a lease termination agreement. The net termination payment totaled \$82,300, after applying the lease deposit.

#### **Facility closure and decommissioning**

All production activities ceased, the facility was vacated, and equipment was removed and placed in storage or transferred to lenders.

#### **FCC loan default and equipment liquidation**

HPI received a Notice of Default from Farm Credit Canada (“FCC”) during the year. As a result:

- The full outstanding FCC loan balance became current;
- FCC assumed possession of substantially all processing equipment securing the loan;
- FCC commenced liquidation proceedings, which remained ongoing as at the date of this MD&A.

The final recoverable amount has not yet been determined.

The Company does not anticipate resuming hemp processing operations.

#### **Continued Operations and Shareholder Funding**

During the year, the Company relied on advances from major shareholders to support ongoing operations and the strategic transition to carbon credit generation. Key funding events included:

- A one-year term loan of \$325,000 at 12% interest advanced during the quarter ended March 31, 2025 by shareholders Darren Bondar and Prairie Merchant Corporation (the “Lenders”).
- Additional advances of \$117,600 from Darren Bondar.

These shareholder-funded loans contributed to working capital during the Company’s transition period and are further described under “Related Party Transactions.”

## FINANCIAL PERFORMANCE

### ANNUAL HIGHLIGHTS

The following section summarizes the Company's financial performance for the year ended September 30, 2025 compared with the year ended September 30, 2024. The financial information should be read in conjunction with the Company's audited consolidated financial statements.

	Year ended September 30, 2025		Year ended September 30, 2024		Year ended September 30, 2023	
Product sales	\$	3,355	\$	11,751	\$	436,083
Loss from continuing operations	\$	(1,129,576)	\$	(4,284,818)	\$	(1,842,734)
Loss from discontinued operations	\$	(3,678,194)	\$	(2,212,240)	\$	-
Net loss and comprehensive loss	\$	(4,807,770)	\$	(6,497,058)	\$	(1,842,734)
Basic and diluted loss per share		<b>(\$0.05)</b>		<b>(\$0.09)</b>		<b>(\$0.04)</b>
Total assets	\$	28,815	\$	5,188,978	\$	4,641,971
Total long-term liabilities	\$	4,004	\$	1,318,750	\$	2,107,372
Dividends	\$	-	\$	-	\$	-

- Product sales for 2025 decreased by 71% compared to 2024, following a decrease of 97% from 2023. The decline reflects the Company's decision to close its processing facility and shift its focus from consumer-packaged goods to the development and sale of carbon credits.
- Total assets decreased by 99% from 2024, compared with a 37% decrease in 2024 over 2023. The decrease in 2025 was primarily due to the disposal of capital assets and the impairment of intangible assets following the shutdown of HPI operations.
- Long-term liabilities decreased to 99% in 2025 as virtually all balances became current following the FCC loan default. In 2024, long-term liabilities had decreased by 37% due to the conversion of convertible debentures into equity and the repayment of other long-term debt following the reverse takeover of TBV.

### SELECTED FINANCIAL RESULTS

Years ended	September 30, 2025		September 30, 2024	
Product sales	\$	3,355	\$	11,751
Loss from continuing operations	\$	(1,129,576)	\$	(4,284,818)
Loss from discontinued operations	\$	(3,678,194)	\$	(2,212,240)
Net and comprehensive loss	\$	(4,807,770)	\$	(6,497,058)
Net loss per share-basic		(\$0.05)		(\$0.09)

	September 30, 2025		September 30, 2024	
Cash	\$	14,978	\$	726,514
Working capital (deficiency)	\$	(1,527,524)	\$	712,072
Total assets	\$	28,815	\$	5,188,978
Total liabilities	\$	1,560,343	\$	2,000,135
Total shareholders' equity (deficiency)	\$	(1,531,528)	\$	3,188,843

## RESULTS OF OPERATIONS

Years ended	September 30, 2025	September 30, 2024
PRODUCT SALES	\$ 3,355	\$ 11,751
COST OF SALES	1,526	-
GROSS LOSS	1,829	11,751
EXPENSES		
Financing costs	26,091	-
General and administrative costs	1,071,415	458,906
Share based compensation	87,399	40,288
	1,184,905	499,194
OTHER INCOME (EXPENSES)		
Other income	2,911	50,676
Gain on debt settlement	230,589	-
Impairment of intangible assets	(180,000)	(2,044,062)
Listing costs	-	(1,803,989)
Loss from continuing operations	\$ (1,129,576)	\$ (4,284,818)
Loss from discontinued operations	\$ (3,678,194)	\$ (2,212,240)
NET LOSS AND COMPREHENSIVE LOSS	\$ (4,807,770)	\$ (6,497,058)
NET LOSS PER SHARE- Basic and diluted	(\$0.05)	(\$0.09)

The following paragraphs summarize the Company's results of operations for the year ended September 30, 2025.

### **Product sales**

Revenues for the year ended September 30, 2025 decreased by 71% compared with 2024. The decline was primarily due to the Company redirecting its commercial focus from consumer-packaged goods to carbon credits.

### **Cost of sales**

For the year ended September 30, 2025, cost of sales increased slightly in 2025.

### **General and Administrative Costs**

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

Years ended	September 30, 2025	September 30, 2024
Accounting and legal	\$ 274,260	\$ 202,180
Advertising and marketing	127,073	84,239
Bank service charges	2,086	1,409
Office and sundry	99,475	39,174
Salaries and benefits	559,591	120,136
Travel and business development	8,930	11,768
Gross general and administrative costs	\$ 1,071,415	\$ 458,906

### **Net loss and comprehensive loss**

Net loss for the year ended September 30, 2025 decreased by 26% compared with 2024. This reduction was primarily as a result of intangible assets written down by over \$2 million in 2024, driven by the wind-down of HPI operations and the corresponding decrease in operating costs associated with the closure of the processing facility.

## Property Plant and Equipment

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

	Furniture and fixtures	Processing Equipment	Plant and Buildings	Vehicles	Total
<b>Cost</b>					
September 30, 2024	\$ 50,254	\$ 2,267,269	\$ 635,875	\$ 25,000	\$ 2,978,398
Additions (dispositions)	(50,254)	(2,267,269)	(635,875)	(25,000)	(2,978,398)
September 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Accumulated amortization</b>					
September 30, 2024	21,816	570,037	17,943	11,400	621,196
Amortization	3,318	168,871	2,621	1,521	176,331
Dispositions	(25,134)	(738,908)	(20,564)	(12,921)	(797,527)
September 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net book value</b>					
September 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -

PP&E for the year ended September 30, 2025 is reported in the amount of \$nil. There are no operating PP&E assets as they have been disposed of or secured by FCC being held for sale.

## Capital Expenditures and Disposals

The following table shows the Company's capital additions, dispositions, and impairments for the year ended September 30, 2025:

	Capital expenditures (disposals/impairments)
Furniture and fixtures	\$ (50,254)
Processing Equipment	(2,267,269)
Plant and Buildings	(635,875)
Vehicles	(25,000)
<b>Total Plant, property and equipment additions (disposals)</b>	<b>\$ (2,978,398)</b>
Intellectual Property	(235,608)
Licences	(89,875)
Trademarks	(7,267)
Goodwill	90,000
<b>Total Intangible assets additions (impairment)</b>	<b>\$ (242,750)</b>
<b>Total capital expenditures (disposals and impairments)</b>	<b>\$ (3,221,148)</b>

The Company's major capital expenditure in the year ended September 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 include directors and officers of the Company who have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly.

Compensation to key management personnel for the years ended September 30, 2025 and 2024 is summarized as follows:

Years ended	September 30, 2025	September 30, 2024
Salaries and benefits	\$ 348,951	\$ 219,000
Share-based compensation	56,025	45,262
	\$ 404,976	\$ 264,262

## SEVERANCE

Included in salaries and benefits for the year ended September 30, 2025 is \$138,000 (2024 – \$Nil) of severance owing to the Chief Executive Officer of Hemp Carbon Standard Inc. ("HCS"), relating to his termination of employment during the year. This amount is recorded in accounts payable and accrued liabilities.

Also included in accounts payable and accrued liabilities is \$30,916 (2024 – \$Nil) owing to the Chief Executive Officer and Director of the Company for reimbursable expenses.

## LOANS FROM KEY MANAGEMENT PERSONNEL

During the quarter ended March 31, 2025, major shareholders Darren Bondar and Prairie Merchant Corporation (together, the "Lenders") advanced a one-year term loan of \$325,000 at 12% interest to provide additional working capital to the Company (Note 11). In connection with this loan, the Company issued 5,416,667 common share purchase warrants as a loan bonus. The warrants are exercisable at \$0.06 per share for one year and are subject to a statutory hold period. The loan and warrants are subject to TSX Venture Exchange approval.

The fair value of the warrants granted was determined using the residual value method. Since the discount rate is same as the coupon rate, a residual value of \$nil was allocated to the warrants.

During the year ended September 30, 2025, Darren Bondar advanced an additional \$117,600 to the Company, and was recorded as payable to shareholder on the statement of financial position.

Interest expense of \$22,652 (2024 – \$Nil) was accrued on the outstanding loan balance during the year. Of this amount, \$11,795 has been unpaid and is recorded in accounts payable and accrued liabilities on the statement of financial position.

### **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)
September 30, 2025	\$ 2,942	\$ (2,389,791)	(\$0.03)
June 30, 2025	\$ 27	\$ (1,056,520)	(\$0.01)
March 31, 2025	\$ 253	\$ (929,178)	(\$0.01)
December 31, 2024	\$ 133	\$ (432,281)	(\$0.00)
September 30, 2024	\$ 3,591	\$ (4,629,001)	(\$0.06)
June 30, 2024	\$ 8,160	\$ (858,647)	(\$0.01)
March 31, 2024	\$ -	\$ (512,461)	(\$0.01)
December 31, 2023	\$ -	\$ (496,949)	(\$0.01)

### **Quarter Ended September 30, 2025**

Net loss increased in this quarter primarily due to:

- the strategic shift toward carbon credit generation and away from consumer goods;
- the loss from discontinued operations
- higher general administration costs due to higher professional fees and severance costs

### **Quarters Ended June 30, 2025 and March 31, 2025**

Net losses increased during these quarters as a result of a strategic focus on carbon credit generation and sales rather than consumer goods;

- the transition to carbon credit generation and reduced product revenue from legacy operations;
- losses on the disposal of HPI assets;
- higher cost of sales related to inventory write-downs; and

### **Quarter Ended September 30, 2024**

The net loss for this quarter increased significantly due to:

- the IFRS accounting treatment of the reverse takeover by TBV, resulting in listing costs of approximately \$1.8 million;
- higher general and administrative expenses; and
- a goodwill impairment of approximately \$2.0 million related to HCS. Although the initial acquisition price was supported by an independent valuation, IFRS impairment testing required a write-down due to lower-than-expected revenues in the year. Subsequent to year-end, the Company acquired the remaining 49.9% of HCS for approximately \$90,000 (plus certain earn-out provisions).

### **Other Quarters**

Net losses in other quarters varied due to the timing of professional fees and restructuring activities.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash and Working Capital

	September 30, 2025		September 30, 2024	
Cash	\$	14,978	\$	726,514
Working capital (deficiency)	\$	(1,527,524)	\$	712,072

Total cash decreased by 98% for the year ended September 30, 2025, primarily due to reduced product revenue, ongoing general and administrative expenses, and transaction costs related to the acquisition of the remaining 49.9% interest in HCS. Working capital decreased by approximately \$2.31 million, driven by reductions in cash, accounts receivable, inventory, and prepaid expenses, as well as increases in accounts payable and the shareholder Loan.

Liquidity is primarily influenced by operational performance, the level of capital expenditures, and the Company's ability to obtain external financing. The Company's objectives in managing liquidity and capital resources are to preserve its ability to continue as a going concern and to maintain a flexible capital structure that optimizes the cost of capital within an acceptable risk framework. Management monitors liquidity on an ongoing basis to ensure sufficient resources are available to meet operational and financial obligations while maximizing shareholder value.

The Company has ceased its production operations and is actively marketing the sale of its turnkey hemp production facility. Proceeds from the announced private placement and the \$649,900 Loan provided by major shareholders are expected to provide near-term liquidity. However, if these transactions do not occur as anticipated, the Company may be required to obtain additional financing to meet its obligations.

### Capital Resources

With a working capital deficit of approximately \$1.5 million, the Company does not have sufficient capital resources to support near-term operations. During the year ended September 30, 2025, operations were funded through loans provided by major shareholders. The Company will need to complete additional financing in order to fund operations for the 2026 financial year.

The Company has no commitments for capital expenditures.

### Contractual Obligations

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

September 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 <sup>(1)</sup>	Yes-Liability	\$ 458,754	\$ 458,754	\$ -	\$ -	\$ -
Current portion of debt	Yes-Liability	\$ 626,307	\$ 626,307	\$ -	\$ -	\$ -
Term loan	Yes-Liability	\$ 325,000	\$ 325,000	\$ -	\$ -	\$ -
Payable to shareholder	Yes-Liability	\$ 117,600	\$ 117,600	\$ -	\$ -	\$ -
Contractual obligations	Yes-Liability	\$ 4,004	\$ -	\$ -	\$ -	\$ 4,004
Interest payable on term loan <sup>(2)</sup>	Yes-Liability	\$ 11,795	\$ 11,795	\$ -	\$ -	\$ -

1) Excludes interest payable on debt

2) Excludes interest payable on lease liabilities, included within accounts payable and accrued liabilities

### Cash Flows

Years ended	September 30, 2025		September 30, 2024	
Cash used in operating activities	\$	(1,018,813)	\$	(2,069,811)
Cash from financing activities		271,084		480,035
Cash from investing activities		38,784		1,755,609
Increase (decrease) in cash and cash equivalents	\$	(708,945)	\$	165,833

Cash used in operating activities for the year ended September 30, 2025 decrease from 2024, primarily due to the wind-down of the HPI processing facility and the factors discussed under "Results of Operations."

Cash flows from financing activities for the year ended September 30, 2025 were driven by proceeds from the Loan, along with the forgiveness of the amount payable to the non-controlling interest, offset by payments on lease liabilities and long-term debt. In comparison, cash flows from financing activities for the year ended September 30, 2024 were primarily the result of proceeds from the issuance of shares, offset by the repayment of long-term debt, repayment of promissory notes, and settlement of lease liabilities.

Cash flows from investing activities for the year ended September 30, 2025 primarily reflected proceeds from the disposal of property, plant, and equipment, offset by additions to intangible assets related to the acquisition of the non-controlling interest in HCS (goodwill). Cash flows from investing activities for the year ended September 30, 2024 were driven by the acquisition of cash through the reverse takeover, offset by additions to property, plant, equipment, and intangible assets.

## OUTSTANDING SHARE DATA

### ISSUED AND OUTSTANDING COMMON SHARES

As at September 30, 2025, the Company has 94,944,176 shares issued and outstanding.

As at the date of this MD&A, the Company has 11,979,019 shares issued and outstanding.

### SHARE PURCHASE WARRANTS

As of September 30, 2025, the number of warrants issued and outstanding is 6,928,490.

As at the date of this MD&A, the Company has 7,623,631 warrants issued and outstanding.

### STOCK OPTIONS

As of September 30, 2025, the number of options issued and outstanding is 6,392,647.

As at the date of this MD&A, 8,916,177 options are issued and outstanding.

## FINANCIAL RISK MANAGEMENT

### RISK FACTORS

The Company's activities expose it to various market and operational risks, including foreign currency risk, interest rate risk, credit risk, and liquidity risk. Management is responsible for establishing risk management strategies and objectives, and for monitoring compliance with these policies. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's business activities.

#### Liquidity and Going Concern Risk

The Company is in the process of transitioning from hemp processing and consumer packaged goods to carbon credit generation. While this strategy offers long-term potential, it presents near-term financial challenges. The Company has historically relied on revenues from hemp processing and product sales, which have now ceased. Short-term liquidity during the year was supported by a \$649,600 Loan provided by major shareholders Darren Bondar and Prairie Merchant Corporation; however, additional financing may be required to meet ongoing obligations.

The Company's ability to continue as a going concern is dependent on securing further financing and generating sufficient revenue from carbon credit sales. There is no assurance that financing or revenue will be available on favorable terms, or at all. Failure to obtain adequate funding could materially adversely affect the Company's business, financial condition, and ability to continue operations. The Company is not exposed to significant interest rate risk, as the Company's long-term debt has a fixed interest rate.

#### Foreign Currency Risks

Foreign currency risk arises from fluctuations in exchange rates that may affect the value of financial instruments. The Company engages in limited foreign currency transactions, and management considers this risk to be low and not material.

#### Interest Rate Risks

Interest rate risk refers to the potential for losses resulting from changes in interest rates. The Company's exposure to interest rate risk is limited, as its long-term debt carries a fixed interest rate.

#### Industry Risks – Voluntary Carbon Market

Participation in the voluntary carbon credit market involves several risks, including:

- Regulatory uncertainty, as standards and government policies continue to evolve;
- Market credibility concerns, including the risk of low-quality or unverifiable credits undermining market confidence;
- Price volatility and limited liquidity, which may affect the ability to transact at expected values;
- Environmental and social risks, including impacts on ecosystems or communities if projects are poorly designed; and
- Reputational risk, particularly if carbon credit programs are perceived as ineffective or associated with "greenwashing."

Careful due diligence and ongoing program validation are required to mitigate these risks to meet expectations. Overall, thorough due diligence and strategic planning are essential to navigate these risks successfully.

#### Company Risks

- **Credit Risk:** The Company is exposed to credit risk if a customer or counterparty fails to meet its obligations. The maximum exposure to credit risk is the carrying value of cash and accounts receivable.
- **Operational and Insurance Risk:** The Company faces risks inherent in its activities, including potential damage to assets, personal injury, or legal liability. Insurance coverage may not always be available on acceptable terms or in sufficient amounts. Uninsured or underinsured losses could materially impact future profitability and the value of the Company's securities.
- **External Disruptions:** Natural disasters, climate-related events, pandemics, geopolitical instability, trade disruptions, terrorism, or

other economic and societal disruptions may adversely affect the Company's operations. The extent of any impact cannot be reliably predicted.

- **Dependence on Key Personnel:** The Company relies heavily on the expertise and commitment of key management personnel. Loss of such individuals could negatively affect performance. The Company may also require additional specialized personnel or third-party expertise; delays, conflicts of interest, or the inability to attract qualified individuals may adversely impact operations, growth, and financial results.

**Human Error:** Despite the Company's efforts to maintain skilled personnel and qualified consultants, human error can occur. Such errors may result in uninsured losses, tax liabilities, operational disruptions, or legal claims, any of which could materially impact the Company's financial condition and operational results.

## ADDITIONAL INFORMATION

### CAPITAL DISCLOSURE

The Company manages its capital structure with consideration for the funds available and the capital required to support ongoing operations and future growth initiatives. While the Board does not set quantitative return-on-capital targets, it relies on management's expertise to allocate capital prudently and evaluate opportunities that support the Company's long-term strategic objectives.

Management reviews its capital management approach on an ongoing basis and believes that, given the Company's current size and stage of development, the approach remains appropriate. There were no changes to the Company's capital management policies during the year. The Company is not subject to any externally imposed capital requirements.

The Company's consolidated financial statements and related financial information included in this Management's Discussion and Analysis are the responsibility of management and have been reviewed and approved by the Board of Directors. The financial statements have been prepared by management in accordance with IFRS.

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for overseeing the Company's operations in compliance with applicable laws, regulatory requirements, and established financial reporting standards. Management is also accountable for maintaining appropriate standards of conduct and implementing systems and controls that support the integrity, accuracy, and reliability of the Company's financial and operating information.

### DIRECTORS

Certain directors of the Company may also serve as directors, officers, or shareholders of other corporations, which may give rise to potential conflicts of interest from time to time. In such circumstances, directors are required to act in good faith, in the best interests of the Company, and to disclose any interest they may have in matters under consideration. Where a conflict exists, the affected director will disclose the nature of the conflict and abstain from voting on the relevant matter.

In evaluating potential projects or opportunities, the Board considers the level 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 Darren Bondar, Chris Ostafie and Anshu Khanna

### COPORATE DATA

Registered office 333 7 Ave SW #800, Calgary, AB T2P 2Z2

Independent auditor Davidson & Company LLP



---

**CONTACT**

Phone: 1-877-622-3354

Email: [hemp@hempalta.com](mailto:hemp@hempalta.com)



---

**CONNECT**

Website: [www.hempalta.com](http://www.hempalta.com) | [www.hempcarbonstandard.org](http://www.hempcarbonstandard.org)



Hempalta | Hempcarbonstandard

---