

**HEMPNOVA LIFETECH CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

This Management's Discussion and Analysis ("MD&A") of HempNova Lifetech Corporation ("we", "our", "us", "HempNova", or the "Company") has been prepared by management, in accordance with the requirements of the National Instrument 51-102 ("NI 51-102"), and based on available information up to September 26, 2024, and should be read in conjunction with the accompanying audited consolidated financial statements and related notes prepared by management for the year ended June 30, 2024, and June 30, 2023. The Company's consolidated financial statements have been prepared in accordance with the Financial Reporting of International Financial Reporting Standards ("IFRS").

Except as noted, all financial amounts are expressed in Canadian dollars. All references to "\$" and "dollars" are Canadian dollars, and all references to "US\$" are United States dollars. Some dollar amounts are rounded to thousand ('000) for discussion purposes.

Additional information regarding the Company, including our continuous disclosure materials, the audited consolidated financial statements and the MD&A, is available under the Company's profile on SEDAR at www.sedarplus.ca. The Company's audit committee reviews the condensed consolidated interim financial statements and the MD&A and recommends approval to the Company's board of directors.

Refer to Note 3 of the audited consolidated financial statements for the year ended June 30, 2024, for details of the Company's material accounting policies.

The Company was incorporated in British Columbia in October 1989. The Company changed its name from Pacific Link Mining Corp. to HempNova Lifetech Corporation on May 2, 2019. The company's head office, principal address and records office are 2060 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3. On May 1, 2019, the Company voluntarily delisted its shares from the TSX Venture Exchange.

The Company, through its wholly-owned subsidiary HempNova Lifetech (USA) Corp. ("HempNova USA"), has been engaging in industrial hemp-related services and products since 2019. HempNova USA was incorporated in Oregon, USA. On April 6, 2020, HempNova USA changed its name from HempNova Lifetech (Oregon) Corp. to HempNova Lifetech (USA) Corp. and its jurisdiction from the State of Oregon to the State of Delaware.

The Company also registered the following wholly-owned subsidiaries in the USA:

HempNova USA	100% owned by HempNova Lifetech Corporation
HempNova Oregon LLC	100% owned by HempNova Lifetech (USA) Corp.
HempNova Asset Management LLC	100% owned by HempNova Lifetech (USA) Corp.
HNL2 Holdings LLC	100% owned by HempNova Asset Management LLC
HNL3 Holding LLC	100% owned by HempNova Asset Management LLC
MTANG LLC	100% owned by HempNova Asset Management LLC
KCAI LLC	100% owned by HempNova Asset Management LLC
HempNova Eugene LLC	100% owned by HempNova Oregon LLC
HempNova 238 LLC	100% owned by HempNova Oregon LLC

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1. Core Businesses and Strategy

HempNova is a vertically integrated one-stop producer and service provider in the industrial hemp sector, offering a comprehensive range of products and services. Our primary focus is on cultivating, processing, and selling a diverse product line, which includes premium hemp flowers, pre-rolls, gummies, biomass, and more. We provide end-to-end services across the hemp production process, including germination, propagation, flower and biomass drying and processing, as well as marketing and sales of hemp-related products. Through strategic acquisitions, organic growth, and efficient management, we strive to deliver strong returns for our stakeholders. Operating from our Seven Oaks Hemp Center in Oregon, USA ("7Oaks Hemp Center"), we are dedicated to excellence, customer satisfaction, and continuous innovation, positioning ourselves as a trusted and preferred partner in the industrial hemp industry.

2. Business Activities

In early 2020, HempNova successfully acquired the 7Oaks Hemp Center, a fully operational turn-key hemp facility. The acquisition included 45 acres of farmland, two warehouses, and equipment, located at 5130 Seven Oaks Road, Central Point, Oregon, USA, for a transaction valued at \$2.03 million.

Since the acquisition, the company has invested in and constructed a state-of-the-art 54,000-square-foot greenhouse and two additional warehouses spanning 26,500 square feet. Today, 7Oaks Hemp Center boasts four warehouses totaling 41,500 square feet.

Since 2023, the company has expanded its product offerings to cater to a wider clientele and capitalize on emerging market trends. In addition to smokable flowers, we successfully introduced new product lines, including pre-rolls, gummies, moon rocks, and oils.

Fiscal year 2024 marked a significant turnaround for the company, with outstanding operational and financial performance. Total sales grew from \$8.3 million in 2023 to \$21.9 million in 2024, while the bottom line improved from a \$0.8 million loss in 2023 to an \$8.1 million profit in 2024.

In terms of product performance, pre-roll sales generated the most significant revenue increase, rising to \$13.7 million in 2024, up from \$2.2 million in 2023. The company closely monitors market trends and customer needs, responding swiftly with product development. The convenience and 'ready-to-use' nature of our pre-rolls have strongly resonated with our customer base.

Following this, the gummy line saw steady growth, with sales reaching \$3.2 million in 2024, up from \$2.6 million in 2023. This performance highlights the consistent demand for consumable cannabis products and our ability to capture a substantial market share. The appeal of our gummies lies in their unique flavors, consistent quality, and convenient dosage options.

In 2024, the company cultivated 10 acres of smokable hemp flowers, generating \$1.1 million in revenue. We remain committed to maintaining stringent quality standards for our flower products. Notably, we continue to work with seasoned consultants and farmers to cultivate 10 acres of high-quality hemp flowers for fiscal year 2025. Although these flowers have yet to be harvested, management is confident they will yield substantial profits in the coming year.

The biomass line declined to \$0.7 million in 2024 from \$2.3 million in 2023, as all previously unprocessed biomass has been processed and sold. The company does not anticipate further biomass sales until market prices rise sufficiently and hemp farmers resume biomass production.

During the 2024 fiscal year, the company responded to customer demand by procuring oils for them. While the profit margin from the oil line is not as high as other product lines, this approach has strengthened customer relationships and supports future product development.

Looking ahead, our management remains focused on seizing market opportunities and driving sustainable growth. Our strategy includes continuous innovation of our product range, robust investment in research and development, and exploration of new market segments, positioning the company as a pioneering force in the hemp industry.

The table below breaks down the revenue for the year ended June 30, 2024, and 2023:

	2024	2023
	\$	\$
Pre-roll	13,700,000	2,200,000
Gummy	3,200,000	2,600,000
Smokable flowers	1,100,000	1,000,000
Biomass	700,000	2,300,000
Oil, vape and others	3,200,000	200,000
Total revenue	21,900,000	8,300,000

3. Selected Annual Information

Selected information for the fiscal year 2024, and 2023 is as follows:

	2024	2023
	\$	\$
Revenue, net of discounts and commission	21,944,164	8,259,282
Net income (loss)	8,077,352	(810,015)
Total assets	14,936,947	7,206,661
Total long-term liabilities	155,162	121,896
Net income (loss) per share - basic	0.13	(0.01)

The financial data presented above for the current and comparative periods was derived from the financial statements prepared in accordance with IFRS.

In the 2024 fiscal year, the company's revenue surged to \$21.9 million, up from \$8.3 million in 2023. As a result, net income and total assets improved significantly. Moving forward, the company aims to continue its organic growth by diversifying product offerings, addressing a broader range of customer preferences, and capitalizing on emerging industry trends.

4. Summary of Quarterly Results

Variations in quarterly performance over the past eight quarters were primarily due to the company's primary revenue being generated in specific quarters. The table below presents selected unaudited quarterly financial information for each of the last eight completed quarters:

	6/30/2024	03/31/2024	12/31/2023	9/30/2023
	\$	\$	\$	\$
Revenue	7,887,249	6,210,482	4,615,089	3,231,344
Cost of goods sold	(3,988,120)	(3,153,940)	(2,572,500)	(2,112,852)
Fair value adjustments of biological assets	(830,728)	(404)	1,008,951	76,149
Gross profit	3,068,401	3,056,138	3,051,540	1,194,641
Operating expenses	(263,167)	(750,797)	(786,180)	(596,379)
Net income	2,784,724	2,282,309	2,364,462	645,857
Net income per share	0.04	0.04	0.04	0.01

	6/30/2023	03/31/2023	12/31/2022	9/30/2022
	\$	\$	\$	\$
Revenue	1,791,681	2,410,995	2,395,139	1,661,467
Cost of goods sold	(1,785,885)	(1,314,218)	(1,490,964)	(1,024,972)
Fair value adjustments of biological assets	(64,268)	(479,046)	(473,701)	46,752
Gross profit (loss)	(58,472)	617,731	430,474	683,247
Operating expenses	(159,813)	(697,556)	(696,611)	(768,945)
Net loss	(232,392)	(53,457)	(235,598)	(288,568)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

5. Results of Operations

5.1 Operating Result Comparison for the Quarters Ended ("Q4") June 30, 2024, and 2023

Q4	2024	2023	Change
	\$	\$	\$
Revenue	7,887,249	1,791,681	6,095,568
Cost of goods sold	(3,988,120)	(1,785,885)	(2,202,235)
Fair value adjustments of biological assets	(830,728)	(64,268)	(766,460)
Gross profit (loss)	3,068,401	(58,472)	3,126,873
Operating expenses	(263,167)	(159,813)	(103,354)
Other income (expenses)	(99,444)	48,859	(148,303)
Net income (loss) before taxes	2,705,790	(169,426)	2,875,216
Income tax recovery (expense), current	78,934	(89,760)	168,694
Income tax recovery (expense), non-current	-	26,794	(26,794)
Net income (loss)	2,784,724	(232,392)	3,017,116

In Q4 2024, net income reached \$2.8 million, compared to a net loss of \$0.2 million in Q4 2023, driven by a revenue increase to \$7.9 million, up from \$1.8 million in Q4 2023.

Cost of goods sold in Q4 2024 rose to \$4.0 million, up from \$1.8 million in Q4 2023, reflecting higher labor and raw material costs associated with increased production.

Additionally, in Q4 2024, non-operating other expenses were \$99,000, compared to other income of \$49,000 in Q4 2023, due to the loss on disposal and impairment of property, plant, and equipment at year-end, partially offset by rental income generated.

5.1.1 Operating expenses for Q4 2024, and 2023

The following table is a summary of the Company's operating expenses for Q4 2024 and 2023:

Q4		2024	2023	Change
		\$	\$	\$
Audit and accounting	(a)	25,043	11,652	13,391
Consulting and management fees	(b)	104,162	123,796	(19,634)
Legal, filing and transfer fees		526	699	(173)
Office and miscellaneous	(c)	14,498	6,239	8,259
Rent	(d)	16,860	7,286	9,574
Salaries and benefits	(e)	158,722	20,202	138,520
Travel and others	(i)	75,735	29,935	45,800
Total general and administrative expenses		395,546	199,809	195,737
Amortization and depreciation	(f)	(266,650)	(214,976)	(51,674)
Bad debts	(g)	98,068	-	98,068
Interest expense	(h)	89,116	148,835	(59,719)
Research and development	(j)	(20,929)	26,092	(47,021)
Sales and marketing	(i)	(31,984)	14,836	(46,820)
Share-based compensation	(k)	-	(14,783)	14,783
Total		263,167	159,813	103,354

The operating expenses increased by \$103,000, from \$160,000 in Q4 2023 to \$263,000 in Q4 2024. The significant changes are discussed as follows:

- (a) In Q4 2024, audit and accounting fees increased by \$13,000 compared to Q4 2023, reflecting higher audit and accounting costs incurred.
- (b) Consulting and management fees in Q4 2024 were \$104,000, down from \$124,000 in Q4 2023, due to a decrease in consulting fees charged by an internal consultant.
- (c) Office and miscellaneous expenses rose to \$14,000 in Q4 2024, up from \$6,000 in Q4 2023, reflecting increased business activities.
- (d) Rent expenses in Q4 2024 were \$17,000, compared to \$7,000 in Q4 2023, due to the rental of a second dormitory for workers.
- (e) In Q4 2024, the company paid \$97,000 for worker compensation insurance and \$28,000 for a regional sales manager, leading to a rise in salaries and benefits from \$20,000 in Q4 2023 to \$159,000 in Q4 2024.
- (f) Adjustments to amortization expenses were executed during Q4. The adjustment made in Q4 2024 was of a smaller magnitude than that undertaken in 2023, primarily due to the overall diminished net book value of property, plant, and equipment. Consequently, the Company recorded a correspondingly reduced adjustment during Q4 2024.
- (g) In Q4 2024, the company recorded \$98,000 in bad debts, reflecting uncollectible accounts receivable.
- (h) Interest expenses in Q4 2024 were \$89,000, down from \$149,000 in Q4 2023, due to a reduced convertible debenture principal balance.
- (i) Sales and marketing expenses decreased by \$47,000 in Q4 2024, while travel and other expenses increased by \$46,000, compared to Q4 2023, due to reclassification between expenses.
- (j) Research and development expenses decreased by \$47,000 in Q4 2024, as certain expenses were reclassified to cost of goods sold.
- (k) Share-based compensation fluctuates annually, depending on the timing and fair value of granted and vested options. In Q4 2023, the company recorded a stock option component credit of \$14,783, primarily due to the

reversal of share-based compensation for forfeited unvested stock options. No share-based compensation was recorded in Q4 2024.

5.1.2 Other income (expenses)

Q4	2024	2023	Change
	\$	\$	\$
Foreign exchange gain (loss)	(11,813)	12,808	(24,621)
Gain (loss) on disposal of property, plant and equipment	(254,783)	49,295	(304,078)
Impairment of property, plant and equipment	-	(35,244)	35,244
Interest, rental and other incomes	167,152	22,000	145,152
Total	(99,444)	48,859	(148,303)

Foreign exchange gain (loss)

The company's functional currency is the Canadian dollar, while its subsidiaries operate in US dollars. The foreign exchange gain (loss) primarily resulted from changes in the exchange rate between the US dollar and Canadian dollar, affecting the US dollar-denominated cash and loans held by the parent company.

Gain on disposal of property, plant and equipment

In Q4 2024, the Company disposed of equipment, resulting a loss of \$255,000, compared to a gain of \$49,000 in Q4 2023.

Impairment of property, plant and equipment

In Q4 2023, the company recorded impairments on certain plant and equipment following the termination of a lease in Medford. There were no such impairment indicators in Q4 2024.

Interest, rental and other incomes

Interest, rental and other income recorded in Q4 2024 primarily stemmed from rental income in Medford. During fiscal year ended June 30, 2024, the Company rented out two warehouses at 7Oaks Hemp Center.

5.2 Operating Result Comparison for the Year Ended June 30, 2024, and 2023

The following table is a summary of the Company's operating expenses for the year ended June 30, 2024, and 2023:

For the year ended,	2024	2023	Change
	\$	\$	\$
Revenue	21,944,164	8,259,282	13,684,882
Cost of goods sold	(11,827,412)	(5,616,039)	(6,211,373)
Fair value adjustments of biological assets	253,968	(970,263)	1,224,231
Gross profit	10,370,720	1,672,980	8,697,740
Operating expenses	(2,396,523)	(2,322,925)	(73,598)
Other income (expenses)	134,324	(97,104)	231,428
Net income (loss) before taxes	8,108,521	(747,049)	8,855,570
Income tax expense, current	(31,169)	(89,760)	58,591
Income tax expense, non-current	-	26,794	(26,794)
Net income (loss)	8,077,352	(810,015)	8,887,367

In 2024 fiscal year, the Company generated revenue of \$21.9 million, up from \$8.3 million in 2023. The significant increase was primarily driven by a rise in preroll sales. Corresponding, cost of goods sold rose by \$6.2 million to \$11.8 million in 2024, reflecting increased labor and raw material costs. Accordingly, net income improved significantly to \$8.1 million in 2024, compared to a loss of 0.8 million in 2023.

5.2.1 Operating expenses for the year ended June 30, 2024, and 2023

The following table summarizes the Company's operating expenses for the years ended June 30, 2024, and 2023.

For the year ended June 30,	2024	2023	Change
	\$	\$	\$
Audit and accounting (a)	65,372	50,388	14,984
Consulting and management fees (b)	500,400	280,740	219,660
Legal, filing and transfer fees	17,679	45,808	(28,129)
Office and miscellaneous	139,633	121,833	17,800
Rent	34,076	25,714	8,362
Salaries and benefits (c)	371,798	230,954	140,844
Travel and transportation (d)	100,540	55,120	45,420
General and administrative expenses	1,229,498	810,557	418,941
Amortization	580,666	603,493	(22,827)
Bad debts (e)	98,068	-	98,068
Interest expense (f)	423,428	661,785	(238,357)
Research and development (g)	-	117,109	(117,109)
Sales and marketing (d)	64,863	116,185	(51,322)
Share-based compensation	-	13,796	(13,796)
Total	2,396,523	2,322,925	73,598

In the 2024 fiscal year, operating expenses amounted to \$2.4 million, comparable to \$2.3 million in 2023.

- (a) In 2024, audit and accounting expenses increased from \$50,000 in 2023 to \$65,000, reflecting the increase of audit and accounting expenses.
- (b) Consulting and management fees rose from \$281,000 in 2023 to \$500,000 in 2024, primarily due to a bonus of \$181,000 incurred.
- (c) In 2024, the salaries and benefits increased by \$141,000, from \$231,000 in 2023 to \$372,000, mainly due to \$97,000 work compensation insurance and \$28,000 salaries to a regional sales manager.
- (d) In 2024, the Company saw a decrease of \$51,000 in sales and marketing expenses, along with a \$45,000 increase in the travel and other expense, compared to 2023. This was attributed to a reclassification of expenses.
- (e) In 2024, the Company recorded \$98,000 bad debts, reflecting uncollectible account receivables.
- (f) In 2024, the Company recorded \$423,000 interest expenses, down from \$662,000 in 2023, due to a reduced convertible debenture principal balance.
- (g) In 2024, the Company saw a decrease of \$117,000 in research and development, which resulted from reclassifying expenses to cost of goods sold.

5.2.2 Other income (expenses)

For the year ended June 30,	2024	2023	Change
	\$	\$	\$
Gain on termination of lease	-	105,101	(105,101)
Foreign exchange gain	624	15,094	(14,470)
Gain (loss) on disposal of property, plant, and equipment	(227,163)	49,295	(276,458)
Impairment of property, plant, and equipment	-	(320,097)	320,097
Interest, rental and other income	360,863	53,503	307,360
Total	134,324	(97,104)	231,428

In 2024, the Company recorded \$134,000 other income (expenses), compared to \$97,000 expenses in 2023.

6. Liquidity and Capital Resources

6.1 Cash flow

For the year ended June 30,	2024	2023
	\$	\$
Operating activities, cash inflow	7,832,000	2,616,000
Financing activities, cash outflow	(2,505,000)	(563,000)
Investing activities, cash outflow	(852,000)	(287,000)

Operating activities

In the fiscal year ending June 30, 2024, operating activities generated \$9.6 million in net cash, compared to \$1.7 million in 2023. The company utilized \$1,725,000 in cash due to changes in working capital, whereas it generated \$963,000 in 2023.

Financing activities

In the fiscal year ending June 30, 2024, the company disbursed \$2.2 million for the repayment of convertible debenture, compared to \$700,000 in 2023. Additionally, \$225,000 was paid to a related party for loans, whereas \$183,000 was received in 2023. Lastly, the company made a payment of \$36,000 toward lease obligations, down from \$46,000 in 2023.

Investing activities

In the fiscal year ending June 30, 2024, the company utilized \$168,000 to purchase property, plant, and equipment, net of cash received from the disposal of such assets, compared to \$287,000 in 2023. The company utilized \$684,000 to purchase GIC in 2024, whereas the company did not make such short-term investment in 2023.

6.2 Liquidity and Capital Resources

As of June 30, 2024, the company reported current assets of \$11.4 million, up from \$2.6 million on June 30, 2023. Current liabilities decreased to \$5.5 million, compared to \$6.1 million in the previous year. This resulted in a working capital of \$5.9 million, compared to a working capital deficit of \$3.5 million on June 30, 2023. The company uses the following key financial metrics to assess its financial condition and liquidity:

	As of June 30, 2024	As of June 30, 2023
	\$	\$
Working capital	5,895,000	(3,495,000)
Cash	6,127,000	1,579,000

During the year ended June 30, 2024, the company generated \$21.9 million in revenue, up from \$8.3 million in 2023. As of June 30, 2024, the company had \$533,000 in inventory available for cash inflow, compared to \$373,000 on June 30, 2023.

The company remains optimistic about its growth prospects within the global industrial hemp market and is confident in its ability to meet its cash requirements for the next twelve months. However, it is important to acknowledge that, despite this optimism, no guarantees can be made. The availability and terms of future financing will depend on market dynamics and other factors.

Should adequate funds not be available, the company may need to implement strategic adjustments, such as delaying, limiting, or eliminating some or all of its proposed operations. The company is committed to closely monitoring its financial position and exploring viable options to ensure its long-term success.

7. Transactions with Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

(a) Shared office expenses

The Company, Minco Silver and Minco Capital Corp. (“Minco Capital”), have certain directors and management in common. The Company’s CEO controls Minco Base Metals Corporation (“MBM”). These four companies share certain offices and administrative expenses.

During the year ended June 30, 2024, the Company incurred \$87,796 (2023 - \$79,784) to Minco Capital and Minco Silver for reimbursement of shared office expenses and rent for the headquarters in Vancouver.

(b) Key management compensation

Key management includes the Company’s directors and senior management. During the year ended June 30, 2024, and 2023, the key management charged the following compensation:

	2024	2023
	\$	\$
Senior management remuneration*	442,920	410,915
Share base compensation	-	10,526
Sales commission to management	2,159,844	-
Total	2,604,764	421,441

*Directors’ fees were included in senior management remuneration. During the year ended June 30, 2024, the Company paid \$2,000 of directors’ fees (June 30, 2023 - \$2,000).

(c) Due to related parties

Amounts due to related parties are unsecured, non-interest bearing, and without specific repayment terms as of June 30, 2024 and 2023.

The Company’s amount payable to related parties is as follows:

	2024	2023
	\$	\$
MBM and its subsidiary, for service fees and expense reimbursement	-	83,146
Minco Silver and its subsidiary, for reimbursement of the shared expenses	-	19,710
Key management, for service fees and expense reimbursement	1,305,532	36,399
Total due to related parties	1,305,532	139,255

(d) Participated in the Company’s private placements

In 2021, MBM, along with an individual associated with the Company's President, paid \$2,400,000 to participate the Company's convertible note financing (Refer to note 11 below). During the year ended June 30, 2024, the Company repaid \$828,164 to MBM and \$488,959 to the President (June 30, 2023 - \$300,000 to the President).

(e) Trust arrangements

The Company has been purchasing a substantial amount of machinery, equipment, and construction parts from suppliers in China for its facilities in Oregon, USA. To facilitate such purchases, the Company entered into trust

agreements in May and September 2020, respectively, with Minco International Mining Consulting Co. Ltd. (“Minco International”), MBM’s wholly owned subsidiary registered in China, for holding the Company’s funds in an exclusive bank account in China.

Minco International processed all of the purchase orders, shipments, and payments in China and provided related labour on behalf of the Company. Minco International charges 15% service fees for these services on labour costs incurred. Minco International charged \$25,676 in service fees during the year ended June 30, 2024 (June 30, 2023 - \$38,383). As of June 30, 2024, the amount held by Minco International is \$84,225 (as of June 30, 2023 - \$56,354).

(f) Loan arrangement

On December 1, 2020, the Company entered into a loan agreement with MBM, securing a loan of \$271,740 (US\$200,000) (referred to as the “1st Loan”).

On February 1, 2021, the Company entered into another loan agreement with MBM, obtaining a loan of \$200,000 (referred to as the "2nd Loan").

On September 13, 2021, the Company entered into yet another loan agreement with MBM, securing a loan of \$150,718 (RMB 800,000) (referred to as the "3rd Loan").

On December 10, 2021, the Company entered into an additional loan agreement with MBM, obtaining a loan of \$113,039 (RMB 600,000) (referred to as the “4th Loan”).

On July 16, 2022, the Company entered into a loan agreement with MBM, borrowing a total of \$188,398 (RMB 1,000,000) (the "5th Loan").

The Company used its fixed assets as collateral for above loans, and incurred an annual interest rate of 10%, compounded monthly.

During the year ended June 30, 2024, the Company paid accrued interest for the above loans of \$224,540 (June 30, 2023 - \$ Nil) to MBM. As of June 30, 2024, the accrued interest on the above loans amounted to \$56,261 (June 30, 2023 - \$184,058), which was included in the overall carrying amount of a loan from a related party.

Subsequently, on July 20, 2024, the Company paid entire loan balance plus accrued interest, totalling \$990,016.

The following table provides a summary of these loans and accrued interest as of June 30, 2024:

Name	Agreement date	Principle	Accrued interest	Total
		\$	\$	\$
1 st Loan	December 1, 2020	271,740	19,759	291,499
2 nd Loan	February 1, 2021	200,000	14,106	214,106
3 rd Loan	September 13, 2021	150,719	8,773	159,492
4 th Loan	December 10, 2021	113,039	6,009	119,048
5 th Loan	July 16, 2022	188,398	7,614	196,012
		923,896	56,261	980,157

8. Outstanding Share Data

As of the date of this MD&A, the Company has 62,583,353 common shares and 2,420,000 stock options outstanding.

9. Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

10. Internal Controls over Financial Reporting

The company's management is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally are complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements. The management of the Company has filed the Venture Issuer Basic Certificate on SEDAR at www.sedarplus.ca. In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability to certify officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

10.1. Changes in Internal Controls over Financial Reporting

NI 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that have materially affected or are reasonably likely to affect ICFR materially. No material changes were made to internal controls in the three months ended June 30, 2024.

11. Financial Instruments

The Company is exposed to various financial instrument-related risks in varying degrees.

Credit risk and economic dependence

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is the risk of liquidity of cash of \$6,126,954 as of June 30, 2024 (as of June 30, 2023 - \$1,578,917), short-term investment of \$684,350 as of June 30, 2024 (as of June 30, 2023 - \$Nil) and accounts receivable of \$3,828,794 as of June 30, 2024 (as of June 30, 2023 - \$477,855). As the Company's policy is to limit cash holdings to instruments issued by major banks or investments of equivalent or better quality, the credit risk related to cash is considered by management to be negligible.

Significant customers are those that account for greater than 10% of the Company's revenues. The loss of any of the Company's significant customers could have a material adverse effect on our business, consolidated results of operations and financial conditions.

In the fiscal year ending on June 30, 2024, the Company recorded sales from two customers, each of whom individually contributed significantly to the total revenues generated throughout the year (58.4% and 22.9%, respectively). In 2023, the company recorded sales from two customers who accounted for a substantial (14.2% and 50.2%, respectively) of the total revenues for that year.

In the fiscal year ending on June 30, 2024, among all the customers in the accounts receivable, two customers individually represent significant portions of the total accounts receivable (61.7%, and 29.3%). In 2023, four customers accounted for a substantial portion of the accounts receivable (89.5%).

Significant management estimates are used to determine the allowance for doubtful accounts. The Company considers the probability of default on a specific account basis, which involves assessing whether there was a significant increase in credit risk. Indicators include actual or expected changes in the debtor's ability to pay based on available information each reporting period, monitoring past due accounts and other external factors. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Company's accounts receivable. The Company monitors the credit quality of the customers it deals with on an ongoing basis.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's primary exposure to liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities obligations of \$675,391 as of June 30, 2024 (2023 - \$727,463).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not carry debt at a variable rate and is exposed to interest rate risk on its cash which is not considered significant.

Foreign currency risk

The Company's functional currency is the Canadian dollar, and the functional currency of its subsidiaries is the US dollar. Most foreign currency risk is related to US dollar funds held by the Company and its subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar. The Company does not hedge its exposure to currency fluctuations.

Fair Value of Financial Instruments

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The following table summarizes the carrying value of financial instruments as of June 30, 2024, and 2023:

	June 30, 2024	June 30, 2023
Financial assets, amortized cost:	\$	\$
Cash	6,126,954	1,578,917
Short-term investment	684,350	-
Accounts receivable	3,828,794	477,855
Other receivables excluding GST receivable	91,689	172,298
Financial liabilities, amortized cost:		
Accounts payable and accrued liabilities	675,391	727,463
Convertible debenture	2,498,600	4,055,796
Current tax liability	-	62,228
Due to related parties	1,305,532	139,255
Lease obligations, current	27,905	24,990
Lease obligations, non-current	94,255	121,896
Loan from related party	980,157	1,086,861

12. Commitments and Contingency

(a). As of June 30, 2024, the Company has one lease commitment (see Note 7) with a breakdown as follows:

	<=	one year	Two years	Three years	Four years	Total
Leases		\$ 36,371	\$ 36,651	\$ 37,201	\$ 30,966	\$ 141,189

(b). As of June 30, 2023, the Company had an outstanding liability of \$69,393 (US\$52,412) owed to the Department of Environmental Quality in the State of Oregon. In July 2023, the Company settled this liability.

13. Forward-Looking Statements

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are or may be deemed to be forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guaranteeing future performance. Forward-looking statements in this MD&A include statements involving known and unknown risks and uncertainties such as general economic and business conditions, changes in foreign currency exchange rates, and other factors, including but not limited to our evaluation of the impacts of the adoption of International Financial Reporting Standards. Since forward-looking statements address future events and conditions, by their nature, they involve inherent risks and uncertainties. Therefore, actual results may be materially different from those expressed or implied in such statements. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. HempNova Lifetech Corp. has no intention and undertakes no obligation to update or revise any forward-looking statements to reflect new events or circumstances, whether written or oral, that may be made by or on the Company's behalf.