

**HEMPNOVA LIFETECH CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 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 based on available information up to November 13, 2024, and should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes thereto prepared by management for the three months ended September 30, 2024. The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Certain information and notes usually provided in the annual financial statements have been omitted or condensed. Therefore, this MD&A should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended June 30, 2024.

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.com. 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 significant 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 US\$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 exceptional operational and financial performance. In the first quarter of fiscal year 2025, the three months ended September 30, 2024 ("Q1 2025"), the company continued this trend. Total sales increased from \$3.2 million in Q1 2024 to \$9.6 million in Q1 2025, while net income improved from \$0.6 million to \$3.2 million, reflecting substantial growth in profitability.

In terms of product performance, pre-roll sales generated the most significant revenue increase, rising to \$8.5 million in Q1 2025, up from \$0.9 million in Q1 2024. 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 \$0.7 million in Q1 2025, up from \$0.6 million in Q1 2024. 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.

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. The Company has harvested hemp flower in October 2024, management is confident they will yield substantial profits.

The biomass line declined to \$Nil in Q1 2025 from \$0.5 million in Q1 2024, 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 Q1 2025 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.

Below is a table to break down the sales for the three months ended September 30, 2024 and 2023:

	2024	2023
	\$	\$
Pre-roll	8,450,000	984,000
Gummy	665,000	572,000
Biomass	-	506,000
Smokable flowers	441,000	241,000
Others	20,000	928,000
Total revenue	9,576,000	3,231,000

3. Summary of Quarterly Results

The following table sets forth selected unaudited quarterly financial information for each of the last eight recently completed quarters:

	9/30/2024	6/30/2024	03/31/2024	12/31/2023
	\$	\$	\$	\$
Revenue	9,575,743	7,887,249	6,210,482	4,615,089
Cost of goods sold	(5,640,126)	(3,988,120)	(3,153,940)	(2,572,500)
Fair value adjustments of biological assets	-	(830,728)	(404)	1,008,951
Gross profit	3,935,617	3,068,401	3,056,138	3,051,540
Operating expenses	(892,918)	(263,167)	(750,797)	(786,180)
Net income	3,189,042	2,784,724	2,282,309	2,364,462
Net income per share	0.05	0.04	0.04	0.04

	9/30/2023	6/30/2023	03/31/2023	12/31/2022
	\$	\$	\$	\$
Revenue	3,231,344	1,791,681	2,410,995	2,395,139
Cost of goods sold	(2,112,852)	(1,785,885)	(1,314,218)	(1,490,964)
Fair value adjustments of biological assets	76,149	(64,268)	(479,046)	(473,701)
Gross profit	1,194,641	(58,472)	617,731	430,474
Operating expenses	(596,379)	(159,813)	(697,556)	(696,611)
Net income (loss)	645,857	(232,392)	(53,457)	(235,598)
Net income (loss) per share	0.01	(0.00)	(0.00)	(0.00)

4. Results of Operations

4.1 Gross Profits Comparison for the Quarters Ended September 30, 2024 (“Q1 2025”) and September 30, 2023 (“Q1 2024”)

For the three months ended September 30,	2024	2023	Change
	\$	\$	\$
Revenue, net of discounts and commission	9,575,743	3,231,344	6,344,399
Inventory expensed to cost of sales, before fair value adjustment	(3,994,350)	(1,548,605)	(2,445,745)
Production costs	(1,645,776)	(564,247)	(1,081,529)
Gross profit before fair value adjustments	3,935,617	1,118,492	2,817,125
Fair value adjustment of biological assets	-	76,149	(76,149)
Gross profit	3,935,617	1,194,641	2,740,976

In Q1 2025, gross profit reached \$3.9 million, compared to \$1.2 million in Q1 2024, driven by a revenue increase to \$9.6 million, up from \$3.2 million in Q1 2024.

Cost of goods sold in Q1 2025 rose to \$5.6 million, up from \$2.1 million in Q1 2024, reflecting higher labor and raw material costs associated with increased production.

4.2 Operating expenses for Q1 2025 and Q1 2024

The following table is a summary of the Company’s operating expenses for Q1 2025 and Q1 2024:

For the three months ended September 30,	2024	2023	Change
	\$	\$	\$
Audit and accounting	364	1,952	(1,588)
Consulting and management fees (a)	368,291	56,845	(311,446)
Director’s fee (b)	22,000	2,000	20,000
Legal, filing and transfer agent fees	-	6,369	(6,369)
Office and miscellaneous (c)	44,173	11,374	(32,799)
Rent	4,958	(5,044)	10,002
Salaries and benefits	124,708	74,809	49,899
Travel and others	13,604	8,197	5,407
Total general and administrative expenses	578,098	156,502	421,596
Amortization and depreciation	232,653	278,967	(46,314)
Bad debts (d)	41,472	-	41,472
Interest expense (e)	22,697	147,644	(124,947)
Research and development	-	11,432	(11,432)
Sales and marketing (f)	17,998	1,834	(16,164)
Total operation expenses	892,918	596,379	(296,539)

The operating expenses recorded an increase of \$297,000 in Q1 2025 compared to Q1 2024, attributable to the following factors:

- (a) Consulting and management fees in Q1 2025 were \$368,000, up from \$57,000 in Q1 2024, due to management bonus incurred.
- (b) Director fees in Q1 2025 were \$22,000, up from \$2,000 in Q1 2024, due to bonus to directors.
- (c) Office and miscellaneous expenses rose to \$44,000 in Q1 2025, up from 11,000 in Q1 2025, reflecting increased business activities.
- (d) In Q1 2025, the company recorded \$41,000 in bad debts, reflecting uncollectible accounts receivable.

- (e) Interest expenses in Q1 2025 were \$23,000, down from \$147,000 in Q1 2024, due to the reduced convertible debenture principal and loan balances.
- (f) Sales and marketing expenses increased by \$18,000 in Q1 2025, due to attending conference, travel and other expenses increased, compared to Q1 2024.

4.3 Other income (expenses)

For the three months ended September 30,	2024	2023	Change
	\$	\$	\$
Foreign exchange gain (loss)	(17,393)	323	(17,716)
Gain on disposal of property, plant and equipment	-	3,403	(3,403)
Interest income and other	166,798	43,869	122,929
Total	149,405	47,595	101,810

In Q1 2025, non-operating other income were \$149,000, compared to other income of \$48,000 in Q1 2024, mainly interest and rental income generated.

5. Liquidity and Capital Resources

5.1 Cash flows

For the three months ending September 30,	2024	2023
	\$	\$
Operating activities, cash inflow	1,702,000	1,702,000
Financing activities, cash inflow (outflow)	(3,668,000)	(1,009,000)
Investing activities, cash outflow	(257,000)	(42,000)

Operating activities

During Q1 2025, net cash of \$1.7 million was generated from the operating activities (Q1 2024 - \$3.0 million) mainly due to \$3.5 million of cash generated from operating activities (Q1 2024 - \$993,000) and \$1.8 million cash was used from working capital (Q1 2024 - generated \$2.1 million).

Financing activities

During Q1 2025, the Company made a \$2.7 million repayment to the convertible note debtors (Q1 2024 - \$1 million) and paid \$0.99 million repayment to loan from a related party (Q1 2024 - \$Nil).

Investing activities

During Q1 2025, the Company used \$257,000 (Q1 2024 - \$46,000) to purchase property, plant and equipment.

5.2 Liquidity and Capital Resources

As of September 30, 2024, the company reported current assets of \$10.4 million, down from \$11.4 million on June 30, 2024. Current liabilities decreased to \$1.4 million, compared to \$5.5 million on June 30, 2024. This resulted in a working capital of \$9.0 million, compared to a working capital of \$5.9 million on June 30, 2024. The company uses the following key financial metrics to assess its financial condition and liquidity:

	As of September 30, 2024	As of June 30, 2024
	\$	\$
Working capital	9,028,000	5,895,000
Cash and cash equivalent	3,841,000	6,127,000
Short-term investment	1,755,000	684,000

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.

6. Transactions with Related Parties

Parties are 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 three months ended September 30, 2024, the Company incurred \$16,169 (2023 - \$27,657) to Minco Capital and Minco Silver for reimbursement of shared office expenses and rent for the headquarters in Vancouver. During the three months ended September 30, 2024, the Company also incurred \$15,773 (2023 - \$Nil) to MBM for reimbursement of account service fees and other expenses.

(b) Key management compensation

Key management includes the Company’s directors and senior management. During the three months ended September 30, 2024, and 2023, the following compensation was charged by the key management.

	Three months ended September 30,	
	2024	2023
	\$	\$
Senior management remuneration	380,378	247,387
Sale commission	790,591	230,221
Total	1,170,969	477,608

(c) Due to (from) related parties

As of September 30, 2024, and June 30, 2024, the Company’s amount payable to related parties are as follows:

	September 30, 2024	June 30, 2024
	\$	\$
Key management, for service fees and expense reimbursement	1,086,011	1,305,532
Total due to related parties	1,086,011	1,305,532

(d) Participation in the Company's private placement

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 9 below). On July 20, 2024, the Company paid entire convertible debenture balance plus accrued interest, totalling \$2,658,100, of which \$531,918 was to the President and \$1,063,836 was to MBM.

(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 \$Nil in service fees during the three months ended September 30, 2024 (2023- \$Nil). As of September 30, 2024, the amount held by Minco International is \$94,667 (as of June 30, 2024 - \$84,225).

(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 three months ending on September 30, 2024, the Company incurred total interest expenses of \$5,755 (compared to \$21,057 in 2023).

On July 20, 2024, the Company paid entire loan balance plus accrued interest, totalling \$985,911.

7. 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.

8. Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

9. 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.com. 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.

9.1. 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 September 30, 2024.

10. Financial Instruments

The Company is exposed in varying degrees to a variety of financial instrument-related risks.

Credit risk

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 \$3,841,105 as of September 30, 2024 (June 30, 2024 - \$6,126,954), short-term investment of \$1,754,870 as of September 30, 2024 (June 30, 2024 - \$684,350) and accounts receivable of \$4,307,118 as of September 30, 2024 (June 30, 2024 - \$3,828,794). 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 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 three months ending on September 30, 2024, the Company recorded sales from two customers, each of whom individually contributed significantly to the total revenues generated throughout the period (45% and 43%, respectively). In the same period of 2023, the company recorded sales from two customers who accounted for a substantial (15% and 52%, respectively) of the total revenues for that period.

As of September 30, 2024, among all the customers in the accounts receivable, two customers individually represented significant portions of the total accounts receivable (35%, and 62%). As of June 30, 2024, among all the customers in the accounts receivable, two customers individually represent significant portions of the total accounts receivable (62%, and 29%).

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 \$242,138 as of September 30, 2024 (June 30, 2024 - \$675,391).

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

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to its short-term nature. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 Company's activities are exposed to varying financial risks, including but not limited to market risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. Risk management activities are carried out by management, who identifies and evaluates the financial risks.

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

	September 30, 2024	June 30, 2024
Financial assets, amortized cost:	\$	\$
Cash and cash equivalents	3,841,105	6,126,954
Short-term investment	1,754,870	684,350
Accounts receivables	4,307,118	3,828,794
Other receivables	76,041	95,008
Financial liabilities, amortized cost:		
Accounts payable and accrued liabilities	242,138	675,391
Convertible debenture	-	2,498,600
Due to related parties	1,086,011	1,305,532
Lease obligations, current	38,651	27,905
Lease obligations, non-current	117,375	94,255
Loan from related party	-	980,157

11. 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.