

TAAT GLOBAL ALTERNATIVES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

TAAT Global Alternatives Inc.
Management's Discussion and Analysis
Period ended July 31, 2023 and 2022

Set out below is a review of the activities, results of operations and financial condition of TAAT Global Alternatives Inc. ("TAAT", or the "Company") for the period ended July 31, 2023. The discussion below should be read in conjunction with the Company's condensed interim consolidated financial statements ("financial statements") for the period ended July 31, 2023. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated.

This MD&A has been prepared as at September 29, 2023.

The Company is listed on the CSE:TAAT, OTCQB: TOBAF and Frankfurt :2TP2

Additional information related to the Company is available on SEDAR+ at www.sedarplus.ca and the Company's website is www.taatusa.com

BACKGROUND AND CORE BUSINESS

TAAT Global Alternatives Inc. ("TAAT" or the "Company") was incorporated on June 5, 2006 in British Columbia under the Business Corporations Act. The Company develops, manufactures, and distributes alternative product categories such as tobacco, hemp and other emerging consumer packaged goods ("CPG") segments.

The Company's registered address is Suite 810 – 789 West Pender Street, Vancouver BC, V6C 1H2, Canada and its head office is located at 823 Pilot Rd, Las Vegas, NV, United States.

As at the date of this MD&A, the Company has elected to suspend its application to be listed on the Nasdaq Capital Market on the basis that it is not possible for the application to move forward despite the Company's management concluding that all requirements were sufficiently met in prior years.

CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULTS OF OPERATIONS

OUR PRODUCTS AND PROPRIETARY PROCESS

The Company is innovating nicotine-free and tobacco-free alternatives to traditional cigarettes. The Company utilizes a proprietary, patent-pending process (including a patent-pending refinement technique) with a blend of all-natural ingredients to provide smokers aged 21+ an alternative to traditional cigarettes that does not contain nicotine or tobacco.

In 2020, the Company initially released three primary flavour variants, namely Original, Smooth, and Menthol. -The Company markets its original three products under the TAAT brand and positions its base material as Beyond Tobacco™



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CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULTS OF OPERATIONS (CONTINUED)

OUR PRODUCTS AND PROPRIETARY PROCESS (CONTINUED)

The Company has a unique, novel, and patent-pending process for refining the Beyond Tobacco™ base material to impart a scent and taste that resembles tobacco, despite containing no actual tobacco. Through the application of a proprietary blending treatment, the Company is able to completely transform the raw material into a finished product that tastes and smells like tobacco when combusted. This material is referred to as Beyond Tobacco™ ("BT"). Similar to fine-cut tobacco, BT is derived entirely from plant matter, however BT is fundamentally different from fine-cut tobacco in that it has no tobacco content whatsoever. As such, BT contains no nicotine, is non-addictive, and undergoes substantially different processing than fine-cut tobacco. This process forms a significant part of the value of BT and is a closely guarded trade secret. The Company has applied for and anticipates the granting of a US patent on this process which would further protect the company's intellectual property and allow it to apply its IP to other product forms.

ACQUISITIONS

On April 20, 2022, TAAT entered into a definitive securities exchange agreement (the "Definitive Agreement") with ADCO Distributors, Inc. and HLND Holdings, Inc. (together referred to as "ADCO" or the "Target"), and Hayford Cardinal Holdings, Inc., Red Carpet/Hobe Sound, Inc. and Barry Adelman (collectively, the "Vendors"), which were amended on April 27, 2022 and May 13, 2022 (the "Amending Agreements"). ADCO is the parent entity of a convenience and tobacco wholesaler based in the state of Ohio. Pursuant to the Definitive Agreement, TAAT acquired all of the issued and outstanding common stock of ADCO (the "Acquisition") which results in 100% ownership of ADCO to be held by TAAT.

The addition of ADCO provides several advantages enabling TAAT to refine and accelerate the introduction of its branded products into the non-traditional consumer space. TAAT not only gains greater control over the placement of its product in Ohio, one of the most attractive markets in the U.S., but also gains the capability to test and perfect its packaging, marketing and sales initiatives while receiving invaluable consumer feedback and data from the ADCO sales team and customer base.

TAAT, which intends to continue its focus of building upon its broad network of arms-length distributors, sees ADCO as platform to launch additional non-traditional branded products into the consumer marketplace. Many of these products, such as the 'heat-not-burn' initiative and TAAT's non-tobacco, non-hemp offering, are already under development, and it is expected their launch will be greatly assisted and enhanced by the data and market intelligence secured through ADCO.

On December 14, 2022 and amended on March 1, 2023, the Company entered into an asset purchase agreement with Boksburg Ventures Inc. ("Boksburg"), where the Company will acquire assets related to the Boksburg's Break Free™ mobile application and \$3,600,000 working capital (the "Boksburg Acquisition") from Boksburg (the "Boksburg Transaction") and as consideration for the Boksburg Acquisition, the Company will issue an aggregate of 17,000,000 common shares (the "Boksburg Consideration Shares") with a portion of which is allocated to the \$3,600,000 working capital purchased. The Boksburg Acquisition was terminated on March 31, 2023.

DISTRIBUTION

The Company is proud to provide an update on the Company's distribution network. As of the date of this MD&A, the Company has made several key partnerships with key distributors to scale the Company's business and increase the overall value of the business for its shareholders. Through a combination of online, in-store, and digital out-of-home campaigns targeted towards smokers aged 21+, the Company has cultivated considerable interest in TAAT® in specific markets where the Company is focusing its marketing and advertising efforts and across the United States in general.

In Q4 2022, the Company formed a wholly owned subsidiary, Beyond Alternative LLC ("Beyond Alternatives") and in Q1 2023, the Company formed a new wholly owned subsidiary, Jayvee's Brands LLC. The Company intends to use Beyond Alternatives to begin distribution of other alternative products in growing categories to drive short-term incremental revenues with new revenue streams. In 2023, Beyond Alternatives has commenced production of edibles under the Jayvees brand. The Company will distribute the Jayvees edibles through its existing wholesale distribution infrastructure with ADCO, which the Company acquired during the year.

TAAT Global Alternatives Inc.

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DISTRIBUTION (CONT'D)

On November 1, 2022, the Company entered into a Trademark License and Distribution Agreement (the "Trademark Agreement") with where an arm's length party was granted a license to use the Company's Licensed trademarks in connection with the Company's Licensed Products in several jurisdictions where the Company has trademarks. Pursuant to the Trademark Agreement, the Company received total fees of \$999,733 (US\$730,000) during the period ended July 31, 2023.

As of the date of this MD&A, the Company has elected to suspend the launch of TAAT® in Austria indefinitely on account of the financial and marketing resources that would be required to facilitate a successful launch, for the sake of prioritizing its ongoing rollouts in existing markets at this time.

Additionally, the Company has undertaken a reorganization of its subsidiaries based in Las Vegas, Nevada, which includes migrating certain production and fulfillment duties to third-party service providers and reducing staff to mitigate overhead expenses. The Company's subsidiary, ADCO continues to perform well and has introduced non-traditional and high-margin products to its customer base including the *Jayvees* product line.

MARKETING

While TAAT is a consumer product that exclusively targets 'adult' smokers, it contains no tobacco and thus has more flexibility in how it markets its products compared to traditional tobacco cigarettes. TAAT believes it has an obligation to market its products in a responsible fashion, and its own internal marketing philosophy is grounded in its goal to not attract 'new' smokers and to exclusively avoid those that are under the legal age.

TAAT leverages many of the marketing platforms as other consumer products. The Company's primary out-of-home channel is 'radio' and the Company's marketing department focuses on working with radio advertising agencies that can provide reasonable assurance that the target audience is over the legal smoking age. We leverage direct marketing by building a database of existing adult smokers, currently at over 150,000, so we can communicate with adult smokers one-to-one through various mediums. We are currently building our experiential platforms where we can engage adult smokers one-to-one, such as the *First Friday* events in Las Vegas that was launched in August 2022. Our social media platforms are age-gated to provide reasonable assurance that we are communicating with adults that are the legal smoking age. Our retail marketing is aimed at helping us get awareness with adult smokers at the point of purchase.

The Company believes that by combining all of these activities within a defined geographic area where we it has a wide distribution of our product in retail stores, there is a greater chance for success in building and maintaining brand awareness. The Company seeks to do this with the ultimate goal of securing the permanent conversion of an adult smoker to TAAT products.

OUTLOOK

The Company launched TAAT® into the market in 2021 and made numerous improvements to the product, route to market strategy, marketing initiatives and production throughout 2022 which continue into 2023.

Despite certain challenges with interruptions in the global supply chain, the Company is actively working to complete specialized packaging for individual European markets in order to deliver upon its robust European sales pipeline. The Company received registered trademark status in Q2 2022 in eight global markets, including 27 members of the European Union.

In 2022, the Company's focus was to continue to expand the store count and reorder rate in all our accounts in several U.S. States for TAAT® utilizing its internal sales team by driving traffic to brick and mortar locations which was complimented by a strategy with trial initiatives to foster conversion from traditional tobacco to TAAT®. The Company is already experiencing that these strategies lead to increased demand both in current accounts and new accounts within the vicinity of the locations that currently carry TAAT®. The Company's acquisition of ADCO in 2022 has increased its distribution capabilities in the US.

For 2023, the Company has several objectives which include but are not limited to the following:

- Developing deeper penetration in selected US markets
- Building on our learnings in the UK market to penetrate more EU markets
- Evaluating additional manufacturing capabilities to handle future demand
- Patent approval and subsequent granting
- Prepare for potential up listing the Company's securities to a senior exchange
- Expanding our product lines
- Expanding our distribution footprint
- Utilize existing wholesale distribution infrastructure within the US to enhance sale and distribution of products

OUTLOOK (CONT'D)

In an effort to improve the company's financial health, management has undertaken a reorganization of its subsidiaries based in Las Vegas, Nev., which includes migrating certain production and fulfilment duties to third party service providers and reducing staff to mitigate overhead expenses. Additionally, management is reviewing marketing initiatives for its product lines (TAAT and Jayvees) to increase sales with greater cost-efficiency.

Update regarding application for listing on the Nasdaq Capital Market

In a press release dated April 23, 2021, the company announced that it had submitted its initial application for its common shares to be listed on the Nasdaq Capital Market. At the time, the company's management had reached the conclusion that all requirements as stipulated by the Nasdaq Stock Market for listing on the Nasdaq Capital Market were sufficiently met. However, it was not possible for the application to move forward, and as such, the company elected to suspend its application for listing its common shares on the Nasdaq Capital Market.

The Company will complete a share consolidation where the Company will be consolidating all of its issued and outstanding share capital on the basis of every ten (10) old common shares into one (1) new common share, effective October 3, 2023.

FINANCING AND CORPORATE MATTERS

Period ended July 31, 2023

On November 4, 2022, the Company issued 175,000 common shares with a fair value of \$105,000 and paid cash of \$75,000 to settle debt with a former related party of \$180,000.

On January 11, 2023, 2,000,000 RSUs with a fair value of \$5,960,000 were converted into 2,000,000 common shares of the Company. On conversion of the RSUs, \$5,960,000 was transferred from reserves.

On June 15, 2023, the Company issued 6,250,000 common shares with a fair value of \$1,187,500 to settle debt owed to a former consultant of the Company of \$1,187,500.

On June 29, 2023, the Company issued 610,810 common shares with a fair value of \$97,730 pursuant to a consulting agreement with a consultant of the Company for consulting fees of \$113,000. The Company recognized a gain on settlement of debt of \$15,270 on issuance of shares.

As at July 31, 2023, Nil shares (October 31, 2022 – 3,450,000 shares) for the acquisition of TAAT Intl. (Note 4) remained in escrow.

Stock option and RSU issuances:

On August 14, 2020, the Company granted 1,250,000 stock options to a former Officer of the Company with an exercise price of \$1.00 per option expiring August 14, 2024. The options vest over several periods: 25% vest immediately, 25% vest on June 30, 2021, and 50% vest on December 31, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$1,096,988 assuming an expected life of 4 years, a risk-free interest rate of 0.33%, an expected dividend rate of 0.00%, and an expected annual volatility of 212%. The share-based payment expense related to the fair value of the options granted was \$381,122 during the year ended October 31, 2022 and \$419,977 during the year ended October 31, 2021. The options are fully vested as at October 31, 2022. During the year ended October 31, 2022, 500,000 of the remaining options were expired without being exercised.

On September 1, 2020, the Company granted 700,000 stock options to a consultant of the Company with an exercise price of \$0.90 per option expiring September 1, 2022. These options vest immediately and have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$297,067 assuming an expected life of 2 years, a risk-free interest rate of 0.27%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$297,067 during the year ended October 31, 2020. During the year ended October 31, 2022, all of the remaining options were cancelled without being exercised.

On September 1, 2020, the Company granted 300,000 stock options to an employee of the Company with an exercise price of \$0.90 per option expiring September 1, 2024. The options vest over several periods: 50% vest on December 31, 2020, and 50% vest on June 30, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$164,310 assuming an expected life of 3.67 years, a risk-free interest rate of 0.29%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$108,150 during the year ended October 31, 2021 and \$56,160 during the year ended October 31, 2020. During the year ended October 31, 2022, all of the remaining options were cancelled without being exercised.

FINANCING AND CORPORATE MATTERS (CONT'D)

Stock option and RSU issuances:

On September 17, 2020, the Company granted 3,100,000 stock options to consultants of the Company with an exercise price of \$1.19 per option expiring September 17, 2025. The options vest over several periods: 3,088,750 options vest immediately and 11,250 options vest on October 20, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$2,725,166 assuming an expected life of 5 years, a risk-free interest rate of 0.36%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$8,094 during the year ended October 31, 2021 and \$2,717,072 during the year ended October 31, 2020.

On September 28, 2020, the Company granted 150,000 stock options to a consultant of the Company with an exercise price of \$2.00 per option expiring September 28, 2022. The options vest over several periods: 100,000 options vest immediately and 50,000 vest on January 29, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$156,510 assuming an expected life of 2 years, a risk-free interest rate of 0.25%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$39,229 during the year ended October 31, 2021 and \$117,281 during the year ended October 31, 2020. During the year ended October 31, 2022, all of the remaining options were cancelled without being exercised.

On October 21, 2020, the Company granted 77,500 stock options to a consultant of the Company with an exercise price of \$2.75 per option expiring October 21, 2022. The options vest over several periods: 50% of the options vest immediately and 50% vest on October 21, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$108,408 assuming an expected life of 2 years, a risk-free interest rate of 0.23%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$53,112 during the year ended October 31, 2021 and \$55,296 during the year ended October 31, 2020. During the year ended October 31, 2022, all of the remaining options were cancelled without being exercised.

On December 2, 2020, the Company granted 100,000 stock options to a consultant of the Company with an exercise price of \$2.93 per option expiring December 2, 2022. The options vest over several periods: 50% of the options vest immediately and 50% vest on February 1, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$152,886 assuming an expected life of 2 years, a risk-free interest rate of 0.27%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$152,886 during the year ended October 31, 2021. During the year ended October 31, 2022, all of the remaining options were cancelled without being exercised.

On December 2, 2020, the Company granted 900,000 stock options to consultants and a former Officer of the Company with an exercise price of \$2.93 per option expiring December 2, 2024. The options vest over several periods: 200,000 of the options vest immediately, 325,000 stock options vest on June 30, 2021, and 375,000 stock options vest on December 30, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$2,381,728 assuming an expected life of 4 years, a risk-free interest rate of 0.41%, an expected dividend rate of 0.00%, and an expected annual volatility of 166%. The share-based payment expense related to the fair value of the options granted was \$689,180 during the year ended October 31, 2022 and \$1,692,548 during the year ended October 31, 2021. The options are fully vested as at October 31, 2022. During the year ended October 31, 2022, 250,000 of the remaining options were cancelled without being exercised.

On December 30, 2020, the Company granted 955,000 stock options to consultants of the Company with an exercise price of \$2.36 per option expiring December 30, 2025. The options vest immediately. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$1,665,870 assuming an expected life of 5 years, a risk-free interest rate of 0.41%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$1,665,870 during the year ended October 31, 2021. During the year ended October 31, 2022, 630,000 of the remaining options were cancelled without being exercised.

On April 15, 2021, the Company granted 3,000,000 stock options to consultants and employees of the Company with an exercise price of \$2.98 per option expiring April 15, 2026. The options vest immediately. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$6,636,407 assuming an expected life of 5 years, a risk-free interest rate of 0.90%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$6,636,407 during the year ended October 31, 2021. During the year ended October 31, 2022, 2,225,000 of the remaining options were cancelled without being exercised.

FINANCING AND CORPORATE MATTERS (CONT'D)

Stock option and RSU issuances:

On April 15, 2021, the Company granted 1,000,000 stock options to a consultant with an exercise price of \$2.98 per option expiring April 15, 2023. The options vest over several periods: 250,000 of the options vest on the earlier of the first distribution agreement made with a minimum of 100,000 Euros signed by the Company or six months from the grant date, 250,000 stock options vest six months from the initial vesting date, 250,000 options vest twelve months from the initial vesting date and 250,000 vest eighteen months from the initial vesting date. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$1,967,520 assuming an expected life of 1.52 years, a risk-free interest rate of 0.24%, an expected dividend rate of 0.00%, and an expected annual volatility of 168%. The share-based payment expense related to the fair value of the options granted was \$1,214,503 during the year ended October 31, 2022 and \$118,594 during the period ended July 31, 2023. During the period ended July 31, 2023, all 1,000,000 options expired without being exercised.

On July 8, 2021, the Company granted 100,000 stock options to a consultant of the Company with an exercise price of \$3.03 per option expiring July 8, 2026. The options vest over 12 months. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$309,139 assuming an expected life of 5 years, a risk-free interest rate of 0.89%, an expected dividend rate of 0.00%, and an expected annual volatility of 159%. The share-based payment expense related to the fair value of the options granted was \$137,392 during the year ended October 31, 2022 and \$171,746 during the year ended October 31, 2021. During the year ended October 31, 2022, all of the remaining options were cancelled without being exercised.

On July 14, 2021, the Company granted 250,000 stock options to a consultant of the Company with an exercise price of \$3.05 per option expiring July 14, 2026. The options vest immediately. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$566,074 assuming an expected life of 5 years, a risk-free interest rate of 0.91%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was \$566,074 during the year ended October 31, 2021. During the year ended October 31, 2022, all of the remaining options were cancelled without being exercised.

On June 20, 2022, the Company granted 6,857,500 stock options to consultants, directors and officers. The options have an exercise price of \$0.85 per option expiring June 20, 2027. 5,357,500 of the options vested immediately, and the remaining 1,500,000 options vest quarterly over a period of two years from issuance, starting on the 91st day of grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$5,441,514 assuming an expected life of 5 years, a risk-free interest rate of 3.35%, an expected dividend rate of 0.00%, and an expected annual volatility of 143%. The share-based payment expense related to the fair value of the options granted was \$4,850,594 during the year ended October 31, 2022 and \$416,871 during the period ended July 31, 2023.

On November 18, 2022, the Company granted 250,000 stock options to a consultant of the Company with an exercise price of \$0.57 per option expiring November 18, 2027. The options vest 100% two years from the date of grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$127,771 assuming an expected life of 5 years, a risk-free interest rate of 3.35%, an expected dividend rate of 0.00%, and an expected annual volatility of 142%. The share-based payment expense related to the fair value of the options granted was \$31,209 during the period ended July 31, 2023.

On June 20, 2022, the Company granted 1,000,000 RSUs to an Officer of the Company, which will vest quarterly over a period of two years from issuance, starting on the 91st day of grant and shall entitle the Officer the ability to acquire one share of the Company per RSU. The RSUs were priced at \$0.88 based on the closing price of the shares on grant date and expire five years from the vesting date. The Company recognized \$387,101 share-based payments during the year ended October 31, 2022 and \$364,219 during the period ended July 31, 2023.

On June 8, 2023, the Company granted 250,000 RSUs to a consultant of the Company which vested immediately on the grant date. The RSUs were priced at \$0.185 based on the closing price of the shares on the grant date and expire five years from the grant date. The Company recognized \$46,250 share-based payments during the period ended July 31, 2023.

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LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2023, the Company had working capital deficit of \$461,887, including cash of \$537,017 as compared to a working capital of \$4,652,187, including cash of \$676,813 as at October 31, 2022.

The Company's ability to fund operational activities, including promotional activities, are contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company and if and when the Company will be profitable; however, management is committed to pursuing all possible sources of financing and other resources in order to execute its business plan including new equity issues and other forms of financing.

Cash flows for the period ended July 31, 2023 compared to 2022

Cash used in operating activities was \$892,645 (July 31, 2022 - \$8,742,013). In the comparative period, the Company had primarily spent funds on management and consulting fees, marketing and shareholder communications, product marketing, and salaries and wages. In the comparative period, the Company had recently launched its non-tobacco related products. In the current period, the Company has decreased its product and marketing expenditure for its products and has focused on streamlining operations which led to an overall decrease in cash expenditure, period over period. In addition, in 2023, the Company generated cash through increased revenue and gross profit from sales.

Cash used in investing activities was \$92,643 (July 31, 2022 - \$1,226,361), decreased since the prior period. In both periods, the Company purchased property and equipment. In the comparative period, the Company also paid cash for the acquisition of ADCO which was a significant part of its investing activities for the period.

Cash inflows from financing activities was \$963,754 (July 31, 2022 - \$925,156). In the current period, the Company received cash from loans and line of credit of \$1,847,834 (July 31, 2022 - \$Nil). In the prior period, the Company received cash from option exercises of \$1,237,636. In the current period, the Company did not receive any proceeds from option proceeds. The funds received in the current period were offset by lease payments of \$884,080 (July 31, 2022 - \$312,480). An increase in lease payments in the current period is expected as in the prior year comparative period, the Company had abated rent which resulted in lease forgiveness and the total cash paid for the lease was lower.

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SELECTED FINANCIAL INFORMATION

TAAT Global Alternatives Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars - Unaudited)

For the	Three-months ended July 31, 2023 \$	Three-months ended July 31, 2022 \$	Nine-months ended July 31, 2023 \$	Nine-months ended July 31, 2022 \$
REVENUE				
Sales	24,716,620	17,473,223	70,232,603	18,458,469
Cost of goods sold	(25,135,587)	(16,905,819)	(68,247,080)	(17,521,482)
Gross profit	(418,967)	567,404	1,985,523	936,987
EXPENSES				
Accounting and legal	66,619	112,867	456,442	373,014
Accretion and interest expense	169,199	72,782	509,739	130,950
Amortization	437,730	346,778	1,393,756	925,376
Bad debt expense	5,711	-	39,683	-
Filing and regulatory	14,269	15,650	76,013	115,831
Foreign exchange (gain) loss	493,528	86,889	645,167	(386,136)
Management and consulting	2,456,413	424,459	2,924,751	1,440,079
Office, rent and administrative	287,415	285,588	1,062,516	617,376
Other operating costs	119,900	35,543	601,096	35,543
Investor relations and shareholder communication	9,713	304,790	76,296	1,949,293
Product marketing	13,552	327,991	179,983	1,511,578
Research and development	9,445	18,113	44,503	188,226
Share-based payments	131,365	3,959,245	566,674	4,547,952
Share-based payments – RSU	131,644	1,288,181	410,469	6,270,815
Travel	2,440	33,205	92,735	108,081
Transaction cost	-	184,785	-	184,785
Salaries and wages	522,673	715,997	2,445,108	1,906,960
	(4,871,616)	(8,212,863)	(11,524,931)	(19,919,723)
Loss for the period	(5,290,583)	(7,645,459)	(9,539,408)	(18,982,736)
Other items				
License income	-	-	999,733	-
Other income (expenses)	(256,980)	55,195	(141,897)	132,369
Gain on lease forgiveness	-	128,002	-	365,090
Gain on settlement of debt	15,270	33,389	15,270	33,389
Gain on extinguishment of decommissioning provision	-	-	-	79,000
Income tax recovery (expense)	337	-	(76,918)	-
Loss on termination of lease	-	-	-	(18,874)
Net loss for the period	(5,531,956)	(7,428,873)	(8,743,220)	(18,391,762)
OTHER COMPREHENSIVE LOSS				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange loss on translating foreign operations	373,650	142,036	466,902	(141,829)
Comprehensive loss	(5,158,306)	(7,286,837)	(8,276,318)	(18,533,591)

SELECTED FINANCIAL INFORMATION (CONTINUED)

Results of Operations for the nine-months ended July 31, 2023 ("2023") compared to the nine-months ended July 31, 2022 ("2022")

The net loss for the period decreased by \$10,257,273 for the period ended July 31, 2023 from \$18,533,591 to \$8,276,318. This decrease in net loss is primarily due to increased profit of \$1,985,523 (2022 - \$936,987), a decrease in investor relations and shareholder communication expenses, less product marketing, and less stock options and RSU being issued during the period resulting in a decrease in share-based payment expense. Additionally, the Company earned Trademark License and Distribution Income of \$999,733 (US\$730,000). In the comparative period, the Company did not own ADCO, a distribution Company operating in Ohio, which contributed to the increase in profit margin in 2023.

- Management and consulting expenses increased to \$2,924,751 for the period ended July 31, 2023 (2022 - \$1,440,079) as the Company hired additional consultants to assist with the expansion of the business in the current year, thus an increase is expected.
- Office, rent, and administration increased to \$1,062,516 for the period ended July 31, 2023 (2022 - \$617,376). During the year ended October 31, 2022, the Company acquired ADCO, a distribution Company operating in Ohio and incurred various expenditures in connection with this acquisition. The increase reflects the expansion of the Company's operations.
- Accounting and legal expenses increased to \$456,442 for the period ended July 31, 2023 (2022 - \$373,014). In the prior year comparative period, the Company incurred increased legal and accounting fees associated with developing and managing its tobacco-free combustible products, and increased staffing in its finance departments in Canada and the United States. In the current period, the Company expanded its operations to also sell tobacco products.
- Investor relations and shareholder communication decreased to \$76,296 (2022 - \$1,949,293) as a result of the Company's efforts in the prior year to promote investor awareness of the activities that occurred during the period. The higher expenditures in the prior year reflects to the Company's expansion in U.S and globally, as 2021 was the Company's first full year of operations after launching TAAT® at retail for the first time in December 2020.
- Product marketing costs decreased to \$179,983 (2022 - \$1,511,578) as the Company began to commercialize its flagship TAAT products into the US and Europe in Q4 2021. Product marketing is and will continue to be an important function for the company as it looks to commercialize a consumer-packaged good such as TAAT®.
- Research and development of \$44,503 (2022 - \$188,226) is related to the Company's development of its non-tobacco based smokable products and flavorings.
- Salaries and wages increased to \$2,445,108 (2022 - \$1,906,960) due to the overall increase in the Company's operations since the comparative period which includes salaries and wages of ADCO entities.
- Share-based payments of \$566,674 (2022 - \$4,547,952) is related to the stock options granted to Directors, Officers and consultants of the Company to assist with the Company's operations.
- Share-based payments for Restricted Share Units of \$410,469 (2022 - \$6,270,815) is related to the Restricted Share Units granted to the CEO. In the prior year, Restricted Share Units were granted to the former CRO and former CEO.
- Accretion and interest expense of \$509,739 (2022 - \$130,950) is primarily related to costs of the lease liabilities. In the prior year, accretion and interest also included the payment the remaining consideration of the prior year acquisitions of TrueToke and TAAT Intl. During the year ended October 31, 2022 the Company terminated one lease and entered into two new lease agreements.
- Amortization expense of \$1,393,756 (2022 - \$925,376) relates to the amortization of the right of use lease asset and property and equipment, as well as amortization of intangible acquired from accretive business combinations. During the year ended October 31, 2022 the Company terminated one lease and entered into two new lease agreements. During the year ended October 31, 2022, the Company acquired intangible asset as a result of acquisition of ADCO, which is being depreciated on a straight-line basis.
- Revenue of \$70,232,603 (2022 - \$18,458,469) and cost of sales of \$68,247,080 (2022 - \$17,521,482) is related to sales of tobacco and non-tobacco product sales. The significant increase is attributed to the acquisition of ADCO during the year ended October 31, 2022.
- Licensing income of \$999,733 (2022 - \$Nil) consists of \$999,733 (US\$730,000) received from Boksburg for License and Distribution.
- Other expenses of \$141,897 (2022 - other income of \$132,369) consists of finance charges from customers that paid late and \$321,944 (US\$239,221) relates to losses on disposal of property, plant, and equipment. The 2022 amount includes money received as a reimbursement for furniture as agreed upon with the landlord and miscellaneous finance charges charged to customers for late payments.
- Gain on lease forgiveness of \$Nil (2022 - \$365,090). In 2022, the Company received of a reduction in lease payments as agreed upon with the lessor.
- Loss on termination of lease of \$Nil (2022 - \$18,874) relates to the termination of the lease in the prior year.

SELECTED FINANCIAL INFORMATION (CONTINUED)

Results of Operations for the nine-months ended 2023 compared to the nine-months ended 2022 (Cont'd)

- Gain on extinguishment of decommissioning provision of \$Nil (2022 - \$79,000) relates to the provisions for mineral properties accrued for the Company's operations in prior years before transitioning to a company that develops, manufactures, and distributes alternative product categories which include tobacco, hemp, and other emerging CPG segments.
- Gain on settlement of debt of \$15,270 (2022 - \$33,389) relates to gains on issuance of shares to vendors for outstanding amounts.

Results of Operations for the three-months ended July 31, 2023 ("Q4 2023") compared to the twelve-months ended July 31, 2022 ("Q3 2022")

The net loss for the period decreased by \$2,128,531 for the period ended July 31, 2023 from \$7,286,837 to \$5,158,306. This decrease in net loss is primarily due to a decrease in management and consulting fees, and less stock options and RSU being issued during the period resulting in a decrease in share-based payment expense. These decreases are offset by a significant increase in management and consulting fees. In the comparative period, the Company acquired ADCO, a distribution Company operating in

Below is a break-down of the various consulting fees incurred by the Company:

	Nine month period ended July 31	
	2023	2022
	\$	\$
Management consulting fees	1,089,431	371,570
Advisory and business development consulting fees	1,629,030	630,683
Professional fees, accounting	71,024	81,477
Sales consulting	135,266	356,349
Total	2,924,751	1,440,079

Summary of Quarterly results

	2023			2022				2021
	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$
Total revenues	24,716,620	22,229,020	23,286,963	24,077,475	17,473,223	515,464	469,782	398,093
Net loss	(5,158,306)	(392,748)	(2,725,264)	(6,657,710)	(7,286,837)	(4,081,299)	(7,165,455)	(8,203,952)
Basic loss per share	(0.05)	(0.00)	(0.03)	(0.06)	(0.07)	(0.04)	(0.07)	(0.08)
Diluted net loss per share	(0.05)	(0.00)	(0.03)	(0.06)	(0.07)	(0.04)	(0.07)	(0.08)

The fluctuation of net loss and profit throughout the different quarters is a result of a variety of factors related to development activities. The overall net loss in 2021 is due to an expansion of operations as a result of acquisition of ADCO in fiscal year 2021. The Company incurred higher administration, legal, and research and development costs in 2021 as a result of the business expansion and focus on promotion of its products. The large increase in net losses in Q3 and Q4 2021 are due to share-based payments related to stock options and RSUs granted to certain consultants, advisors, and, impairment expense, and management and consulting fees. In addition to share-based payments, differences noted for net loss from quarter to quarter primarily relate to investor relationship costs, and management and consulting fees.

During the Q3 2022, the Company's revenues grew substantially between May 18, 2022 to October 31, 2022 due to the acquisition of ADCO, a tobacco distributor based in Canton, Ohio and was established in 1960. The Company recognized a gross profit of \$3,741,822 from its consolidated operations in 2022. During Q3 2022, the Company issued 6,857,500 stock options, which contributed the overall net loss during Q3 2022. In Q4 2022, the Company incurred additional share-based payments relating to the vesting of the stock options and RSUs, and recorded impairment on intangible assets.

TAAT Global Alternatives Inc.

Management's Discussion and Analysis

Period ended July 31, 2023 and 2022

SELECTED FINANCIAL INFORMATION (CONTINUED)**Summary of Quarterly results (Continued)**

In Q2 2023, the Company had a more profitable quarter with higher gross margins and overall decrease in general and administrative costs. Additionally, the Company earned Trademark License and Distribution Income of \$999,733 (US\$730,000) which contributed to the significant decrease in net losses for Q2 2023.

REVENUE AND COST OF SALES ANALYSIS

	2023	2022
Nine month period ended July 31,	\$	\$
Sales	70,232,603	18,458,469
Cost of goods sold	(68,247,080)	(17,521,482)
Gross profit	1,985,523	936,987

- The Company's sales include sale of tobacco and non-tobacco products.
- Cost of goods sold include all expenditures related to the sale and distribution of the Company's products. This includes ingredients and manufacturing costs, as well as cost of purchasing the products.
- During the period ended July 31, 2023, the Company had sales of \$64,488,766 for tobacco products and \$5,741,863 for non-tobacco products.
- Overall, the Company saw an increase in revenue and cost of goods sold, resulting in decreased gross margin percentage to 3% (July 31, 2022 – 5%). The decrease relates to increases in the cost of sales during the current period which has impacted the gross profits. In the prior year, the Company acquired ADCO on May 18, 2023. In 2023, ADCO contributed over 95% of the revenue. The Company continues to look for ways to increase sales and decrease costs.

OUTSTANDING SHARE DATA

At the date of this report the Company has 115,562,465 issued and outstanding common shares, 15,521,666 outstanding stock options, 1,250,000 restricted share units and 833,333 outstanding warrants.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At the date of this report, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

RELATED PARTY TRANSACTIONS

The Directors and Executive Officers of the Company are as follows:

Michael Saxon	Chief Executive Officer ("CEO")
Joel Dumaresq	Chief Financial Officer ("CFO") and Director, Former CEO
John Cumming	Director
Joe Deighan	Director
Peter Nguyen	Director
John Martin	Director
Timothy Corkum	Former Chief Revenue Officer ("CRO")

Key management personnel are comprised of the CEO, CRO, CFO, and Directors of the Company. The remuneration of the key management personnel is as follows:

RELATED PARTY TRANSACTIONS (CONTINUED)

	July 31, 2023	July 31, 2022
	\$	\$
Salaries – Former CEO and former CRO	175,000	148,125
Salaries – CEO	883,319	12,211
Directors fees	10,000	11,250
Consulting fees paid to a Director	1,000	-
Share-based payments to the CEO	781,090	1,063,086
Share-based payments to Directors	-	182,700
Share-based payments to the former CEO	-	6,006,112
Share-based payments to the former CRO	-	251,936
	1,850,409	7,675,420

The Company incurred the following transactions with companies that are controlled or managed by Directors of the Company:

	July 31, 2023	July 31, 2022
	\$	\$
Office expenses to a company controlled by the CFO	-	27,000
Consulting fees to a company controlled by the CEO	321,596	-
Consulting fees to a company controlled by the CFO	67,500	67,500
	389,096	94,500

Balances at period end

As at July 31, 2023, \$1,546,298 (October 31, 2022 - \$379,303) is due to related parties. All balances are unsecured, non-interest bearing and are due on demand.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment valuation of inventory, impairment of property and equipment, intangible assets and goodwill, business combination vs asset acquisition, provision of income taxes, share based compensation, going concern assumption, determination of the Company and its subsidiaries' functional currency, right of use assets and lease liability, accounts receivable and decommissioning liability. Actual results may differ from those estimates and judgments.

Financial Instruments

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities, and notes payable approximate their fair value because of the short-term nature of these instruments. The receivables, prepaid expenses, consideration payable and lease liability are classified as level 3.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (CONT'D)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

As at July 31, 2023, the Company had a cash balance of \$537,017 (October 31, 2022 - \$676,813) to settle current liabilities of \$11,167,821 (October 31, 2022 - \$6,029,783). The Company may need additional capital in the future to support its recent change of business model to non-tobacco combustible products and cannabis accessories. The Company's future revenues, if any, are expected to be from the sale of tobacco and non-tobacco products.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of the commodity tax receivable and loan receivable. The Company has been successful in recovering receivables and believes credit risk with respect to receivables to be insignificant. As at July 31, 2023, trade receivables were due from many different customers (October 31, 2022 - \$1,154,252 of trade receivables were due from one customer). During the period ended July 31, 2023, approximately 23% of sales recorded in its wholly owned subsidiary TAAT International LLC were to two customers (year ended October 31, 2022, 33% of sales in the Company were to two customers) and 48% of sales recorded in its wholly owned subsidiary Beyond Alternatives LLC were to two customers. No significant percentage of sales were to a single customer in ADCO.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at July 31, 2023, the Company does not have any short-term deposits.

b) Foreign currency risk

The majority of the Company's business is conducted in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Group's business, actually occur, the Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may stand to lose all or part of their investment.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (CONTINUED)

RISK FACTORS (CONT'D)

Regulatory Risks

Some of the proposed activities of the Company will be subject to regulation by governmental authorities, which may include, but are not limited to the various state departments of agriculture, U.S. Food and Drug Administration, USDA, and/or Drug Enforcement Administration. The Company's business objectives are, in part, contingent upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the cultivation and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to cultivate or sell industrial hemp. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of industrial hemp, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Limited Operating History

TAAT was founded in early 2019 and has generated minimal revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Volatile Stock Price

The stock price of the Issuer, post TAAT International Acquisition, is expected to be highly volatile and could be drastically affected by governmental and regulatory regimes and community support for the industrial hemp industry. The Issuer cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Company's Shares.

Risks Inherent in an Agricultural Business

The Company's business may, in the future, involve the growing of industrial hemp, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although such growing for the Company is expected to be completed by experienced farmers, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Reliance on Management

Another risk associated with the cultivation and sale of industrial hemp is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well-managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses, and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company will be an Entrant Engaging in a New Industry

The non-tobacco cigarette industry is fairly new. There can be no assurance that an active and liquid market for the Issuer's Shares will develop and shareholders may find it difficult to resell their Shares. Accordingly, no assurance can be given that the Issuer will be successful in the long term.

TAAT Global Alternatives Inc.

Management's Discussion and Analysis

Period ended July 31, 2023 and 2022

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (CONTINUED)

RISK FACTORS (CONT'D)

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industrial hemp industry in the USA. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's Shares.

Need for Additional Financing and Possible Effects of Dilution

The Issuer may issue equity securities to finance its activities, including future acquisitions. If the Issuer were to issue additional Shares following the TAAT International Acquisition, existing holders of such Shares may experience dilution in their holdings. Moreover, when the Issuer's intention to issue additional equity securities becomes publicly known, the Issuer's share price may be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be finalized against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Unfavourable Publicity or Consumer Perception

Any adverse or negative publicity, scientific research, limiting regulations, medical opinion, and public opinion relating to the consumption of non-tobacco combustible products and CBD may have a material adverse effect on the Company's operational results, consumer base, and financial results.

Fluctuating Prices of Raw Materials

The Company's revenues, if any, are expected to be derived largely from the production, sale, and distribution of processed hemp biomass. The Company purchases hemp from farmers at market prices at the time of harvest. Changes in the price for processed biomass between the purchase from farmers and sale to customers cannot be predicted with any level of certainty.

Facility Expansion

The overall success of the Company is partially dependent on the ability of the Company to expand its processing facility. The development or construction of such facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond the Company's control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed the Company's budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, the Company may not be able to achieve the intended economic benefits from the construction of the new facility, which in turn may materially and adversely affect its business, prospects, financial condition, and results of operations.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (CONTINUED)

RISK FACTORS (CONT'D)

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Issuer will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Issuer and its management. If uncertain market conditions persist, the Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations, and the trading price of the Issuer's Shares on the CSE.

The Issuer could be deemed a passive foreign investment company which could have negative consequences for U.S. investors.

Depending upon the composition of the Issuer's gross income or its assets, the Issuer could be classified as a passive foreign investment company ("PFIC") under the United States tax code. If the Issuer is declared a PFIC, then owners of the Common shares who are U.S. taxpayers generally will be required to treat any "excess distribution" received on their Common shares, or any gain realized upon a disposition of Common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a qualified electing fund ("QEF") election or a mark-to-market election with respect to the Common shares. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of the Issuer's net capital gain and ordinary earnings for any year in which the Issuer is classified as a PFIC, whether or not the Issuer distributes any amounts to its shareholders. U.S. investors should consult with their tax advisors for advice as to the U.S. tax consequences of an investment in the Common shares.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosures concerning TAAT's expenses are provided in the Company's statement of comprehensive loss and note disclosures contained in its financial statements for the period ended October 31, 2022. These statements are available on the TAAT website – www.taatglobal.com and its SEDAR+ profile, which can be accessed through www.sedarplus.ca.

Dividends

The Company has no dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for business activities. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

In contrast to the certificate required under National Instrument 52-109 Certificate 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, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying 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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE (CONTINUED)

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are no significant proposed transactions, other than what is disclosed elsewhere in the MD&A.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the Financial Statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing future performance, and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our business model and strategic plans;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our ability to develop and commercialize product candidates;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- the ability of management to respond to existing global supply chain challenges and shortages;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;
- the rate and degree of market acceptance utility of our future products, if any;
- the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- estimates of our expenses, capital requirements, and our needs for additional financing

TAAT Global Alternatives Inc.

Management's Discussion and Analysis

Period ended July 31, 2023 and 2022

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS (CONTINUED)

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company are inherently subject to significant business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions including, but not limited to: (i) obtaining positive results of trials with of-age users of combustible products; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.