INNOVATING AND LEADING THE WAY INTO THE BIOLOGICAL ERA

EARTH ALIVE CLEAN TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2023

The following Management Discussion and Analysis ("**Management's Discussion and Analysis**" or "**MD&A**") should be read in conjunction with the Consolidated Financial Statements and the related notes for the year ended December 31, 2023, that were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). The consolidated financial statements provide comparative information between the years ended December 31, 2022, and December 31, 2023, respectively. This MD&A is dated April 24, 2023.

This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect Earth Alive Clean Technologies Inc. in the future. Unless stated otherwise, all dollar amounts are expressed in Canadian dollars and all financial information contained in this discussion and analysis and in the consolidated financial statements for the year ended December 31, 2023, has been prepared in accordance with IFRS.

This MD&A was reviewed and approved by Earth Alive's Board of directors, upon the recommendation of the Board's Audit Committee, on April 29, 2023.

As used in this Management's Discussion and Analysis, unless the context requires otherwise, the terms "**EACT**", "**Earth Alive**", "**the Company**", "**we**", "**us**", "**its**" or "**our**", mean Earth Alive Clean Technologies Inc.

Additional information about the Company can be obtained on SEDAR+ at www.sedarplus.ca.

CORPORATE OVERVIEW

Earth Alive uses state-of-the-art microbial technology to formulate and manufacture ecological products, destined for a variety of industries, and exports its products around the world. We sell the microbial spores in their primary or blended form and in ready-to-use powdered or liquid formulations. Earth Alive is a leader in the development, production and distribution of technological solutions that allow the industry to move from the chemical era to the organic era.

Our products address soil degradation caused by erosion, nutrient depletion, acidification and chemical pollution currently faced by the mining, industrial and agriculture sectors.

Our flagship ea1™ microbial dust suppressant is used in the mining and other industrial sectors as an efficient and environmentally sustainable alternative to the use of scarce water resources and harmful chemicals. ea1 microorganisms generate a hardened crust on the road preventing dust from becoming airborne while stabilizing the road structure. ea1 decreases operational costs and promotes the wellbeing of the environment, workers and communities while saving water.

Biopure EA™ and Rapidall™ are an industrial cleaners that eliminate an extensive range of residual embedded dirt and the toughest greases.

Our portfolio of environment friendly agricultural products, starring our industry-leading Soil Activator™, improves soil fertility, promotes carbon fixation and substantially increases crop yields and quality.

Our common shares are listed on the TSX Venture Exchange under the symbol “EAC”.

OVERALL PERFORMANCE[1]

As Earth Alive navigates the early stages of commercialization, our commitment to offering eco-friendly products positions us at the forefront of an increasingly regulated and conscientious market landscape. With regulations on environmental sustainability becoming more stringent, we maintain unwavering confidence in the direction of our business. The growing emphasis on eco-conscious practices presents us with a unique opportunity to not only meet but exceed evolving standards and distinguish ourselves as pioneers in sustainability. As we continue to expand our client base, we are driven by the conviction that our dedication to eco-friendly solutions aligns with the ethical imperatives of our time while also fostering long-term business success.

Despite encountering a challenging fourth quarter characterized by a downturn in the Infrastructure & Maintenance ("**I&M**") sales, our business demonstrated resilience and adaptability with a notable surge in the Agriculture sector ("**Ag**") revenues over the year. While our I&M segment encountered challenges in Latin America, we maintain a steadfast belief in our ability to penetrate and thrive in that market. Notwithstanding the headwinds, we are committed to exploring innovative strategies and forging partnerships to establish a foothold in Latin America. Concurrently, recognizing the importance of adaptability, we have pivoted our focus towards building sales in Québec and Canada within that segment. This dual strategy underscores our resilience and flexibility as we navigate diverse market conditions, ultimately positioning us for sustained success and expansion.

On the Agriculture side, we encountered logistical challenges that momentarily slowed our momentum in the fourth quarter. However, our agricultural sales trajectory remained on a steady upward trajectory throughout the year. The addition of a significant new customer in Canada further bolstered our growth prospects. Moreover, our entry into the European market has yielded promising results, with initial sales indicating a positive reception and paving the way for future expansion opportunities. As we reflect on the past year, the overall performance underscores our resilience, strategic foresight, and commitment to delivering value to customers across diverse regions.

As a Company dedicated to leading the ecological transition, we are committed to pushing the boundaries of innovation through aggressive investment in research and development. Our strategic focus centers on enhancing our current offerings, driving down production costs, and expanding our portfolio to address evolving market demands. Notably, we started the development of a product tailored for dust control in challenging weather conditions, addressing a critical need in various industries. Simultaneously, we have embarked on the conception of a bio de-icing product, aligning with our commitment to sustainable solutions including for winter maintenance. Since the summer of 2023, we have been conducting several on-farm demonstration trials across various crops in Europe yielding positive results and reaffirming the efficacy and value of our solutions in real-world applications. Those successful outcomes have served as a resounding confirmation to our prospective European partners regarding the quality and efficacy of our products. These results not only validate the effectiveness of our offerings but also instill confidence in the minds of our partners, affirming their decision to collaborate with us.

Throughout 2023, despite the fourth quarter slow down, we maintained our sales at level. We increased our investments to prepare our European expansion efforts notably with our newly established presence in Madrid. We bolstered our team with experienced sales representatives and intensified our focus on research and development initiatives. Additionally, we laid the groundwork for the acquisition of Interlube, a strategic move aimed at expanding our product portfolio and client base. While the financial results for 2023 did not meet our expectations, our proactive measures have positioned the Company to more than triple its sales in 2024.

[1] This section contains forward-looking statements. For more information on forward-looking statements, see the Forward-Looking Statements section on page 19.

As we forge ahead with our expansion into Europe, these positive test results serve as a strong foundation upon which to build mutually beneficial partnerships and drive sustainable growth in this key market. We are excited about the opportunities that lie ahead and remain dedicated to delivering innovative and eco-friendly solutions that exceed expectations and contribute to a brighter, greener future.

THE MINES-INFRASTRUCTURE SEGMENT[2]

Earth Alive's I&M segment offers biodegradable microbial products aimed at controlling dust and providing cleaning solutions for the most difficult industrial challenges.

The conventional use of synthetic chemicals and water to control road dust is coming under increasing scrutiny by governments, corporations, activists and local communities. Earth Alive's proprietary ea1 is patented in Canada, Australia, Brazil, Chile and Peru and new patents have been filed in Europe. The Company is commercializing ea1 to the mining industry as well as other commercial, municipal and industrial sectors as an efficient and environmentally sustainable alternative to the use of scarce water resources and harmful chemicals. ea1 is 100% natural and certified biodegradable, non-toxic, non-corrosive, non-chemical, environmentally sustainable and is well suited for extreme cold and hot conditions as demonstrated in tests in the cold mountains of the Chilean Andes and in the Sahara Desert. The ea1 microorganisms injected in the top layer of the soil continuously reproduce biosurfactants and biopolymers, which retain moisture in the roadbed. Along with a decrease of up to 100% of fine particulate emissions produced by traffic on the roads, this microbial interaction also avoids the need for continual application of water, substantially reducing water usage. ea1's microbial technology aggregate dust particles in the soil preventing them from becoming airborne while helping the soil retain moisture and remain permeable. It is therefore ideal for use on site and on road infrastructure projects. ea1 also reduces the formation of ripples on road surfaces, provides soil stabilization benefits and improving traction. Furthermore, ea1 can help remedy roads that were previously contaminated by hydrocarbons and other chemicals, leaving behind a cleaner site.

In addition to allowing for substantial reductions in water usage, a key feature for mining companies which are increasingly under pressure to meet water conservation goals, ea1 makes dust control efforts more efficient and less labor-intensive as its extended application schedule may contribute to a significant reduction in operational inefficiencies caused by regular dust suppression activities. For instance, water usage for dust suppressant typically requires watering of roads several times a day. Our application provides for better results. On average and depending on weather and road conditions, ea1 can be applied once every 10 days. This difference allows the workforce to be redeployed to other tasks, helping reduction of cost of operation, fuel consumption, $CO2$ emissions, daily water consumption and provide savings by reducing the number of trucks needed.

Earth Alive uses a variety of raw materials and natural ingredients from various suppliers to manufacture ea1 on a just-in-time basis. These materials are available from a variety of sources, locally and internationally and their pricing has historically been stable, with the notable exception of the COVID period. Currently, two companies respectively located in Montréal, Canada and in the Midwest region of the United States are providing microbial spores to Earth Alive. Although the pricing for microbial spores has been relatively stable, there is a limited number of suppliers and pricing is largely dictated by order volume. Earth Alive has several agreements in place with blenders worldwide who can combine the raw materials in accordance with our formulas and is developing its own blending solution. Earth Alive is not currently dependant on any one supplier for ea1.

Earth Alive is in discussions with several large potential customers, primarily in the mining, commercial and industry sectors. ea1 sales discussions are being conducted with existing and potential customers both directly and through agents and partners. In addition, based on business development opportunities in Canada during the past several months, we have hired a commercial sales director to help grow our business in Canada and in the USA.

We continue working with an environmentally friendly Québec-based distributor, looking to broaden our presence in the province's mining and construction industries, whether by performing applications on

[2] This section contains forward-looking statements. For more information on forward-looking statements, see the Forward-Looking Statements section on page 19.

stockpiles in mines or on unpaved roads. We are also in discussions with of one of Canada's largest and best-known hazardous waste and contaminated soil disposal and treatment service provider. In an effort to diversify our go-to-market strategy, we are currently in discussions with other mining, commercial and industrial companies offering our ea1 as a state-of-the-art solution for their operational challenges.

During the fourth quarter of 2023, we launched two new products. Our Aeroguard-G is designed to be used on residue parks and conveyors at mine sites and already generated several new orders. We have also finalized and tested the ea1-w™, a winter de-icing and dust suppressant product that will be launched for the 2024-2025 winter. This biodegradable and non-toxic new product melts the ice while controlling dust during winter conditions on unpaved roads. This product is revolutionary, one of a kind and is expected to disrupt the industry.

During the fourth quarter, the Company continued negotiating with mines and participated in industry events to promote its products.

As an environmentally friendly company, our ea1 can be considered “readily biodegradable” as per the OECD 301D Testing method.

AGRICULTURE SEGMENT[3]

The Ag segment provides ecological products for retail and industrial use, such as biofertilizers (soil inoculants) and soil amendments. Most notably, Earth Alive commercializes its non-crop specific and Canadian Food Inspection Agency (CFIA) approved organic microbial biofertilizer, Soil Activator, to the global fertilizer market. Soil Activator is certified organic by ECOCERT and OMRI. Soil Activator is currently used in small, medium and large-scale operations and is being assessed on a wide variety of crops in organic and non-organic farms in the Americas as well as some regions of Africa and Europe.

To date, Soil Activator sales have mainly come from Canada, the United States, Central and South America. Recently, we are witnessing sales emerging from Europe. Earth Alive has sales representatives in Canada, South and Central America as well as in Europe. In countries where Earth Alive offers its products, it trains local agents or representatives to better serve local customers. Products are also sold in Canada at the retail level through an industrial business-to-business model. Our products are also available online. The Company's Madrid initiative generated its first sales in the third quarter of 2023, immediately after the obtention of the right to commercialize Soil Activator.

Earth Alive uses a variety of raw materials, all-natural ingredients, from various suppliers to manufacture Soil Activator. These materials are available from a variety of sources, locally and internationally, and their pricing has been historically stable. The microbial and bacterial spores used are sold in their primary form or directly blended with natural ingredients by the supplier in ready-to-use powdered or liquid formulations or through a third-party blender who can combine the raw materials in accordance with Earth Alive's formulas. Having the supplier of the microbial components perform the blending functions usually allows for a reduction in production costs. The most expensive component of Soil Activator is the microbial spores. Currently, a company based in Montréal, Canada is providing these spores and blending services for Earth Alive. The pricing for these microbial spores has been relatively stable, but with a limited number of suppliers, pricing is largely dictated by production volumes.

The Company sees a strong potential for sales in the European union. This is why it is considering starting local production in Europe to position the business for long-term success by capitalizing on market opportunities, enhancing competitiveness, and better serving the needs of customers.

The Company regularly participates in industry events to promote its products, whether in Québec, elsewhere in Canada, in the United States and in Europe.

As of December 31, 2023, Soil Activator is a registered input in 19 countries as well as 47 states in the USA. Registration processes are still underway Mexico and various European countries with support from local partners.

[3] This section contains forward-looking statements. For more information on forward-looking statements, see the Forward-Looking Statements section on page 19.

RESEARCH AND DEVELOPMENT[4]

Earth Alive aims to be among the leaders of the ecological transition. To achieve this goal, we rely on an aggressive R&D strategy of continuous innovation with a view to enhancing our current offering, reduce production costs, and grow our product portfolio.

Earth Alive continues to develop new formulations and to optimize existing products for dust control in challenging weather conditions. In the fourth quarter, we filed a priority patent for a combination dust control and de-icing agent, and successfully completed commercial-scale testing with a client in northern Québec. Earth Alive will continue to refine and develop de-icing products into 2024. Work on the mobile blending unit continued during the quarter with ongoing design work and prototype construction. The goal of this small continuous mobile blending equipment is to enable production of ea1 as close to the client's premises as possible, reducing transportation and production costs.

On-farm demonstration trials with Soil Activator in Canada and Europe produced positive results in potatoes, wheat, and barley, opening the doors to ongoing commercial development in new markets and with new clients, we began discussions with clients to set up trials with our high-concentration Soil Activator formula to be initiated in the spring of 2024. The purpose of this specialized formula is to deliver a high density of bacteria formulation with lower application rates for large-scale farming.

In addition to our focus on mining and agriculture, the R&D department continues to conduct early-stage research on formulations and methodologies related to industrial cleaning and addressing environmental contaminants. This ongoing work will continue through 2024.

RECENT HISTORY/SUBSEQUENT EVENTS

- The Company obtained its Bureau de Normalisation du Québec (BNQ) certification for ea1 on May 30th, 2023.
- The Company closed a $3.5 million financing on May 8th, 2023.
- The Company announced on September 21st, 2023, the appointment of Mr. Erik Bomans to the Board.
- The Company announced its first sales in Spain and in Greece during the fourth quarter of 2024.
- The Company announced on January 8th, 2024, the appointment of Mr Vladimir Wendl Ibarra to the Board.
- On January 31st, 2024, the Company acquired 100% of Interlube inc., a company specializing in biodegradable lubricants and conversion of mining equipment from mineral to biological oil.
- On March 27th, 2024, the Company announced a strategic distribution partnership with Les Entreprises Bourget, for the promotion and distribution of ea1.
- On April 6th, 2024, 50,933,333 warrants expired. None of them were exercised.

[4] This section contains forward-looking statements. For more information on forward-looking statements, see the Forward-Looking Statements section on page 19.

HUMAN RESOURCES

Selling Earth Alive's advanced technologies demands individuals with a high level of expertise and knowledge. Fortunately, our Company has cultivated and nurtured these skills internally. As of December 31, 2023, Earth Alive boasted a team of 17 dedicated employees. We also use a number of agents, partners and consultants. Moving forward, we anticipate selectively expanding our resources over the coming quarters to meet evolving demands and seize new opportunities.

In addition to our talented in-house team, we recognize the value of external expertise. Therefore, we will continue to engage industry and sales consultants across multiple countries. This collaborative approach ensures that we leverage a diverse range of insights and experiences to effectively promote and distribute our innovative solutions worldwide.

SELECTED FINANCIAL INFORMATION

In Dollars	Three months Ended December 31,		Years Ended December 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Revenue	**199,749**	933,744	**2,314,417**	**2,312,734**
Gross Margin	**(156,607)**	187,736	**435,547**	**562,264**
Net loss	**(1,492,294)**	(1,921,836)	**(4,494,978)**	**(4,115,425)**
Per share				
Basic	**(0.003)**	(0.002)	**(0.010)**	**(0.013)**
Fully diluted	**(0.003)**	(0.002)	**(0.010)**	**(0.013)**

In Dollars	Years Ended December 31,		
	2023	**2022**	**2021**
	$	$	$
Total assets	7,001,104	9,144,694	5,386,079
Total liabilities	1,317,875	2,428,487	674,523
Equity	5,683,229	6,716,207	4,711,556

OUTLOOK[5]

The proactive actions taken throughout 2023 are laying a solid foundation for an anticipated increase in sales in 2024. By investing in key areas such as Research and Development, Sales and Marketing initiatives, and market expansion efforts, we are positioning ourselves for growth and success in the coming year. These strategic endeavors, coupled with our ongoing commitment to customer satisfaction and innovation, are paving the way for heightened market presence, enhanced product offerings, and strengthened customer relationships.

The recent acquisition of Interlube marks a significant milestone for our business as we strategically expand our portfolio of products and clientele. With this acquisition, we not only gain access to new markets and customers but also strengthen our position as a leading provider of innovative solutions. Additionally, our entry into the European market represents a strategic move to tap into new opportunities and diversify our geographic footprint. As we embark on this exciting journey, we are also poised to deploy cutting-edge dust control and de-icing products tailored for road maintenance under winter conditions. These new offerings underscore our commitment to meeting the evolving needs of our customers while driving sustainable growth.

The Company's strategic investment in Research and Development ("**R&D**") is poised to yield substantial results in the foreseeable future. By dedicating resources to innovation and technological advancement, we are laying the groundwork for future growth, competitiveness, and sustainability. This commitment to R&D not only enables us to stay ahead of market trends but also empowers us to develop cutting-edge solutions that meet the evolving needs of our customers. With a forward-thinking approach and a focus on continuous improvement, our investment in R&D will undoubtedly drive value creation, differentiation, and long-term success for the company.

As we continue to execute our strategic roadmap and capitalize on emerging opportunities, we are confident that our efforts will translate into tangible sales growth and propel the Company towards achieving its long-term objectives.

[5] This section contains forward-looking statements. For more information on forward-looking statements, see the Forward-Looking Statements section on page 24.

FINANCIAL RESULTS

Overview of financial results for the year ended December 31, 2023, and Comparison to the year ended December 31, 2022.

The Company's net loss increased to $4,474,644 in 2023 compared to $4,115,425 in 2022. Despite stable sales year over year, the higher net loss was primarily driven by increased investments in R&D totaling (+$235k) and higher Sales and Marketing costs (+$400k).

Despite facing challenges in the I&M/ segment, Earth Alive managed to maintain stable sales in 2023 vs 2022. The performance of this segment was adversely affected by lower sales in LATAM, primarily due to delays in bid offerings by clients. However, despite these setbacks, there are positive indications suggesting that we are still in line to secure an important contract in Mexico. To mitigate the impact of these challenges and diversify our revenue streams, significant efforts were directed towards developing the Québec market generating first significant sales in that segment in the province. On the Agriculture side, Earth Alive experienced increased sales, driven primarily by acquiring new customers in Canada and securing our first sales in Europe. These achievements reflect our commitment to expanding our market reach and capitalizing on emerging opportunities both domestically and internationally.

The margins were impacted (from 24.3% to 18.8%) by two main factors: an incentive discount provided to an important client and investments in state-of-the-art dust tracks to enhance data reliability for both clients and the R&D team. Had these adjustments not been made, the overall margin would have increased by 1% year over year. This increase would have reflected our efforts to lower operational costs and improve efficiency. While the incentive discount and investments in technology may have temporarily affected margins, they are indicative of our commitment to customer satisfaction, innovation, and long-term growth.

Operating expenses increased from $4,797,861 in 2022 to $5,045,008 in 2023. This rise was driven by two key factors:

1) Increased investments in travel and promotion (+225k) as we are aiming at enhancing marketing efforts, expanding brand visibility, and engaging with clients and prospects more effectively. The additional investment in travel and promotion reflects our commitment to driving sales growth and market penetration through strategic marketing initiatives.

2) Investments in the development and enhancement of new and existing products through R&D (+$235k). These expenditures were allocated towards advancing product innovation, improving product quality, and staying ahead of market trends.

Overall, while these increased operating expenses may have contributed to a higher net loss for the year, they are indicative of our proactive approach to driving growth, innovation, and long-term value creation.

Sales		YoY		
⬇	M&I	(304,370)	-18%	The decline in the I&M segment (from $1,678k in 2022 to $1,375k in 2023) can be primarily attributed to clients postponing contract approvals to 2024 and a decrease in trials conducted in the US (-$210k) and LATAM (-$591k) regions. However, despite these challenges, we have received clear indications that we remain competitive for ongoing significant bidding opportunities. While the reduction in I&M activity posed a setback in LATAM and US, we successfully offset some of these effects through our entry into the Québec market (+$381k). We also recorded activity in Africa with first entry in Morocco (+$115k). By adjusting our efforts to focus on penetrating the Québec market, we achieved notable sales in this segment, marking our initial success in the province.
⬆	AG	306,053	48%	The Ag segment performed well in 2023 with sales increase of $306k / +48% (from $633k to $939k). The establishment of our Madrid office has proven to be a strategic investment, evidenced by the increase in sales in Europe (+$80k) compared to 2022. Additionally, our ongoing endeavors in Canada have yielded positive results, with a significant increase in sales amounting to $200k. While our performance in other geographic locations has remained stable, we encountered logistical challenges in the fourth quarter, resulting in the postponement of some sales to 2024. Without these issues, our performance would have been even stronger paving the road to improved performance in 2024.

Margins		YoY In $		
⬇	M&I	(153,778)	-5pts	The reduction in margin (from $430k to $279k / 25.6% to 20.3%) can be primarily attributed to our strategic investments in advanced technology for dust track systems, which had a notable impact of $75k. Without this specific investment, our margins would have remained stable in terms of percentage. All other variation of the margins in $ is attributable to lower sales.
⬆	AG	282,178	-4pts	The increase in margin (from $132k to $156k / 20.9% to 16.6%) in terms of dollars is attributed to higher sales volumes, reflecting our ability to generate more revenue. The reduction in margin in percentage of sales is due to a significant discount of $60k extended to a key client in California during Q1. This client renewed its trust in Earth Alive and continued to place orders in 2024. Had we not provided this discount to the client, our margins would have increased by 2%, indicating the positive impact of our pricing strategies on overall profitability.

Operating expenses		YoY		
⬇	**G&A**	(70,024)	-3%	The decrease in General and Administrative (G&A) costs can be attributed to the reduction in salaries resulting from the departure of one executive in 2022. However, this decrease was partially offset by higher travel costs and professional fees incurred during the year.
⬆	**Sales and Marketing**	400,257	30%	The increase in Sales and Marketing expenses (from $1,355k to $1,755k) is attributed to several factors, all of which reflect our strategic decision to intensify sales initiatives: Increased Travel Costs (+ $117k) in travel expenses indicates expanded efforts to reach and engage with clients and prospects across various regions, higher promotion costs (+$108k) in promotion expenses reflecting heightened marketing activities aimed at raising brand visibility and promoting products to target audiences and (+$58k) in salaries allocated to sales representatives highlighting our investment in talent acquisition to bolster our sales force, enabling more effective customer outreach and relationship-building efforts.
⬆	**Research and development**	235,824	56%	Our decision to intensively invest in R&D is reflected in the notable increase of $236k, from $424k to $660k. This investment encompasses various expenses including higher salaries, consultant costs, and travel expenses, all of which underscore our intent to maintain our leadership position in the sector through innovation and technological advancement. Throughout the year, the main R&D efforts focused on the following key initiatives: patent filling to protect the intellectual property resulting from R&D endeavors; upgrade our ea1 to reduce its production costs while maintaining or improving product quality; and develop the new de-icing product, signaling our commitment to expand our product portfolio and meet evolving market demands.
⬇	**Depreciation, amortization and impairment**	(257,061)	(53%)	Depreciation, amortization and impairment reflects the expenses linked to right of use assets of our head office. The amortization of the right of use asset started with the opening of our new head office in Q4 2022.

Overview of financial results for the fourth quarter ended December 31, 2023, and Comparison to the fourth quarter ended December 31, 2022.

Sales during the fourth quarter of 2023 saw a significant decline compared to 2022, dropping from $933,744 to $199,749. Several factors contributed to this decline. (First, an important sale in 2022 wasn't renewed in 2023, resulting in a reduction of $567k in sales. Second, delays in orders from clients in our Ag segment pushed some sales into 2024. Third, we adjusted our stocks and incurred impairments, which had a negative impact on margins. However, this impact was partially offset by lower operating expenses, despite sustained high levels of investment in R&D and marketing efforts.

While these challenges affected sales in the fourth quarter of 2023, we remain focused on adapting strategies to navigate market fluctuations effectively. By continuing to invest in R&D and marketing while optimizing operational efficiencies, we aim to strengthen our competitive position and drive future growth.

Sales		QoQ		
⬇	I&M	(665,382)	(94%)	The significant reduction in sales from $710k to $45k is attributable to a single client to whom we sold $567k worth of products in Q4 2022. This underscores the critical importance of diversifying our client base to mitigate reliance on any single customer.
⬇	AG	(68,613)	(31%)	In Q4, sales in the Ag segment experienced a decrease for two primary reasons. First, a client postponed its order to 2024, resulting in a reduction of $51k in sales for the quarter. Second, another client ceased its activity in 2023, leading to a decrease of $35k in sales. The former client has confirmed its order for 2024 and even increased its ordering volume, indicating a renewed commitment to our products.

Margins		QoQ		
		In $	In % of sales	
⬇	I&M	(280,167)	n/a	Margins were impacted by volume, impairment of dust track material (-$54k), our mobile blending unit under construction (-$21k) and a stock price adjustment (-$54k). This adjustment was needed due to an error during the implementation of our new accounting system in Q1. Although this represents a significant deficiency in our precedent quarter, the Company decided to not restate the quarterly financial statements as the proportion of the adjustment on each quarter is not significant and the Company has no debt related ratio to respect or that would have been breached. A control has been put in place to prevent such issue in the future. Without these exceptional adjustments, we would have recorded an increase in margins of nearly 10 pts of percentage, reflecting the cost economy to doing business in Québec instead of foreign countries.
⬇	AG	(64,175)	n/a	The reduction in margin is directly attributed to the decrease in sales. In the Ag segment, where significant fixed production costs such as production salaries, warehouse amortization, and equipment amortization are incurred, fluctuations in sales volume can have a magnified impact on margins. When sales volume falls below certain thresholds, the fixed production costs spread over fewer units, resulting in a higher per-unit cost and reduced margins. This phenomenon is particularly pronounced in industries with high fixed costs relative to variable costs, such as agriculture.

	Operating expenses	QoQ		
⬇	**G&A**	(339,441)	(32%)	Lower G&A costs are attributable to a one timer severance cost incurred with the departure of an executive in Q4 2022 (-275k) and lower professional fees. The one-time severance cost translates into a recurring significant expense reduction from the previous year.
⬆	**Sales and Marketing**	24,463	6%	Sales and marketing expenses stood stable in Q4 2023 compared to 2022 at $474k.
⬆	**Research and development**	14,950	10%	The slight increase in R&D costs in Q4 2023 compared to Q4 2022, from $155k to $170k, underscores our continued dedication to innovation and product development. These expenditures are a direct reflection of our ongoing commitment to expanding our product portfolio and staying at the forefront of technological advancements.
⬇	**Depreciation, amortization and impairment**	(429,784)	n/a	The exceptional impairment of $403k on leasehold improvements in Q4 2022 represents a significant one-time expense that impacted our financial statements for the period.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended December 31, 2023, Earth Alive experienced a negative cash flow from operating activities amounting to ($4,461,132), compared to ($2,667,124) in 2022. This change was primarily driven by a net loss of $4,474,644 and a decrease in trade and other payables totaling $905k. Despite the negative cash flow from operations, the Company partially offset this through net proceeds of $1,581k from investments and the issuance of shares totaling $3,419k in May 2023. These inflows provided some liquidity support during the year.

Earth Alive's main objectives in managing its working capital resources revolve around ensuring sufficient strength to support its sales growth objectives and R&D investments. As of December 31, 2023, we maintained cash and short-term deposits totaling $5,175k.

With the investment in Interlube on January 31, 2024, the Company anticipates the need to raise funds by mid-2024 to ensure the continuity of its operations. This highlights the importance of proactive financial planning and capital management to support future growth initiatives and maintain operational stability.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The Company's principal contractual obligations and commercial commitments relate to outstanding debt are as follows.

	Book Value	2024	2025	2026	2027
Trade and other payables	**713,486**	713,486	-		-
Lease Liabilities	**604,389**	180,320	168,370	142,005	113,693
	1,317,875	893,806	168,370	142,005	113,693

SELECTED QUARTERLY FINANCIAL DATA

The following table sets out selected unaudited financial information of the Company for the last eight quarters:

	Dec. 31, 2023	**Sept. 30, 2023**	**Jun. 30, 2023**	**Mar.31, 2023**	**Dec. 31, 2022**	**Sept. 30, 2022**	**Jun. 30, 2022**	**Mar. 31, 2022**
Revenue	199,749	663,471	1,063,950	387,247	933,744	495,472	310,739	572,779
Gross Margin	(156,607)	196,344	332,338	63,292	187,736	108,540	125,604	140,384
Operating Expenses	1,421,465	1,138,168	1,139,014	1,346,261	2,192,320	872,532	1,075,450	690,598
Financial (Income) Expenses	(85,878)	(36,281)	7,430	(20,088)	(82,748)	(52,052)	3,956	10,672
Comprehensive loss	(1,492,294)	(905,543)	(814,106)	(1,262,881)	(1,921,836)	(711,760)	(953,802)	(560,886)
Loss per share, Basic and diluted	(0.003)	(0.002)	(0.002)	(0.004)	(0.006)	(0.002)	(0.003)	(0.002)

RELATED PARTY TRANSACTIONS

Related parties of the Company include its subsidiaries, key management personnel, as well as entities directly or indirectly controlled by key management personnel or entities where key management personnel are directors or officers.

Compensation of Key Management Personnel – The Company considers its directors and executives to be key management personnel. Key management personnel compensation for the year ended December 31, 2023, consist of share-based compensation, consulting fees, salaries and benefits and sales are as follows:

	Years ended December 31,	
	2023	2022
Salaries and benefits	**537,430**	947,606
Consulting fees (1)	**515,304**	257,700
Sales	**90,137**	3,500
Stock based compensation	**12,897**	67,521
Total	**1,155,768**	1,276,327
Amounts receivable from executives	**66,515**	-
Amounts payable to executives	**95,722**	316,900

(1) Consulting fees for two officers of the Company were paid to two different management companies controlled by each officer, respectively.

MATERIAL ACCOUNTING POLICIES

The information is provided in Note 2 to the consolidated financial statements for the year ended December 31, 2023.

MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Please refer to Note 3 of the consolidated financial statements for the year ended December 31, 2023 for an extended description of the information concerning the Company's significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

INTERNAL CONTROLS

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support that disclosures are fairly presented with no material misrepresentations. Readers should be aware that inherent limitations on the ability of a venture issuer to design and implement on a cost-effective basis disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of filings and the reports provided under securities legislation.

RISK FACTORS

As a growing company active in both the Industrial and Agriculture sectors, we face operational and financial risks inherent to our growth stage and our two sectors of activities. These risks may affect our results of operation and financial condition. To date, we have no net earnings and negative operating cash flows. An investment in our common shares should therefore be considered speculative. Investors should carefully consider all our risk factors. While we strive to manage the risks we face, risk management does not eliminate risks. You will find below the risks management believes are the most important in our business context.

Going concern

As with all early commercialisation efforts, inherent risks still exist as to management's ability to get its products to market quickly enough, and in large volumes. To date, Earth Alive has no net earnings and has negative operating cash flows. Our ability to continue as a going concern and accomplish all of our future strategic plans is dependent upon obtaining additional financing or executing other strategic options, however, there is no assurance that the Company will achieve these objectives. There can be no assurance that we will be successful in raising additional investment capital, realizing assets, or achieving revenue to generate sufficient cash flows to continue as a going concern. As a result, there is significant risk regarding our ability to continue as a going concern.

Earth Alive has relied on external sources of debt and equity to fund operations to date. Our ability to continue as a going concern will depend on management's ability to successfully execute its business plan and obtain additional financing until it achieves profitability and positive cash flow from operating activities.

Liquidity

Our negative operating cash flows means that we are dependent on external sources to fund operations. As of April 22, 2024, we had $1,899,681 in cash-on-hands. Management is confident to raise new funds by mid year 2024 to carry out our development plan to its successful completion for at least the next 12 months. However, should we fail to raise those funds by the time we have spent our cash-on-hands, we may not be able to continue to operate.

High Prices and Limited Sales

Our state-of-the-art microbial and other environmentally friendly products are expensive, as are most eco-products. Although Industrial stakeholders are more and more concerned by their ecological footprint and strive to be ESG sensitive, the prices of our products may sometimes be an obstacle to our clients and prospective clients notwithstanding their ecological and ESG concerns. We are currently very active in R&D to lower the production costs of our products and accordingly, their prices to the clients. Failure to achieve this goal may materially adversely affect our results of operation and financial condition.

Client concentration

Client concentration risk refers to the potential danger a company faces when a significant portion of its revenue or business is dependent on a small number of clients. This risk arises when a substantial portion of a company's sales, profits, or cash flow is generated from a limited number of customers or clients.

There are several aspects to consider regarding client concentration risk:

1. Revenue Dependency: Relying heavily on a small number of clients means that the company's revenue stream is vulnerable to changes in the behavior or financial health of those clients. If one or more key clients reduce their purchases, go out of business, or switch to a competitor, it can have a significant negative impact on the company's financial performance.

2. Financial Stability of Clients: Client concentration risk increases if the company's major clients are financially unstable or face industry-specific challenges. Any adverse developments affecting these clients could directly affect the company's financial stability.

3. Lack of Diversification: Dependence on a few clients limits the company's ability to diversify its revenue streams. Diversification is essential for spreading risk and reducing dependence on any single client or market segment.

4. Negotiation Power: When a company has few clients that represent a large portion of its business, those clients may have significant bargaining power in negotiations. This can lead to pressure on prices, terms, or conditions, potentially impacting the company's profitability.

5. Market Volatility: Client concentration risk is particularly pronounced in industries with cyclical demand or rapid market changes. Economic downturns, industry disruptions, or shifts in consumer behavior can exacerbate the risk associated with depending on a small number of clients.

To mitigate client concentration risk, companies can pursue various strategies, including diversifying their client base, expanding into new markets or industries, improving customer retention efforts, and implementing robust risk management practices. By spreading risk across multiple clients and market segments, companies can enhance their resilience and reduce their vulnerability to the adverse impact of client concentration.

The concentration of sales in Earth Alive's I&M and Ag segments, with a few clients representing significant portions of revenue, poses a notable client concentration risk. In the fourth quarter of 2024, this concentration was highlighted by the challenges faced in the performance of the Company. To address this risk, management is actively working on mitigating strategies. One approach is to diversify client types by expanding sales channels to include distributors. By working with distributors, Earth Alive can access a broader customer base, reducing reliance on a small number of direct clients. Distributors can help reach new markets and customers, spreading risk across a more diverse set of buyers. Additionally, geographical diversification is being pursued to lessen dependency on specific regions or markets. Expanding into new geographic areas allows the company to tap into different economies, regulatory environments, and customer preferences. This strategy further mitigates the risk associated with client concentration by spreading sales across a wider geographic footprint.

Capitalization and Commercial Viability

Earth Alive had negative operating cash flow in the quarter ended December 31, 2023. With 1,9M in cash, the Company estimates it needs to raise $2M to carry out the completion of the proposed activities and is considering proceeding with an equity financing.

Tests May Not Become Long-term Commitments

The clients in both our M&I and Ag segments tend to test our products on a limited portion of their property before agreeing to a major order. In some instances, tests have been conducted for several years. Although clients must pay to conduct tests with our products, tests may not necessarily translate into long-term, material commitments. Failure to secure long-term commitments precludes us from having secured, foreseeable cash flows and exposes us to short-term downturn in the Industrial or Agriculture sectors which may materially adversely affect our results of operation and financial condition.

Early development stage and Growth of the business

We have only a limited operating history. To date, we have never operated at a profit and there is no assurance that we will operate at a profit. Our operations are subject to all the risks associated with early-stage companies, including under-capitalization and cash shortages. As we strive to grow our business, we may encounter new risks relating to, among other things, increased production, broader distribution of our products, additional pressure on our supply chain as well as increased needs in human resources. There is no assurance that our current systems, procedures, and controls will be adequate to support our future operations and that we will be able to attract, train and retain the personnel required to face the challenges of a growing business. Failure to effectively manage any future growth may materially adversely affect our results of operations and financial condition.

Limited portfolio of products

Compared to other players of the agricultural industry, we have a limited number of products. Although our microbial and other environmentally friendly products are state-of-the-art, we may not have the depth of products that crop producers want in order to limit their number of suppliers. We are actively trying to increase our portfolio of products but there is no assurance that we will succeed, or that new products will be well received by the market. Failure to increase our portfolio of products may materially adversely affect our results of operation and financial condition.

Government regulation

We are subject to various federal, state, provincial and local environmental and health & safety laws and regulations. In the Agriculture sector, our products frequently require to be registered with a local government agency before they can be sold. Although affordable, these registrations may take time and there is no assurance that a given product will be certified. Failure to obtain, or maintain, product registrations would preclude us from selling our Agriculture products which may materially adversely affect our results of operation and financial condition.

Insurance

We maintain various insurance policies, but we are not fully insured against all potential hazards and risks faced by our business. Consequently, we may incur significant liability for which we are not fully insured. In addition, our insurance policies contain various conditions and exclusions which may impair our ability to receive indemnification. Incurring a significant liability for which we are not insured or for which indemnification would be denied may materially adversely affect our results of operation and financial condition.

Key Personnel

The ability to execute our business plan depends, in part, on our ability to attract, retain and sometimes train key scientific, technical, management and operating personnel, including members of the Board of directors. There is no assurance that we will be able to attract, retain or train the key people needed to execute our business plan, which may materially adversely affect our results of operations and financial condition.

Patents and Trade secrets

We rely on patents and trade secrets that we have developed, licensed or acquired or may in the future develop, license or acquire to protect our proprietary technology and processes. There is no assurance that secrecy obligations will be honoured or that others will not independently develop similar or superior technology. Should our patents or trade secrets be leaked or challenged, costly legal procedures may follow which may materially adversely affect our results of operation and financial condition. In addition, should our position not ultimately prevail in a Court of law, we may be prohibited from continuing to sell a given product or have to pay substantial damages, each of which may materially adversely affect our results of operation and financial condition.

Challenges to Commercial Production – Raw materials

Earth Alive's sales objectives for the coming years will require significant demand on raw materials to produce its various product formulations. Variations in commodity prices at several levels of its production chain may affect our ability to meet product demand in multiple global markets. Additionally, a large portion of the raw materials required are paid for in US dollars and accordingly gross margins may fluctuate based on the exchange rate in effect at the time of purchase. While we have established manufacturing and processing operations based on our ability to obtain adequate supplies of raw materials on a timely basis, we rely on a limited number of third-party suppliers with respect to a portion of the raw materials we need to operate. Despite our efforts to reduce risks, it is difficult for us to secure additional suppliers for some of the specialized raw materials from two or more suppliers. If any of our suppliers are unable to meet their obligations under our present or future supply agreements due to any factors such as delays, or insufficient supply in their supply chains, or increases in the prices of the raw materials to be provided to us, or if any of our key supply agreements is terminated earlier than we anticipate, we may be forced to postpone delivery dates for our products or be forced to purchase raw materials in the open market or from alternative suppliers, and no assurances can be given that we would be able to make those purchases or make them at prices or quality levels that would allow us to remain competitive or deliver our products as anticipated.

Our business may also be impacted by sudden increases in raw material prices, and we may not be able to adjust our prices and thereby pass along such rising costs to our customers. In addition, natural disasters, accidents, customer bankruptcies and other factors that may impact our suppliers, including unexpected supply limitations or increased costs for key raw materials may negatively impact our operations. Any or all of such events could have a material adverse effect on the results of our operations.

Dependence on Collaborative Partners

In addition to self-reliance for commercialization of certain of its products, Earth Alive has and may, in the future, enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, testing, manufacturing, marketing, commercialization and distribution of the Corporation's products. To date, the Company has entered into different types of collaborations whether for research and development, manufacturing, marketing, distribution or blending. The Company may enter into additional corporate partnering agreements to develop and commercialize products and testing services. There can be no assurance, however, that we will be able to establish such additional collaborations on favourable terms, if at all, or that current or future collaborative arrangements will be successful, which may materially adversely affect our results of operation and financial condition.

Cybersecurity

Our operations are partly dependent upon information technology systems. These systems are subject to disruption, damage or failure from a variety of sources, including cyber-attacks. Failures in our information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in our information technology systems could materially adversely affect our results of operation and financial condition. Information technology systems failures could also materially adversely affect the effectiveness of our internal controls over financial reporting.

FINANCIAL RISK FACTORS

The Company is exposed in varying degrees to a number of risks arising from its financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The principal financial risks to which the Company is exposed are described below.

Liquidity risk – Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations as they become due. Since inception, the Company has financed its cash requirements primarily through issuances of securities. The Company controls liquidity risk through management of working capital, cash flows and the availability and sourcing of financing. The Company's ability to accomplish all its future strategic plans is dependent upon obtaining additional financing or executing other strategic options, however, there is no assurance that the Company will achieve these objectives. Should we fail to raise required funds by the time we have spent our cash-on-hands, we may not be able to continue to operate.

Interest rate risk – Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk resulting from fluctuations in interest rates on cash equivalents that earn interest at market rates, as well as on the loans and leases that fluctuates according to interest rates. Unfavorable changes in the applicable interest rates may result in an increase in interest expense.

The Company does not use derivative instruments to reduce its exposure to interest rate risk. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations. Based on the net exposures as at September 31, 2023 and assuming that all other variables remain constant, a 1% appreciation or deterioration of the interest rate would result in a $41,680 ($30,833 on December 31, 2023) decrease/increase in the Company's net loss and comprehensive loss for the year then ended.

The Company's strategy to finance its development needs in cash flow is through equity emission instead of debt. This strategy ensures a stronger balance sheet with high level of liquidity and low debt. The Company has no long-term interest-bearing debt and therefore has no interest rate risk associated to interest expenses.

Credit risk – Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company's investment policies are designed to mitigate the possibility of deterioration of principal, enhance the Company's ability to meet its liquidity needs, and to provide high returns within those parameters. The Company manages its risk on accounts receivable by requesting deposits or advance payments prior to shipping its most significant orders or to foreign countries. Credit risk represented by account receivable decreased from $945,435 as of December 31st 2022 to $421,029 as at December 31st, 2023. The net carrying amounts are a reasonable approximation of their fair value. The net carrying amount of the Company's past due trade receivables is $46 079 ($529,149 on December 31, 2022) at the reporting date.

Currency risk – Currency risk refers to the risk that the value of a financial commitment, recognized asset or liability will fluctuate due to changes in foreign currency rates. The Company's functional currency is the Canadian dollar, but it is exposed to foreign currency risk primarily arising from U.S. dollar and Euro denominated cash, accounts receivable and accounts payable. The U.S. dollar and Euro are the only foreign currencies to which the Company has significant exposure with net monetary assets denominated in US dollars amounting to $495,615 ($1,299,544 on December 31, 2022), net monetary assets denominated in Euros amounting to €732,080 (not significant on December 31,2022). The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At December 31, 2023, the impact on the after-tax loss of a 10% weakening/strengthening of the Canadian dollar, all other variables remaining constant, on the revaluation of the Company's monetary assets and liabilities would result in a variation of $122,789 ($129,954 on December 31, 2021) in the Company's monetary net assets.

OUTSTANDING SECURITIES INFORMATION

The Company has the following securities outstanding:

	April 29, 2024	**December 31, 2023**
Common shares	578,355,857	518,355,857
Stock options	7,021,000	7,021,000
Warrants	175,000,000	225,933,333

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as of April 30, 2024.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain information that may constitute "**forward-looking information**" and "**forward-looking statements**" within the meaning of applicable securities laws, including statements regarding the expectations of Earth Alive with regard to industry dynamics, competitive position and growth prospects. All forward-looking information and forward-looking statements are necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies.

All statements other than statements which are reporting results as well as statements of historical fact set forth herein are forward-looking statements that may involve a number of known and unknown risks, uncertainties and other factors. Forward-looking statements include, without limitation, statements regarding strategic plans, market conditions, future clients, sales and revenue estimates, partnerships, cost estimates and anticipated financial results, capital expenditures and objectives. These statements relate to analysis and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved. Such assumptions, which may prove incorrect, include the following: (i) projections regarding future demand for Earth Alive's products will be substantially realized, (ii) Earth Alive will be successful in maintaining its competitive advantage, including both the technological sophistication of its products and their pricing relative to those of Earth Alive's competition, (iii) solving the technical challenges addressed by the Company's products will remain a high priority for its customers and potential customers, (iv) the absence of unfavorable legal, financial, business, technological or other circumstances that would have a material adverse effect on Earth Alive, (v) Earth Alive's ability to successfully negotiate, conclude and implement business agreements with various partners on commercially-favorable terms, and (vi) generally, Earth Alive will be successful in implementing its business plan.

The most important factors that could cause actual results or events to differ materially from those discussed in the forward-looking statements are disclosed under the "Risks Factors" section of this MD&A.

Except as required under applicable securities legislation, Earth Alive undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.