



Imperial Ginseng Products Ltd.

Management's Discussion & Analysis

For the Six-Month Periods Ended
December 31, 2024 and 2023

IMPERIAL GINSENG PRODUCTS LTD.

Management's Discussion and Analysis

Six-Month Period ended December 31, 2024

This management's discussion and analysis ("MD&A") reviews the operating results, financial position and liquidity of Imperial Ginseng Products Ltd. ("Imperial" or the "Company"). Information contained herein is presented as at February 18, 2025 unless otherwise indicated. All amounts are stated in Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the unaudited condensed interim financial statements for the six-month period ended December 31, 2024 and the audited consolidated financial statements and the notes thereto for the year ended June 30, 2024.

Additional information related to the Company is available for view on SEDAR+ at www.sedarplus.ca.

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information speaks only as of the date it is provided, is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "Cautionary Note Regarding Forward-Looking Information and Business Risks" in this MD&A.

About the Company

Imperial was incorporated under the laws of the province of British Columbia in 1989. The Company's common shares ("Common Shares") are listed on the TSX Venture Exchange (TSXV) under the symbol "IGP". Until the year ended June 30, 2023, the Company's principal business was cultivating and processing North American ginseng in Ontario and selling the dried ginseng, almost exclusively to wholesalers in China, through a distributor.

In 2020, the Company made a public announcement that it would wind up its subsidiary company's ginseng operation upon the final harvest in FY2023. It was decided at that time that it would be in the best interest of the stakeholders that the Company exited the ginseng industry which was suffering as a result of the hardship caused by economic and political factors, and a shortage of labour caused by the COVID-19 pandemic. At a special meeting of shareholders held on August 15, 2023, the Company received approval to wind up its affairs and distribute nearly all the remaining assets to shareholders.

In December 2023, the Company received TSXV's approval of a cash distribution to shareholders of the Company ("Shareholders"). On December 20, 2023, the Board declared a cash distribution of \$2.25 per Common Share, to the holders of record on January 12, 2024, which was settled on January 26, 2024 (the "Distribution").

Discussion of Operations and Future Plan

With the completion of the farm operations, the Board decided that, rather than dissolving the Company, it will attempt to preserve some value in the Company as a publicly traded corporation by maintaining it until a viable business alternative is identified. Any new activities or business will, by their very nature, involve a high degree of risk. In addition, there is no assurance that the Company will be successful in identifying or arranging for any new business or acquisition candidates.

In December 2023, the Company received TSXV's approval of a cash distribution to shareholders of the Company. On December 20, 2023, the Board declared a cash distribution of \$2.25 per Common Share to the holders of record on January 12, 2024, which was settled on January 26, 2024.

On September 11, 2024, the Company announced that it has entered into a definitive merger agreement (the "Merger Agreement") dated September 11, 2024, with One Bullion Ltd. ("One Bullion"), a private arm's length Ontario incorporated gold exploration company headquartered in Toronto, Ontario with projects located in Botswana, and a newly incorporated wholly-owned Ontario subsidiary of the Company.

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Discussion of Operations and Future Plan (continued)

("NewCo"). Pursuant to the Merger Agreement, the Company will acquire all the issued and outstanding common shares of One Bullion (the "Transaction") and in connection with the Transaction, One Bullion intends to complete a concurrent financing to raise minimum gross proceeds of \$3,000,000 and a maximum of \$5,000,000 (the "Concurrent Financing").

The Transaction is subject to the approval of the TSX Venture Exchange (the "TSXV") and is intended to constitute a reverse takeover of the Company by One Bullion as defined in TSXV Policy 5.2 – Change of Business and Reverse Takeovers. The combined company that will result from the completion of the Transaction (thereafter referred to as the "Resulting Issuer") will be renamed to a name as agreed to with One Bullion (the "Name Change"). Subject to TSXV approval, the common shares of the Resulting Issuer will trade on the TSXV under a new trading symbol to be determined by the parties and the Resulting Issuer will seek to be listed as a Tier 2 mining issuer.

The Transaction is an Arm's Length Transaction (as such term is defined in TSXV Policy 1.1 – Interpretation) and, in connection with the announcement of the Transaction, trading in the common shares of the Company (the "Imperial Shares") has been halted and is expected to remain halted until the closing of the Transaction.

The Company held an annual general and special meeting of the shareholders on February 4, 2025. All proposed resolutions were passed at the meeting.

Results of Operation

For the quarter ended December 31, 2024, the Company reports a net loss of \$34,000 or \$0.00 per share. This compares to a net income of \$47,000 or \$0.01 per share for the same quarter of the prior year. The following table compares the operating results for the three-month periods ended December 31, 2024 and 2023.

| For the three months ended December 31, | 2024 | 2023 | Change from 2023 |
|--|----------|---------|---------------------|
| Revenue | \$ - | \$ - | \$ - |
| Cost of sales | - | - | - |
| Gross profit (loss) | - | - | - |
| Administrative expenses | 36,000 | 202,000 | (166,000) |
| Finance income | 2,000 | 236,000 | (234,000) |
| Other income | - | 13,000 | (13,000) |
| Income tax expense | - | - | - |
| Net (Loss) Income | (34,000) | 47,000 | (81,000) |
| (Loss) / income per share, basic and diluted | (0.00) | 0.01 | |

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Administrative expenses

Administrative expenses in the quarter ending December 31, 2024 decreased to \$36,000 from \$202,000 in the same quarter of the prior year. The decrease was mainly due to a decrease in salaries, as the company ceased operations.

The following table summarizes the composition of administrative expenses for the three-month periods ended December 31, 2024 and 2023.

| For the three months ended December 31, | 2024 | 2023 | Change from 2023 |
|---|-----------|------------|---------------------|
| Operating expenses | 26,000 | 19,000 | 7,000 |
| Professional fees | 9,000 | 17,000 | (8,000) |
| Salaries | 1,000 | 166,000 | (165,000) |
| | \$ 36,000 | \$ 202,000 | \$ (166,000) |

Finance income

Finance income consists of interest earned on bank balance and demand deposits. In anticipation of January 2024 cash distribution, the company carried a large cash in the quarter ending December 31, 2023 which resulted in the higher interest income in the same quarter compared to the quarter ending December 31, 2024.

Other income

As the company ended its agreement with ELCYC Holdings Ltd. and Canterra Capital Corp. (collectively the "Operator") for the sole management of Knightswood Holdings Ltd on February 28th, 2024, the Company reported \$nil in other income for the quarter ending December 31, 2024. For the quarter ending December 31, 2023, the Company generated an income of \$13,000 for the sole management of Knightswood Holdings Ltd.

Six-month periods ended December 31, 2024 and 2023

For the six-month period ended December 31, 2024, the Company reported a net loss of \$95,000 or \$0.01 per share. This compares to a net loss of \$69,000 for the same period in the prior year. As the Company has ceased its only operation, which was cultivating and selling ginseng, in the year ending June 2023, the Company no longer has any revenue or expenses that relate to its ginseng operation for the six months periods ended December 31, 2024 and 2023.

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Six-Month Period ended December 31, 2024

Six-month periods ended December 31, 2024 and 2023 (continued)

The following table compares the operating results for the six months ended December 31, 2024 and 2023.

| For the six months ended December 31, | 2024 | 2023 | Change from prior year |
|---|-------------|-------------|-------------------------------|
| Revenue | \$ - | \$ - | \$ - |
| Cost of sales | - | - | - |
| Gross profit | - | - | - |
| Administrative expenses | 115,000 | 605,000 | (490,000) |
| Finance income | 5,000 | 448,000 | (443,000) |
| Finance costs | - | 5,000 | (5,000) |
| Other income | - | 25,000 | (25,000) |
| Gain on disposition of property and equipment | - | 140,000 | (140,000) |
| Income tax expense (recovery) | (15,000) | 73,000 | (88,000) |
| Net (Loss) Income | (95,000) | (69,000) | (26,000) |
| Earnings (loss) per share | | | |
| Basic | \$ (0.01) | \$ (0.01) | |
| Diluted | (0.01) | (0.01) | |

Administrative expenses

Administrative expenses in the six months ending December 31, 2024 decreased to \$115,000 from \$605,000 in the same period of the prior year. The decrease was mainly a reduction in salaries and accruals for post-employment benefits which accounted for \$405,000. Professional fees decreased to \$35,000 from \$105,000 due to prior year having legal expenses in relation to winding up the affairs of the Company. Operating expenses decreased by \$15,000 mainly due to lower office expenditures. The following table summarizes the composition of administrative expenses for the six-month periods ended December 31, 2024 and 2023.

| For the six months ended December 31, | 2024 | 2023 | Change from prior year |
|--|-------------|-------------|-------------------------------|
| Operating | 77,000 | 92,000 | (15,000) |
| Professional fees | 35,000 | 105,000 | (70,000) |
| Salaries | 3,000 | 408,000 | (405,000) |
| | \$ 115,000 | \$ 605,000 | \$ (490,000) |

Finance income

Finance income consists of interest earned on bank balance and demand deposits. In anticipation of January 2024 cash distribution, the company carried a large cash in the six-month period ending December 31, 2023 which resulted in the higher interest income in the same period compared to the six-month ending December 31, 2024. For the period ended December 31, 2024, the Company reported interest income of \$5,000. This compares to \$448,000 for the same period of the prior year.

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Finance costs

In the six-month period ending December 31, 2024, the Company did not incur any finance costs. For the six-month period ending December 31, 2023 the Company incurred a finance cost of \$5,000, which were primarily interest accretion on post-employment benefits.

Other income

As the company ended its agreement with ELCYC Holdings Ltd. and Canterra Capital Corp. (collectively the "Operator") for the sole management of Knightswood Holdings Ltd on February 28th, 2024, the Company reported \$nil in other income for the six months ending December 31, 2024. For the six months ending December 31, 2024, the Company generated an income of \$25,000 for the sole management of Knightswood Holdings Ltd.

Summary of Quarterly Results

The following table summarizes the Company's unaudited consolidated quarterly operating results for each of the eight most recently completed quarters. These unaudited quarterly results should be read in conjunction with the consolidated financial statements and the discussions below.

| | | Total revenue from sale of ginseng | Net income (loss) | Earnings (loss) per share, basic | Earnings (loss) per share, diluted |
|--------------------|-----------|---|----------------------|---|---|
| December 31, 2024 | Q2 FY2025 | \$ - | (34,000) | \$ (0.00) | \$ (0.00) |
| September 30, 2024 | Q1 FY2025 | - | (61,000) | (0.01) | (0.01) |
| June 30, 2024 | Q4 FY2024 | - | 314,000 | 0.04 | 0.04 |
| March 31, 2024 | Q3 FY2024 | - | (37,000) | (0.00) | (0.00) |
| December 31, 2023 | Q2 FY2024 | - | 47,000 | 0.01 | 0.01 |
| September 30, 2023 | Q1 FY2024 | - | (116,000) | (0.02) | (0.02) |
| June 30, 2023 | Q4 FY2023 | - | 3,127,000 | 0.41 | 0.41 |
| March 31, 2023 | Q3 FY2023 | 2,528,000 | (213,000) | (0.03) | (0.03) |

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance, liquidity or capital resources of the Company.

Liquidity and Capital Resources

The Company's approach to managing its liquidity is to ensure that it has sufficient resources to meet its liabilities when they come due. At December 31, 2024, the Company had a working capital surplus of approximately \$231,000. The Company believes that its current cash position provides sufficient liquidity to cover all its financial liabilities.

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Transactions with Related Parties

Knightswood Holdings Ltd. ("Knightswood");

ELCYC Holdings Ltd. and Canterra Capital Corp. (collectively the "Operator")

Under a business management agreement between the Company and the Operator (the "Knightswood Agreement"), Knightswood, a wholly owned subsidiary of the Company, is solely managed by the Operator. ELCYC Holdings Ltd. is owned and controlled by Maurice Levesque, director of the Company and Canterra Capital Corp. is owned and controlled by Stephen McCoach, CEO and director of the Company.

Under the Knightswood Agreement, the Company will not commit its management or resources and is under no obligation to advance funds to or cover the expenses of Knightswood. The Operator was solely responsible for managing the business operations and financial affairs, making decisions and setting out policies of Knightswood. In return, the Operator was entitled to all the cash surplus in Knightswood after paying a fixed annual fee of \$50,000 to the Company for holding the shares of Knightswood (the "Fixed Fee"). The Fixed Fee is due in four equal instalments at the end of each calendar quarter and will be paid by Knightswood directly to the Company.

By mutual agreement, the Knightswood Agreement was terminated on February 28, 2024. The Company transferred all the shares of Knightswood to an unrelated party, nominated by the Operator, for \$10. As a result, in the six months ended December 31, 2024, there was no other income reported in relation to Knightswood, compared to the six months ended December 31, 2023 where an amount of \$25,000 of fee was reported in other income. No amount was outstanding from Knightswood at December 31, 2024.

Key management personnel compensation

The Company's key management personnel include members of the Board and executive officers. Compensation of key management personnel consists of short-term benefits which include salaries, bonuses and medical benefits. Post-employment benefits are pre-determined lump-sum amounts payable at the end of the retention period. The Company does not provide any other long-term employee benefits.

For the six-month period ended December 31, 2024 and 2023, compensation to key management personnel was as follows:

| For the six months ended December 31, | 2024 | 2023 |
|--|-------------|-------------|
| Executive officers | | |
| Short-term benefits | \$ - | \$ 272,000 |
| Post-employment benefits | - | 95,000 |
| | - | 367,000 |
| Directors | | |
| Short-term benefits | 3,000 | 6,000 |
| Post-employment benefits | - | - |
| | 3,000 | 6,000 |
| | \$ 3,000 | \$ 374,000 |

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Proposed Transactions

Other than the proposed Merger Agreement with One Bullion described above in Discussion of Operations and Future Plans, there are no proposed transactions at the date of this report.

Critical Accounting Estimates

The management of the Company is required to make critical accounting estimates and judgments in determining the carrying amount of the following and/or the nature of transaction when preparing the consolidated financial statements. Actual amounts or outcomes could differ materially from those estimates.

Going concern assessment

The assessment of whether the Company is to continue as a going concern involves management judgment in determining if the going concern assumption is still appropriate. The Board is currently in the process of considering alternative business propositions and opportunities in hopes of securing new business lines, a potential reverse takeover or finding acquisition candidates looking for a publicly listed company, these financial statements have been prepared on the assumption that the Company is a going concern as the Company will continue to operate for at least 12 months after the reporting period.

Determination of control of subsidiaries

The Company relies on its interpretation of the definition of control under IFRS in determining whether consolidation of the financial statements of the Company and its subsidiaries is required. In determining whether the Company controls its subsidiary, management assesses whether the Company has (i) power over the subsidiary; (ii) exposure, or rights, to variable returns from its involvement with the subsidiary and (iii) the ability to use its power over the subsidiary to affect those returns.

Income tax

Deferred tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of assets and liabilities, as well as accumulated tax losses. The Company estimates the timing of the reversal of these temporary differences and applies an applicable tax rate. Since there could be changes in the expected operating results or enacted tax rates and legislation, it might result in material adjustments to deferred tax.

Financial Instrument and Risk Management

The Company's financial instruments include cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities.

Cash and cash equivalents are exposed to credit risk and the Company reduces the credit risk by placing all its cash with Canadian chartered banks in accounts that are drawn on demand.

The Company's receivables included accrued interest on demand deposits with Canadian chartered banks and input tax credits.

The Company believes that its exposure to liquidity risk that it may not be able to meet its financial obligations is minimal as it had a working capital surplus of \$231,000 at December 31, 2024.

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Outstanding Share Data

At December 31, 2024 and the date of this report, there were **7,652,547** common shares issued and outstanding.

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Cautionary Note Regarding Forward-Looking Information and Business Risks

This MD&A contains certain forward-looking statements and forward-looking information within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve risks, uncertainties and other factors beyond the Company's ability to predict or control which may cause actual results and performance to differ materially from those anticipated.

Although management believes that the assumptions made and the expectations represented in such forward-looking statements are reasonable, there is no assurance that such forward-looking statement or information herein will prove to be correct. Forward-looking information includes, without limitation, statements of, or information about, generating the highest possible return to shareholders upon winding up the Company.

Although management considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect.

Although management has attempted to identify factors that may cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Also, many of the factors are beyond our control. The Company cannot guarantee future results, performance or achievements. There can be no assurance that any forward-looking statement will materialize. As actual results and future events could vary materially from those anticipated in such statements and information, readers should not place undue reliance on forward-looking statements or information.

Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may impact the financial performance of the Company when further information becomes available.

The forward-looking information contained in this MD&A is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.