ATMOFIZER TECHNOLOGIES INC.

Management's Discussion and Analysis

December 31, 2022

(Expressed in United States Dollars)

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INTRODUCTION

This Management Discussion and Analysis ("**MD&A**") of Atmofizer Technologies Inc. ("**Atmofizer**", "**we**", "**our**" or the "**Company**") financial position and results of operations for the year ended December 31, 2022 is prepared as at April 28, 2023.

This MD&A should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2022 and the supporting notes. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are expressed in United States dollars ("$", "US$" or "US dollar"), unless otherwise specified. Canadian dollars and Euros are referred to as "CA$" and "€", respectively. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "**forward-looking statements**"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions the Company considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking statements contained in this MD&A are based on certain assumptions and analysis by management of the Company ("**Management**") in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate. The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) the impact of the COVID-19 pandemic; (ii) the regulatory climate in which the Company operates; (iii) the continued sales success of the Company's products; (iv) the continued success of sales and marketing activities; (v) the absence of significant delays in the development and commercialization of the Company's products; (vi) there being no significant reduction in the availability of qualified and cost-effective human resources; (vii) new products continuing to be added to the Company's portfolio; (viii) the demand for air purification technologies; (ix) the absence of significant barriers to the acceptance of the Company's products in the market; (x) the Company being able to maintain compliance with applicable contractual and regulatory obligations and requirements; (x) the Company having adequate liquidity available to carry out its operations; (xi) no competitive products being developed that would render the Company's current and future product offerings undesirable; (xii) the Company being able to minimize the impact of competition and keep pace with changing consumer preferences; and (xiii) the Company being able to successfully manage and integrate acquisitions, if any.

The Company's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, the adverse impact of the COVID-19 pandemic to our operations, our supply chain, our distribution chain, and to the broader market for our products, revenue fluctuations, nature of government regulations (both domestic and foreign), economic conditions, loss of key customers, retention and availability of executive talent, competing products, the effectiveness of e-commerce marketing strategies, loss of proprietary information, product acceptance, internet and system infrastructure functionality, information technology security, cash available to fund operations, availability of capital and, international and political considerations, the successful integration of acquired businesses, if any, as well as the risks and uncertainties discussed under the heading "Risks and

Uncertainties" in this MD&A. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

COMPANY OVERVIEW

The Company is a publicly traded company which, effective September 21, 2017, commenced trading on the NEX under the trading symbol CXA.H. The NEX is a separate board of the TSX Venture Exchange ("**TSXV**") for issuers previously listed on the Toronto Stock Exchange or TSXV but which no longer maintain compliance with the ongoing financial listing standards of those markets. On November 12, 2021, the Company voluntarily delisted from the TSXV.

On April 18, 2021, the Company entered into a non-binding letter of intent with Vaxxinator Enterprises Inc. ("**Vaxxinator**") proposing a business combination between Vaxxinator and the Company.

On July 14, 2021, the Company entered into a definitive business combination agreement (the "**Business Combination Agreement**") with Vaxxinator, and 1314092 B.C Ltd., a wholly-owned subsidiary of the Company. The Business Combination Agreement was further amended on August 24, 2021.

Pursuant to the Business Combination Agreement, the Company's common shares (the "**Common Shares**") were consolidated on a 24.691:1 basis. Also pursuant to the Business Combination Agreement, the Company and Vaxxinator completed an arm's length business combination by way of a three-cornered amalgamation pursuant to the provisions of the *Business Corporations Act* (British Columbia). The completion of the transactions in the Business Combination Agreement resulted in a reverse takeover of the Company by Vaxxinator (the "**RTO**").

On November 15, 2021, the Company completed the RTO with Vaxxinator. In connection with the RTO, the Company voluntarily delisted from the NEX board of the TSXV and subsequently commenced trading on the Canadian Securities Exchange (the "**CSE**").

The board of directors of the Company was reconstituted following the RTO to be comprised of Michael Galloro, Olivier Centner, Peter Simeon, Dr. Joshua Helman and Nareda Mills. Olivier Centner was also appointed as Chief Executive Officer of the Company and Brian Meadows was appointed as Chief Financial Officer and Corporate Secretary of the Company.

The Company is a clean air and clean water solutions provider that is focused on commercializing its proprietary technology through stand alone, integrated and licensed applications across business, consumer, medical and industrial applications. The Company's consumer and industrial solutions are based on its patent-protected and patent-pending technology that utilizes ultrasonic acoustic waves to agglomerate (cluster together) ultra-fine particles into a larger target, which is then radiated by ultraviolet light to neutralize their harmful properties. The Company believes this technology to be a revolutionary and more efficient method for addressing the wide range of dangerous nano-scale particles, viruses and bacteria that are too small to be effectively managed by conventional HEPA filters and ultraviolet lights. The Company is currently pursuing licensing its proprietary technology in consumer and industrial air purification products in retail and commercial devices produced by other companies that integrate the Company's technology into their own products. The applications include stand-alone air purification units as well as an HVAC solution that integrates into existing HVAC systems for consumer and businesses.

These factors are also subject to a number of inherent risks and challenges which had been discussed under the heading "Risk and Uncertainties".

CORPORATE DEVELOPMENTS

- On January 14, 2022, the Company filed a base shelf prospectus in all of the provinces and territories in Canada (the "**Base Shelf Prospectus**"). The Base Shelf Prospectus allows the Company to qualify the distribution of up to C$60,000,000 in Common Shares, warrants, units, debt securities and subscription receipts or any combination thereof (collectively, the "**Securities**"), during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any offering of Securities under the Base Shelf Prospectus, including the use of proceeds from any offering, will be set forth in a prospectus supplement to the Base Shelf Prospectus, which will be filed with the applicable Canadian securities regulatory authorities in connection with any such offering. The Securities will be offered in amounts, at prices and on terms to be determined at the time of sale and, subject to applicable regulations, may include "at-the-market distributions" (as such term is defined in National Instrument 44-102 – *Shelf Distributions* ("**NI 44-102**")), public offerings or strategic investments.

- On January 25, 2022, the Company and Steinbrenner Racing, LLC ("**Steinbrenner Racing**") amended the terms of its sponsorship agreement dated October 26, 2021 to provide for additional sponsorship rights including the Company becoming the official supplier sponsor of a Steinbrenner Racing team car for the "24 Hours of Daytona" race to be held in each of 2022 and 2023. In addition, Steinbrenner Racing will facilitate commercial introductions to stadium and arena owners and operators and aid with product testing and development. In consideration for these amendments, the Company issued 4,500,000 Common Shares at a deemed price of C$0.26 per Common Share to Steinbrenner Racing.

- On January 27, 2022, the Company entered into a debt-settlement agreement with an arm's length business development and media consultant of the Company, for debt in the aggregate amount of US$396,730, equal to a deemed value of C$500,000. To satisfy the debt, the Company issued an aggregate of 2,000,000 Common Shares at a deemed price of C$0.25 per Common Share.

- On February 23, 2022, the Company filed a prospectus supplement to the Base Shelf Prospectus (the "**Prospectus Supplemen**t") establishing an at-the-market equity program (the "**ATM Program**") that allows the Company to issue and sell up to C$5,000,000 of Common Shares from treasury to the public, from time to time, at the Company's discretion. All Common Shares sold under the ATM Program will be made through sales that are deemed to be "at-the-market distributions" as defined in NI 44-102 through the CSE or any other "marketplace" in Canada as defined under applicable securities laws.

- Distributions of the Common Shares under have been made under the Prospectus Supplement pursuant to the terms of an equity distribution agreement between the Company and Clarus Securities Inc. ("**Clarus**") dated February 23, 2022 (the "**Equity Distribution Agreement**"). The volume and timing of distributions under the ATM Program, if any, will be determined in the Company's sole discretion. Common Shares are distributed pursuant to the ATM Program at the market prices prevailing at the time of each sale and, as a result, prices may vary as between purchasers and during the period of the ATM Program. The ATM Program will be effective until the earlier of the issuance and sale of all of the Common Shares issuable pursuant to the ATM Program and February 14, 2024, unless terminated prior to such date by the Company or Clarus in accordance with the terms of the Equity Distribution Agreement.

- On March 10, 2022, the Company announced that Whit Pepper joined the Company as President and Chief Commercial Officer.

- On March 21, 2022, the Company announced that its Common Shares commenced trading in the United States on the OTCQB Venture Market under the trading symbol "ATMFF". The Common Shares continue to trade in Canada on the CSE under the trading symbol "ATMO".

- On March 30 2022, the Company entered into a debt-settlement agreement with an arm's length business development and media consultant of the Company, for debt in the aggregate amount of C$225,000. To satisfy the debt, the Company issued an aggregate of 2,500,000 Common Shares at a deemed price of C$0.09 per Common Share.

- On April 5, 2022, the United States Patent and Trademark Office (the "**USPTO**") issued a U.S. Patent relating to the Company's air and water purification technology. The U.S. Patent provides protection for the application of the Company's air and water purification technology in the United States.

- On May 11, 2022, the Company announced the test results of its airborne nanoparticle agglomeration engine. Recent test results at Atmofizer's Toronto lab have shown the Company's technology, before the use of an air filter, reduced the number of airborne ultra-fine particles smaller than one micron by 81.7%, while doubling particles sized above 2.5 microns. Management believes this is significant scientifically and medically, as it shows the removal of the smallest nanoscopic airborne particles (including toxic industrial pollution, smoke, and infectious disease). These particles are small enough that they can enter the bloodstream and get into the brain and vital organs directly through being inhaled into the lungs. Particles smaller than 2.5 microns are commonly regarded as the measure of air quality because they pose the risk to humans and animals. Doubling the amount of particles above 2.5 microns shows that the smaller particles are effectively being agglomerated together into larger clusters by the Company's technology. These larger clusters are typically more easily filtered by the body and common air filters. It is also significant that these results were without the use of a filter. The Company has also added additional staff to its Toronto testing facility to focus on applying its agglomeration technology into mobile (transport vehicles) and heating, ventilation, and air conditioning aftermarket applications. The additional staff will enable the Company to test and evaluate new Atmofizer airflow configurations and prototypes more quickly.

- On May 24, 2022, the Company announced that it has launched a new customer lease-finance program through its majority owned leasing subsidiary. The program will enable Atmofizer customers to acquire Atmofizer nanoparticle reduction air purifiers for less than one dollar per day. Customers may be required to make a down payment (ranging from $0- $99) and then pay $29.99/month to participate in the program. Under the lease-finance program, the down payment is less than 10% of the manufacturer's suggested retail price. Customers utilizing the lease-finance program receive a standard limited warranty for the Atmofizer air purifiers for the duration of a 36 month term lease. This credit facility makes the Company's air purification technology more accessible to a wider range of consumers. For higher volume customers, such as hotels, cruise ships and schools, the Company intends to extend the "clean air for less than a dollar a day" financing with no down payment required, subject to certain terms and conditions.

- On May 26, 2022, the Company announced that it had signed a U.S. distribution agreement with Safeware Inc. ("**Safeware**"). Safeware is an industry leader in safety equipment that supplies U.S. state and local governments and education organizations. For more than 40 years, Safeware has provided public safety equipment nationally with expertise in personal protective equipment, environmental detection and monitoring, and tactical and rescue gear. Safeware services and supports all aspects of safety for law enforcement and fire services, schools, public works and facilities. Beginning in third quarter 2022, the Company's products were published in Safeware's inventory catalog and are marketed by its sales and key account teams across the United States.

- On August 23, 2022, the Company announced that the USPTO has issued a Notice of Allowance for new claims related to the Company's air and water purification technology. The allowed patent application, titled, "Ultra-Fine Particle Aggregation, Neutralization and Filtration" (US Patent Application No. 11,291,939) provides broad protection for important aspects of Atmofizer's air purification technology. The Notice of Allowance from the USPTO is directed to a new design that delivers ultra-fine particle agglomeration and nanoparticle reduction performance in larger air ducts with faster-moving air, using less parts. The Company plans to market this patent to be licensed by air purification device manufacturers, HVAC suppliers and service companies.

- On August 25, 2022, the Company announced the latest testing performed by a third-party laboratory on Atmofizer ONE technology demonstrated a greater than 4-log reduction (> 99.99%) in specifically targeted microorganisms, including gram-positive bacteria, gram-negative bacteria, and enveloped virus. The Atmofizer ONE is now marketed subject to the United States Food and Drug Administration's (the "**FDA**") "Enforcement Policy for Sterilizers, Disinfectant Devices, and Air Purifiers During the Coronavirus Disease 2019 (COVID-19) Public Health Emergency" (March 2020).

On November 29, 2022, the Company announced its recent Business Development in the Forced Area Market (HVAC)

The Company continues to transition the business to its most valuable addressable market to integrate the agglomeration technology into existing forced air systems. The Company is ready to focus on the third objective of our strategic plan: 1 - Prove it, 2 - Protect it, 3 - Promote it.

PROVE IT

The Company has been working with Four Seasons Heating and Conditioning ("**Four Seasons**"), in Chicago, Illinois, one of the largest privately owned HVAC service providers in the United States. Four Seasons has validated the product market fit and helped to develop the final production design which can be installed in less than 15 minutes by any HVAC service technician and sell for less than other similar accessories in the market. The Company has completed testing on the HVAC solution with almost immediate agglomeration at air speeds consistent or superior to most HVAC applications, meaningful improvement of filter performance to remove ultra-fine and fine particles from the air with existing filter technologies, reducing energy costs and improving the flow of hot and cold air to improve HVAC performance. The last phase of comprehensive third-party laboratory tests to independently certify the results of this new product range is scheduled for January 2023. The design can be easily adapted to expand beyond the residential HVAC market to service commercial, industrial and agricultural applications.

PROTECT IT

The Company successfully received its second US patent, its agglomeration technology for integrated and HVAC applications. On August 23, 2022, the Company announced that the USPTO issued a Notice of Allowance for new claims related to the Company's air and water purification technology. This was followed by a formal patent issuance on October 25, 2022. (U.S. Patent No. 11,478,742). The allowed patent application, titled, "Ultra-Fine Particle Aggregation, Neutralization and Filtration" (US Patent Application No. 11,291,939) provides broad protection for important aspects of Atmofizer's air purification technology. The Notice of Allowance from the USPTO is directed to a new design that delivers ultra-fine particle agglomeration and nanoparticle reduction performance in larger air ducts with faster-moving air, using less parts.

PROMOTE IT

The HVAC solution has been designed to scale to other HVAC applications with an asset light strategy that will target existing HVAC suppliers and manufacturers with existing distribution and scale. The Company will look to partner to execute its asset light, technology first approach to license its patented technology for high margin licensing opportunities. The Company is in the final stages of distribution discussions with Four Seasons to be announced in due course.

- On January 12, 2023, the Company implemented the share consolidation of one post-consolidation common share for twenty pre-consolidation common shares. The number of shares and relevant information including but not limited to the share price, number of warrants ("Warrants"), stock options ("Options") and restricted stock units ("RSUs") and exercise price per warrant and option presented in these financial statements for both years ended December 31, 2022 and 2021 had been retroactively adjusted accordingly.

(Expressed in United States Dollars unless otherwise specified)

SELECTED FINANCIAL INFORMATION

The figures in the following table are based on the audited consolidated financial statements of the Company which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

	For the year ended		
	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $
Revenue	210,000	497,280	-
Gross margin	60,293	83,199	-
Net loss	(28,245,633)	(21,428,425)	(1,168,190)
Comprehensive loss	(28,245,633)	(21,428,425)	(1,168,091)
Basic and diluted loss per share	(5.20)	(6.59)	(3.00)

	As at		
	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $
Working capital (deficiency)	(703,813)	4,143,942	2,228,426
Total assets	839,336	16,488,914	2,381,236
Total liabilities	1,528,622	1,776,853	152,810
Share capital	44,415,306	32,012,790	2,704,431
Deficit	(50,841,125)	(22,606,211)	(1,171,005)

The Company

The Company began as an Ontario-based real estate development and holding company but in 2017, the Company divested substantially all its operations and ceased to be actively engaged in any ongoing business. Up until the Business Combination, the Company did not hold any material assets other than cash and did not conduct any operations other than to identify and evaluate new business opportunities and acquisitions.

On November 12, 2021, the Company completed the Business Combination resulting in the change of business of the Company from real estate holdings and investments to the research, development and distribution of proprietary and patented air purification and surface coatings (anti-viral products). For further information regarding the Business Combination, please see "Item 4 – General Development of the Business – Three Year History – Business Combination". Additionally, readers are encouraged to refer to the Business Combination Agreement, a copy of which has been filed by the Company with the Canadian securities regulatory authorities and is available under the Company's profile on SEDAR at www.sedar.com.

The Company is a reporting issuer under the laws of the Provinces of British Columbia, Alberta, Ontario and Quebec. The Common Shares (then Class B shares) were previously listed for trading on the NEX board of the TSXV under the symbol "CXA.H". The Common Shares were voluntarily delisted from the TSXV on November 12, 2021. On November 18, 2021, the Common Shares commenced trading on the CSE under the trading symbol "ATMO".

Vaxxinator

Vaxxinator was incorporated under the BCBCA as "Sol Wellness Inc." on September 30, 2019. On September 30, 2020, Vaxxinator changed its corporate name to "Vaxxinator Enterprises Inc.". The head office and registered office of Vaxxinator was located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5.

Vaxxinator was established in 2019 with the purpose of developing a business in the health and wellness space. The development of the business began in 2020 in the field of air purification and surface cleaning due to the demand created by the COVID-19 pandemic. Certain key initial agreements in these areas were entered into in September 2020 to advance these business activities.

2020

This activity increased in 2020 and the Company entered into its first licensing agreements in the fourth quarter of 2020. From the fourth quarter of 2020, the Company continued to develop its business in the health and wellness space and pursued activities targeted at developing technology in the area of air purification and surface coatings. The increase in operating expenses in 2021 reflect the expenses incurred to develop technology aimed at developing products in these fields. Consulting fees were incurred in the development of the air and surface coating technologies in 2021. Two key intellectual agreements were also entered into in the fourth quarter of 2020 that gave the company access to technology and knowhow in air purification and surface coatings, which incurred significant costs in research and development, legal fees and consulting fees. Additionally, the Company raised funds through a private placement in the fourth quarter of 2020.

2021

The Company continued to raise equity through private placements in 2021. (see Corporate Developments section) The Company entered into significant IP licensing agreements in May of 2021. (see Corporate Developments section) Vaxxinator launched its first commercial air purification products during the second quarter utilizing the IP it licensed in May. Two commercial products were launched – the Atmofizer One and the Atmofizer Pro. (see www.atmofizer.com for more information). Sales of $0.5 million were achieved in 2021 of the Atmofizer products. Significant expenses were incurred to complete the RTO. The listing expense in 2021 was $7 million and a large component of the 2021 operating loss.

2022

The Company continued to focus on the sales of its stand-alone air purifiers in 2022. It was unsuccessful in achieving the same level of sales as it achieved in 2021 and decided in the fourth quarter to wind down its sales efforts for its stand-alone air purifiers and focus on the HVAC market where it plans to integrate its technology into existing and new HVAC systems. The loss increased to $28.2 million for the year ended December 31, 2022 compared to $21 million in the prior year or a $7 million increase. As a result of the low sales achieved in 2022 and a low market capitalization at year end 2022, the Company incurred significant impairment expenses (approximately $8.2 million) related to its intangible and tangible assets. The Company also incurred significantly higher share-based payments in 2022 which were $9.8 million compared to $4.3 million incurred in 2021 (approximately $6.1 million increase).

(Expressed in United States Dollars unless otherwise specified)

RESULTS OF OPERATIONS

Revenue

	For the three months ended				Change	
	December 31, 2022		December 31, 2021			
	$	% (in terms of revenue)	$	% (in terms of revenue)	$	%
Revenue	-	-	420,695	100%	(420,695)	(100%)
Cost of goods sold	-	-	(364,794)	(87%)	364,794	(100%)
Gross profit	**-**	**-**	**55,901**	**13%**	**(55,901)**	**(100%)**

Our initial launch of the portable device application which leveraged our patented agglomeration technology to bunch together small particles and enhance the impact of industry ultra-violet technology to neutralize viruses and bacteria by absorbing more heat. Despite the performance results achieved by the technology to deliver and the increased demand related to the COVID-19 pandemic, the Company was faced with supply chain disruptions that had severe impacts on competitive market pricing where traditional lower cost devices, regulatory marketing claim uncertainty and lack of consumer knowledge of published results in the sector that severely impacted revenues. During the three months ended December 31, 2022, the Company generated nil revenue compared to $420,695 in revenue and a gross profit of $55,901 (13%) during the three months ended December 31, 2021. The two core device distributors were affected by the previously reported supply chain disruptions highlighted in our second quarter MD&A which affected their ability to convert their sales pipeline into revenue. Demand for air purifier devices has softened since the decline in COVID-19. In light of the poor sales performance from the Company's main distributor, USA Tech Direct, the Company and USA Tech Direct have decided to end their distribution relationship.

In addition, the Company was successful in securing an additional US patent on its agglomeration technology within an HVAC application. On August 23, 2022, the Company announced that the USPTO issued a Notice of Allowance for new claims related to the Company's air and water purification technology. This was followed by a formal patent issuance on October 25, 2022. (U.S. Patent No. 11,478,742). The allowed patent application, titled, "Ultra-Fine Particle Aggregation, Neutralization and Filtration" (US Patent Application No. 11,291,939) provides broad protection for important aspects of Atmofizer's air purification technology. The recent Notice of Allowance from the USPTO is directed to a new design that delivers ultra-fine particle agglomeration and nanoparticle reduction performance in larger air ducts with faster-moving air, using less parts. The Company plans to market this patent to be licensed by air purification device manufacturers, HVAC suppliers and service companies. The Company expects that the application of its agglomeration technology in the HVAC market is a larger market opportunity than the air purifier market in the United States. Products would be available for this market opportunity in the second quarter of 2023.

	For the years ended				Change	
	December 31, 2022		December 31, 2021			
	$	% (in terms of revenue)	$	% (in terms of revenue)	$	%
Revenue	210,000	100%	497,280	100%	(287,280)	(58%)
Cost of goods sold	(149,707)	(71%)	(414,081)	(83%)	264,374	(64%)
Gross profit	**60,293**	**29%**	**83,199**	**17%**	**(22,906)**	**(28%)**

(Expressed in United States Dollars unless otherwise specified)

During the year ended December 31, 2022, the Company generated revenue of $210,000 with a gross profit of $60,293 (29%) compared to $497,280 with a gross profit of $83,199 (17%) during the year ended December 31, 2021.

Operating Expenses

	For the three months ended				Change	
	December 31, 2022		December 31, 2021			
	$	%	$	%	$	%
Expenses						
Amortization	239,601	2%	475,986	7%	(236,385)	(50%)
Consulting fees	47,376	0%	1,179,460	16%	(1,132,084)	(96%)
Depreciation	2,477	0%	2,431	0%	46	2%
Foreign exchange gain (loss)	13,534	0%	(2,997)	(0%)	16,531	(552%)
General and administrative expenses	85,992	1%	114,708	2%	(28,716)	(25%)
Impairment of intellectual property	8,150,068	80%	-	-	8,150,068	100%
Impairment of inventory	159,876	2%	-	-	159,876	100%
Management and directors' fees	-	-	232,500	3%	(232,500)	(100%)
Marketing expenses	492,679	5%	529,175	7%	(36,496)	(7%)
Professional fees	214,512	2%	283,618	4%	(69,106)	(24%)
Research and development	36,073	0%	215,767	3%	(179,694)	(83%)
Salaries and wages	185,369	2%	210,244	3%	(24,875)	(12%)
Share-based payments	606,789	6%	3,957,233	54%	(3,350,444)	(85%)
Transfer agent, regulatory and filing fees	12,612	0%	56,302	1%	(43,690)	(78%)
Travel	(2,981)	(0%)	37,057	1%	(40,038)	(108%)
Total expenses	**10,243,977**	**100%**	**7,291,484**	**100%**	**2,952,493**	**40%**

The Company incurred $10.2 million in expenses during the three months ended December 31, 2022, compared to $7.3 million during the three months ended December 31, 2021. The increase of $2.9 million increase in expenses was driven primarily by an increase in impairment of intellectual property of $8.2 million. Excluding the impairment of $8.2 Million, expenses were reduced by $5.2 million or a 71% reduction from the same period in 2021. There were significant decreases over the previous quarter in share-based payments ($3.4 million), consulting fees ($1.1 million), management and directors' fees ($0.2 million), research and development costs ($0.2 million) and professional fees ($0.1 million).

(Expressed in United States Dollars unless otherwise specified)

	For the years ended					
	December 31, 2022		December 31, 2021		Change	
	$	%	$	%	$	%
Expenses						
Amortization	958,148	4%	475,986	4%	482,162	101%
Consulting fees	1,470,737	6%	3,741,995	28%	(2,271,258)	(61%)
Depreciation	9,864	0%	5,156	0%	4,708	91%
Foreign exchange gain (loss)	3,436	0%	(3,797)	(0%)	7,233	(190%)
General and administrative expenses	326,426	1%	339,492	3%	(13,066)	(4%)
Impairment of accounts receivable	210,000	1%	-	-	210,000	100%
Impairment of intellectual property	8,150,068	31%	-	-	8,150,068	100%
Impairment of lease receivable	-	-	4,756	0%	(4,756)	(100%)
Impairment of inventory	872,121	3%	-	-	872,121	100%
Management and directors' fees	-	-	1,146,250	9%	(1,146,250)	(100%)
Marketing expenses	2,081,045	8%	867,101	7%	1,213,944	140%
Professional fees	696,316	3%	848,509	6%	(152,193)	(18%)
Rent	-	-	17,806	0%	(17,806)	(100%)
Research and development	305,528	1%	942,538	7%	(637,010)	(68%)
Salaries and wages	1,160,157	4%	340,336	3%	819,821	241%
Share-based payments	9,881,471	38%	4,280,108	32%	5,601,363	131%
Transfer agent, regulatory and filing fees	120,553	0%	64,698	0%	55,855	86%
Travel	80,935	0%	109,780	1%	(28,845)	(26%)
Total expenses	**26,326,805**	**100%**	**13,180,714**	**100%**	**13,146,091**	**100%**

The Company incurred $26.3 million in expenses during the year ended December 31, 2022, compared to $13.2 million during the year ended December 31, 2021. The increase of $13.1 million increase in expenses was driven primarily by an increase in impairment of intellectual property ($8.2 million), share-based payments ($5.6 million), salaries and wages ($0.8 million) and marketing expenses ($1.2 million). There were significant decreases over the previous year in consulting fees ($2.3 million), management and directors' fees ($1.1 million), research and development costs ($0.6 million) and professional fees ($0.2 million). The Company has focused on reducing operating expenses and excluding non-cash expenses such as amortization, impairment loss and share-based payments, operating expenses were reduced by $2.2 million during year ended December 31, 2022.

Other income (expenses)

	For the three months ended					
	December 31, 2022		December 31, 2021		Change	
	$	%	$	%	$	%
Other income (expenses)						
Finance costs	(3,337)	0%	(1,978)	0%	(1,359)	69%
Loss on debt settlement	(39,536)	2%	-	-	(39,536)	100%
Gain on disposal	421,864	(21%)	-	-	421,864	100%
Listing expenses	-	-	(7,096,390)	85%	7,096,390	(100%)
Write-off of advance payments	(2,346,459)	119%	(1,235,513)	15%	(1,110,946)	90%
Total other income (expenses)	**(1,967,468)**	**100%**	**(8,333,881)**	**100%**	**6,366,413**	**(76%)**

During the three months ended December 31, 2022, the Company wrote off advanced payments of $2.3 million. The Company had a gain on the sale of a land asset ($0.4 million) it had picked up with the amalgamation with CHCI on November 15th, 2021. Two of the subsidiaries of CHCI were previously in the property development business and they had an option with the City of Mississauga to retain ownership of a lot once the adjacent property met grading standards of the City. That grading event occurred in 2022 and as a result the Company regained ownership of the property and subsequently sold the land to a developer in the fourth quarter. Other income (expenses) was reduced from the prior year's quarter by $6.4 million. In the fourth quarter of 2021, the Company incurred a listing expense of $7.1 million which is the major reason for the lower other income (expenses) in the quarter ended December 31, 2022, compared to the previous period.

(Expressed in United States Dollars unless otherwise specified)

	For the years ended				Change	
	December 31, 2022		**December 31, 2021**			
	$		**$**		**$**	**%**
Other income (expenses)						
Finance income	-	-	2,971	(0%)	(2,971)	(100%)
Finance costs	(14,990)	1%	(1,978)	0%	(13,012)	658%
Loss on debt settlement	(39,536)	2%	-	-	(39,536)	100%
Gain on disposal	421,864	(21%)	-	-	421,864	100%
Listing expenses	-	-	(7,096,390)	85%	7,096,390	(100%)
Write-off of advance payments	(2,346,459)	119%	(1,235,513)	15%	(1,110,946)	90%
Total other income (expenses)	**(1,979,121)**	**100%**	**(8,330,910)**	**100%**	**6,351,789**	**(76%)**

During the year ended December 31, 2022, the Company written off an advanced payments of $2.3 million. The Company had a gain on the sale of a land asset ($0.4 million) it had picked up with the amalgamation with CHCI on November 15th, 2021. Two of the subsidiaries of CHCI were previously in the property development business and they had an option with the City of Mississauga to retain ownership of a lot once the adjacent property met grading standards of the City. That grading event occurred in 2022 and as a result the Company regained ownership of the property and subsequently sold the land to a developer in the fourth quarter. Other income (expenses) for the year ended December 31, 2022 was reduced from the prior year by $6.4 million. In 2021, the Company incurred a listing expense of $7.1 million which is the major reason for the lower other income (expenses) for the year ended December 31, 2022, compared to the prior year.

Net income (loss)

During the three months ended December 31, 2022, the Company recorded net loss of $12.2 million compared to a net loss of $15.6 million for the three months ended December 31, 2021. The decrease of $3.4 million was mainly due to the decrease of $6.4 million in other income (expenses) which was partially offset by the increase in operating expenses of $2.9 million.

During the year ended December 31, 2022, the Company recorded net loss of $28.2 million compared to a net loss of $21.4 million for the three months ended December 31, 2021 ($6.9 million increase). The increased loss of $6.9 million was mainly due to the increase in operating expenses of $13.2 million which was offset by the decrease of $6.4 million in other income (expenses) for the year ended December 31, 2022. The 13.2 million increase in operating expenses was driven primarily by an increase in impairment of intellectual property ($8.2 million), an increase in share-based payments ($6.1 million), an increase in salaries and wages ($0.8 million) and an increase in marketing expenses ($0.7 million). There were significant decreases over the previous year in consulting fees ($2.3 million), management and directors' fees ($1.1 million), research and development costs ($0.6 million) and professional fees ($0.2 million). Other income (expenses) was also reduced from the prior year by $6.4 million.

(Expressed in United States Dollars unless otherwise specified)

SUMMARY OF QUARTERLY RESULTS

	December 31, 2022 $	September 30, 2022 $	June 30, 2022 $	March 31, 2022 $
Sales	-	-	-	210,000
Gross margin	-	-	-	60,293
Net loss	(12,211,445)	(4,527,888)	(5,051,985)	(6,454,315)
Comprehensive loss	(12,216,227)	(4,508,563)	(5,042,440)	(6,459,119)
Basic and diluted loss per share	(1.86)	(0.78)	(0.93)	(1.62)

	December 31, 2021 $	September 30, 2021 $	June 30, 2021 $	March 31, 2021 $
Sales	420,695	23,585	53,000	-
Gross margin	55,901	6,810	20,488	-
Interest income	-	1,858	1,113	-
Net loss	(15,569,464)	(2,099,575)	(1,433,118)	(2,326,268)
Comprehensive loss	(15,565,231)	(2,099,575)	(1,433,118)	(2,326,268)
Basic and diluted loss per share	(4.28)	(0.66)	(0.55)	(1.10)

The fourth quarter loss for 2022 was $12.2 million and loss per Common Share was $1.85. No revenue was generated during the fourth quarter of 2022. The biggest contributors to the net loss of $12.2 million were impairments of assets which accounted for $9.2 million of the net loss and 90% of fourth quarter operating expenses. Additional the write off of $2.4 million in advanced payments accounted for the remaining driver of the $12.2 million loss in the fourth quarter.

The third quarter loss for 2022 was $4.6 million and loss per Common Share was $0.78. No revenue was generated during the third quarter of 2022. The biggest contributors to the increase in the net loss of $2.5 million were share-based payments of $2.5 million, salaries and wages of $0.2 million, impairment charges of $0.4 million and amortization of $0.2 million, which were offset by a decrease in management fees ($0.4 million), consulting fees ($0.3 million) and professional fees ($0.2 million).

The second quarter loss for 2022 was $5 million and loss per Common Share was $0.05. No revenue was generated during the second quarter of 2022. The Company has taken measures to improve its marketing and sales approach as outlined under the explanation for the second quarter revenue performance above. The loss for the second quarter was primarily driven by share-based payments of $2.1 million and $1.4 million in sales and marketing expenses of which $1 million was paid by issuing Common Shares.

The first quarter loss for 2022 was $6.5 million and loss per Common Share was $0.08. The Company generated $0.2 million in sales during the first quarter and $0.1 million in gross margin. The loss for the first quarter was primarily driven by share-based payments of $4.6 million in the quarter of which $4.1 million was for stock-based compensation.

The fourth quarter loss in 2021 was $15.6 million and loss per Common Share was $0.21. The Company generated $0.4 million in sales during the fourth quarter and $0.06 million in gross margin. The majority of the losses were driven by the one-time listing expense incurred for the quarter ($7.1 million). Share-based payments were an additional $4.0 million contributing to the loss in the fourth quarter. Additionally, expenses in research and development ($0.2 million), legal and professional ($0.5 million) and management and consulting fees ($3.6 million) were incurred to raise capital and develop the Company's technologies. Included in the management consulting fees was a one-time $1.2 million write-off on a consulting contract.

The third quarter loss for 2021 was $2.1 million and loss per Common Share was $0.03. The Company generated $0.02 million in sales during the quarter and $0.006 million in gross margin. Expenses in research and development ($0.2 million), legal and professional ($0.4 million) and management and consulting fees ($1.2 million) were incurred to raise capital and develop the technologies.

The second quarter loss for 2021 was $1.4 million and loss per Common Share was $0.02. The Company generated $0.05 million in sales during the second quarter and $0.02 million in gross margin as it launched its products in the United States. Expenses in research and development ($0.4 million), legal and professional ($0.1 million) and management and consulting fees ($0.5 million) were incurred to raise capital and develop the technologies.

The first quarter loss for 2021 was $2.3 million and loss per Common Share was $0.04. The Company had not yet launched its products in the United States at this time. Expenses in research and development, legal and professional and consulting fees were incurred to raise capital and develop the technologies.

The loss for the fourth quarter of 2020 was $1.2 million and loss per Common Share was $0.04. The Company continued during this quarter to develop the technologies that it had licensed. Expenses in research and development, legal and professional and consulting fees were incurred to raise capital and develop the technologies.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities to date have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops sufficient cash flow from operations.

As of December 31, 2022, the Company had working capital deficiency of $703,813.

The Company established the ATM Program in February 2022 which allows the Company to issue and sell up to C$5 million of Common Shares from treasury to the public, from time to time, at the Company's discretion. To date, the Company has issued 4,198,075 Common Shares for gross proceeds of C$2,619,396 under the ATM Program as of the date of this MD&A.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, the Company may be forced to curtail its activities to a level for which funding is available or can be obtained.

(Expressed in United States Dollars unless otherwise specified)

Cash flow

	For the years ended		
	December 31, 2022	December 31, 2021	Change
	$	$	$
Cash flow used in operating activities	(3,089,858)	(6,726,918)	3,637,060
Cash flow provided by (used in) investing activities	45,563	(6,264,320)	6,309,883
Cash flow provided by (used in) financing activities	1,536,245	13,485,571	(11,949,326)
Effects of exchange rate changes on cash	(648)	(152)	(496)
Increase (decrease) in cash	**(1,508,698)**	**494,181**	**(2,002,879)**

Year Ended December 31, 2022 - Cash flow used in operating activities

Following is the breakdown of the cash flow from operating activities:

	For the years ended		
	December 31, 2022	December 31, 2021	Change
	$	$	$
Net loss	(28,245,633)	(21,428,425)	(6,817,208)
Adjustments for items not affecting cash:	22,960,314	16,183,830	6,776,484
Net changes in non-cash working capital items:	2,195,461	(1,482,323)	3,677,784
Increase (decrease) in cash	**(3,089,858)**	**(6,726,918)**	**3,637,060**

Cash used in operating activities was $3.1 million during the year ended December 31, 2022, compared to $6.7 million during the year ended December 31, 2021, or a decrease of $3.8 million. This decrease of $3.6 million was the result of (1) an increase in cash used in operating activities after adjusting for items not affecting cash of $5.2 million during year ended December 31, 2022 compared to $5.2 million used in the prior period (increase in $0.1 million) and (2) an increase in cash used in non-cash working capital of $2.2 million during the year ended December 31, 2022 compared to a decrease in cash used in non-cash working capital of $1.5 million in the comparable period (increase in $3.7 million).

Year Ended December 31, 2022 - Cash flow used in investing activities

Cash used in investing activities was $0.1 million during the year ended December 31, 2022, compared to $6.3 million used in the comparable period or a decrease of $6.2 million.

Year Ended December 31, 2022 - Cash flow from financing activities

Cash generated from financing activities of $1.5 million during the year ended December 31, 2022 compared to $13.5 million in the comparable period or a decrease of $12 million.

OUTSTANDING SHARE DATA

At the date of MD&A, the Company had 8,520,873 Common Shares issued and outstanding (December 31, 2021 – 3,696,513).

In addition, as at the date of this MD&A, the Company had 124,208 Common Share purchase warrants ("**Warrants**") with an exercise price of $70.00 per Warrant issued and outstanding; 50,000 incentive stock options ("**Options**") were issued and outstanding with an exercise prices of $0.40 per Option; and 200,000 restricted share units ("**RSUs**") were issued and outstanding.

During the year ended December 31, 2022

- The Company issued 225,000 Common Shares with fair value of $903,048 to Steinbrenner Racing.

- The Company entered into a debt settlement agreement with two of the vendors to satisfy the debt with an amount of $621,730 by issuing 225,000 Common Shares.

- The Company sold 2,339,575 Common Shares under the ATM Program. The gross proceeds of the 2,339,575 Common Shares issued during the year ended December 31, 2022, were $1,832,617 (C$2,338,580). In connection with the share issuance of 2,339,575 Common Shares, the Company paid a commission of $45,819 (C$58,465). The average gross and net share price of the 2,339,575 Common Shares issued under the ATM Program was $0.78 (C$1.00) and $0.76 (C$0.97), respectively.

- The Company issued 201,310 Common Shares with fair value of $9,458,685 for the settlement of vested RSUs.

- On March 15, 2022, The Company granted 50,000 Options with an exercise price $5.00 to its Chief Commercial Officer and President. The Options are exercisable until March 15, 2027. One-third vest will vest every six months thereafter. These Options were cancelled on September 7, 2022.

- On September 7, 2022, the Company entered into an agreement with various option holders to cancel a total of 144,167 options previously granted. As a result of the cancellation, pursuant to IFRS 2, "Share-Based Payment", the Company recognized the amount that otherwise would have been recognized over the remainder of the vesting period with an amount of $30,568 during the year ended December 31, 2022.

- On September 13, 2022, the Company granted 50,000 Options with an exercise price $0.40 to its Chief Commercial Officer and President. The Options are exercisable until September 13, 2027. One-fourth vest will vest every three months thereafter.

- The Company issued 47,500 RSUs with fair value of $70,241 to its Chief Commercial Officer and President. One-third vest on date of the first anniversary and one-third vest will vest every six months thereafter.

- The Company issued 330,000 RSUs with fair value of $100,355 to the Company's officers and directors. One-third will vest every three months after the grant date.

- The Company amended the vesting term of 48,000 RSUs previously granted to the Company's directors on November 19, 2021. Under the original term, one-sixth of the RSUs will vest every six months after the grant date. After the amendment, half of the RSUs will vest every six months after the grant date.

Subsequent to December 31, 2022

- The Company sold 1,858,500 Common Shares under the ATM Program with gross proceeds of the CA$280,816.

- The Company issued 95,000 Common Shares for the settlement of vested RSUs.

Up to the date of this MD&A, under the ATM Program:

- The Company sold and issued 4,198,075 Common Shares for gross proceeds of C$2,619,396.

- The commission paid for the 4,198,075 Common Shares issued was CA$ 65,485.

- The net proceeds received by the Company for the 4,198,075 Common Shares issued was CA$2,553,911.

- The average gross and net share price of the 4,198,075 Common Shares issued under the ATM Program was $0.4607 (C$0.624) and $0.449 (C$0.608), respectively.

- The Company has 8,640,873 outstanding common shares as of the date of the MD&A.

SUBSEQUENT EVENT

- The Company sold 1,858,500 Common Shares under the ATM Program with gross proceeds of the CA$280,816.

- The Company issued 95,000 Common Shares for the settlement of vested RSUs.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2022 and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel. Other related parties to the Company include companies in which key management has control or significant influence. Key management personnel receive remuneration from the Company summarized as follows:

<u>During year ended December 31, 2022</u>

- The short-term benefits incurred for the key management personnel were $777,079. This amount was recognized as salaries and wages in the statement of loss and comprehensive loss.

- The Company granted the following Options and RSUs to its officers and directors (Note 11):

  - 50,000 Options with an exercise price $5.00 which was cancelled subsequently to its Chief Commercial Officer and President;

  - 50,000 Options with an exercise price $5.00 to its Chief Commercial Officer and President;

  - 377,500 RSUs to its officers and directors.

- The Company cancelled 90,000 Options previously granted to its CEO on April 15, 2021.

- The Company recognized share-based payments of $3,648,400 related to the Options and RSUs granted to the Company's officers and directors.

- The Company incurred $168,933 in development expenses with a company that was 49% owned by the Company's CEO for internet connectivity and application development for its air purification products.

- The short-term benefits incurred for the key management personnel were $1,137,828 of which $750,000 was settled by issuing the common shares of the Company. As discussed in Note 5, during the year ended December

31, 2021, the Company issued 75,000 common shares with fair value of $750,000 to the Company's Chief Financial Officer for the management services to be provided during the year ended December 31, 2021.

- The Company granted 90,000 options with an exercise price of $10.00 to the CEO and recognized share-based payments of $218,547.

- The Company granted 48,000 RSUs to the Company's directors and recognized share-based payments of $365,832.

The balances due to the Company's directors and officer included in accounts payable and accrued liabilities were $855,915 as of December 31, 2022 (December 31, 2021 – $4,797). The balance is unsecured, non-interest bearing with no fixed terms of repayment.

In addition, the loan payable included an amount of $20,734 due to one of the Company's directors.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires Management to use judgment and make estimates and assumptions that affect the reported amounts assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited consolidated financial statements for the year ended December 31, 2022 for a more detailed discussion of the critical accounting estimates and judgments.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these consolidated financial statements.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon Management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations.

Fair value
The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, and notes payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows:
Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(Expressed in United States Dollars unless otherwise specified)

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

As at December 31, 2022 and 2021, the financial instrument recorded at fair value on the consolidated statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

Set out below are the fair value of the Company's financial assets and financial liabilities by category:

	December 31, 2022 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	400,977	400,977	-	-
Accounts receivable	405,930	-	405,930	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,242,453)	-	(1,242,453)	-
Notes payable	(286,169)	-	(286,169)	-

	December 31, 2021 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	1,909,675	1,909,675	-	-
Accounts receivable	488,195	-	488,195	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,483,342)	-	(1,483,342)	-
Notes payable	(293,511)	-	(293,511)	-

Financial risk management

Credit risk
Credit risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk.

Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to receivables and other counterparty concentrations as measured by amount and percentage.

The total cash and cash equivalents and accounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash and cash equivalents with reputable financial institutions with high credit ratings.

For accounts receivable, except for the amount due from a government agency, the Company deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Company monitors the credit risk of customers through credit rating reviews. The Company has a receivable as of December 31, 2022 with an amount of $311,813 (CA$425,000). The Company evaluated the purchaser of the land as a credit worthy property developer at the time of the sale and does not see a high credit risk on this receivable as the Purchaser paid a cash deposit of 26% of the purchase price and the Company has secured the note against the land that was sold through a first mortgage against the property.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As of December 31, 2022, the Company had cash of $400,977 to meet short-term business requirements. As of December 31, 2022, the Company had accounts payable and accrued liabilities and notes payable of $1,242,453 and $286,169, respectively.

Market risk
The significant market risks to which the Company is exposed are interest rate risk, currency risk, other price risk, and commodity price risk.

- Interest rate risk
  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's notes payable are not subject to interest rate risk as it is not subject to a variable interest rate.

- Currency risk
  The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

  The Company's cash, amounts receivable and accounts payable and accrued liabilities are held in United States Dollars ("$" or "US$") and Canadian Dollars ("CA$"); therefore, CA$ accounts are subject to fluctuation against the United States Dollars.

  The Company had the following balances in foreign currency as at December 31, 2022:

	US$	**CA$**
Cash	4,746	536,655
Accounts receivable	22,000	519,995
Accounts payable and accrued liabilities	(445,218)	(1,079,775)
Notes payable	-	(387,587)
	(418,472)	**(410,712)**
Rate to convert to $1.00 US$	1.00	0.74
Equivalent to US$	**(418,472)**	**(303,243)**

  Based on the above net exposures as at December 31, 2022, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the USD against the C$ would increase/decrease comprehensive loss by $40,000.

For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended December 31, 2022.

DISCLOSURE CONTROLS AND PROCEDURES

Management of the Company has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

Pursuant to National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), the Chief Executive Officer and Chief Financial Officer of the Company have filed Venture Issuer Basic Certificates with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the year ended December 31, 2022, and this accompanying MD&A (together, the "**Interim Filings**"). In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

The Company'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 the Venture Issuer Basic Certificates. 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 disclosure controls and procedures and internal control over financial reporting, as such terms are 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.

RISKS AND UNCERTAINTIES

To the date of this MD&A, there have been no significant changes to the risk factors set out in the Company's annual management discussion and analysis for the year ended December 31, 2022.

ADDITIONAL INFORMATION

Additional information relating to the Company's operations and activities can be found under the Company's profile on SEDAR at www.sedar.com.