ATMOFIZER TECHNOLOGIES INC.

Management's Discussion and Analysis

June 30, 2023

(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**") is intended to supplement and complement the consolidated financial statements and notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS") for the six months ended June 30, 2023. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the six months ended June 30, 2023, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and the annual management discussion and analysis for the year ended December 31, 2022 which are available on the SEDAR website at www.sedar.com.

This MD&A is prepared as of August 29, 2023. All dollar amounts in this MD&A are expressed in thousands of United States dollars ("$", "US$" or "US dollar"), unless otherwise specified. Canadian dollars are referred to as "CA$".

Additional information relating to the Company is available 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 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 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.

(Expressed in United States Dollars unless otherwise specified)

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.

- On July 5, 2023, the Company also announced the departure of Whit Pepper as Chief Commercial Officer.

RESULTS OF OPERATIONS

Revenue

	For the three months ended				Change	
	June 30, 2023		June 30, 2022			
	$	% (in terms of revenue)	$	% (in terms of revenue)	$	%
Revenue	52,041	100%	-	-	52,041	100%
Cost of goods sold	(6,562)	(13%)	-	-	(6,562)	100%
Gross profit	**45,479**	**87%**	**-**	**-**	**45,479**	**100%**

Revenue for the second quarter of 2023 was $52,041 compared to $nil in the prior period. The Company is actively working on the development of its HVAC business in 2023. The sales in the second quarter represent sales of its A500 units which are being done as opportunities present themselves.

Cost of Goods sold for the second quarter ended June 30, 2023, was $6,562 compared to $nil in the prior period. Cost of goods sold includes fulfillment cost and e-commerce processing fees. The inventory was impaired at year end as the Company has discontinued its focus on this business and therefore the cost of the actual unit was $nil in the cost of goods sold.

(Expressed in United States Dollars unless otherwise specified)

Gross profit was 87% for the second quarter ended June 30, 2023, compared to $nil in the prior period.

	For the six months ended				Change	
	June 30, 2023		June 30, 2022			
	$	% (in terms of revenue)	$	% (in terms of revenue)	$	%
Revenue	52,641	100%	210,000	100%	(157,359)	(75%)
Cost of goods sold	(6,562)	(12%)	(149,707)	(71%)	143,145	(96%)
Gross profit	**46,079**	**88%**	**60,293**	**29%**	**(14,214)**	**(24%)**

Revenue for the six months period ending June 30, 2023, was $52,641 compared to $210,000 in the prior period. The Company is actively working on the development of its HVAC business in 2023. The sales in the first six months represent sales of its A500 units which are being done as opportunities present themselves.

Cost of Goods sold for the six months ended June 30, 2023, was $6,562 compared to $149,707 in the prior period. Cost of goods sold includes fulfillment cost and e-commerce processing fees. The inventory was impaired at year end as the Company has discontinued its focus on this business and therefore the cost of the actual unit was $nil in the cost of goods sold.

Gross profit was 88% for the six months ended June 30, 2023, compared to 29% in the prior period. The primary reason for the higher gross profit margin is because the inventory was impaired at year end and the Company has discontinued its focus on this business and therefore the cost of the actual unit was $nil in the cost of goods sold.

(Expressed in United States Dollars unless otherwise specified)

Operating Expenses

	For the three months ended					
	June 30, 2023		June 30, 2022		Change	
	$	%	$	%	$	%
Expenses						
Amortization	-	-	239,605	5%	(239,605)	(100%)
Consulting fees	21,936	6%	243,115	5%	(221,179)	(91%)
Depreciation	2,466	1%	2,462	0%	4	-
Foreign exchange loss (gain)	11,990	3%	3,197	0%	8,793	275%
General and administrative expenses	37,911	11%	81,045	2%	(43,134)	(53%)
Impairment of accounts receivable	20,333	6%	126,000	2%	(105,667)	(84%)
Impairment of inventory	-	-	376,230	7%	(376,230)	(100%)
Marketing expenses	10,085	3%	1,372,790	27%	(1,362,705)	(99%)
Professional fees	37,878	11%	84,499	2%	(46,621)	(55%)
Research and development	560	0%	72,561	1%	(72,001)	(99%)
Salaries and wages	160,842	46%	333,751	7%	(172,909)	(52%)
Share-based payments	20,862	6%	2,053,793	41%	(2,032,931)	(99%)
Transfer agent, regulatory and filing fees	4,594	1%	43,627	1%	(39,033)	(89%)
Travel	20,567	6%	15,393	0%	5,174	34%
Total expenses	**350,024**	**100%**	**5,048,068**	**100%**	**(4,698,044)**	**(93%)**

The Company incurred $350,024 in expenses during the three months ended June 30, 2023, compared to $5,048,068 during the three months ended June 30, 2022. The decrease of $4,698,044 in expenses was driven by decreases in share based payments of $2.0 million, marketing expenses of $1.4 million, amortization of $0.2 million, consulting sees of $0.2 million, salaries and wages of $0.2 million, impairment of inventory of $0.4 million and R&D of $0.1 million and other expenses of $0.2 million.

	For the six months ended					
	June 30, 2023		June 30, 2022		Change	
	$	%	$	%	$	%
Expenses						
Amortization	-	-	478,942	4%	(478,942)	(100%)
Consulting fees	42,835	6%	904,439	8%	(861,604)	(95%)
Depreciation	4,932	1%	4,924	0%	8	-
Foreign exchange loss (gain)	(39,864)	(6%)	8,635	0%	(48,499)	(562%)
General and administrative expenses	86,965	13%	175,145	2%	(88,180)	(50%)
Impairment of accounts receivable	20,333	3%	126,000	1%	(105,667)	(84%)
Impairment of inventory	-	-	376,230	3%	(376,230)	(100%)
Marketing expenses	18,745	3%	1,470,978	13%	(1,452,233)	(99%)
Professional fees	103,330	15%	338,937	3%	(235,607)	(70%)
Research and development	6,989	1%	223,564	2%	(216,575)	(97%)
Salaries and wages	323,964	47%	686,746	6%	(362,782)	(53%)
Share-based payments	58,659	9%	6,630,142	57%	(6,571,483)	(99%)
Transfer agent, regulatory and filing fees	33,005	5%	97,382	1%	(64,377)	(66%)
Travel	28,434	4%	36,814	0%	(8,380)	(23%)
Total expenses	**688,327**	**100%**	**11,558,878**	**100%**	**(10,870,551)**	**(94%)**

(Expressed in United States Dollars unless otherwise specified)

The Company incurred $0.7 million in expenses during the six months ended June 30, 2023, compared to $11.6 million during the six months ended June 30, 2022. The decrease of $10.9 million in expenses was driven by decreases in share based payments of $6.6 million, marketing expenses of $1.5 million, amortization of $0.5 million, consulting sees of $0.9 million, salaries and wages of $0.4 million, impairment of inventory of $0.4 million and R&D of $0.2 million and other expenses of $0.4 million.

Other income (expenses)

	For the three months ended				Change	
	June 30, 2023		June 30, 2022			
	$	%	$	%	$	%
Other expenses						
Finance costs	(3,140)	100%	(3,917)	100%	777	(20%)
Total other income (expenses)	**(3,140)**	**100%**	**(3,917)**	**100%**	**777**	**(20%)**

During the three months ended June 30, 2023, the Company had other expenses of $3,140 compared to $3,917 in the prior period.

	For the six months ended				Change	
	June 30, 2023		June 30, 2022			
	$		$		$	%
Other expenses						
Finance costs	(6,304)	100%	(7,715)	100%	1,411	(18%)
Total other income (expenses)	**(6,304)**	**100%**	**(7,715)**	**100%**	**1,411**	**(18%)**

During the six months ended June 30, 2023, the Company had other expenses of $6,304 compared to $7,715 in the prior period.

Net income (loss)

During the three months ended June 30, 2023, the Company recorded net loss of $0.3 million compared to a net loss of $5.0 million for the three months ended June 30, 2022. The decrease of $4.7 million decrease in expenses was driven by decreases in share based payments of $2.0 million, marketing expenses of $1.4 million, amortization of $0.2 million, consulting sees of $0.2 million, salaries and wages of $0.2 million, impairment of inventory of $0.4 million and R&D of $0.1 million and other expenses of $0.2 million.

During the six months ended June 30, 2023, the Company recorded net loss of $0.7 million compared to a net loss of $11.5 million for the six months ended June 30, 2022. The decrease of $10.8 million was driven by decreases in share based payments of $6.6 million, marketing expenses of $1.5 million, amortization of $0.5 million, consulting sees of $0.9 million, salaries and wages of $0.4 million, impairment of inventory of $0.4 million and R&D of $0.2 million and other expenses of $0.4 million.

(Expressed in United States Dollars unless otherwise specified)

SUMMARY OF QUARTERLY RESULTS

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	$	$	$	$
Sales	52,041	600	-	-
Gross margin	45,479	600	-	-
Net loss	(307,685)	(340,867)	(12,211,445)	(4,527,888)
Comprehensive loss	(315,007)	(341,174)	(12,216,227)	(4,508,563)
Basic and diluted loss per share	(0.03)	(0.05)	(1.86)	(0.78)

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
	$	$	$	$
Sales	-	210,000	23,585	53,000
Gross margin	-	60,293	6,810	20,488
Interest income	-	-	1,858	1,113
Net loss	(5,051,985)	(6,454,315)	(2,099,575)	(1,433,118)
Comprehensive loss	(5,042,440)	(6,459,119)	(2,099,575)	(1,433,118)
Basic and diluted loss per share	(0.93)	(1.62)	(0.66)	(0.55)

The second quarter loss for 2023 was $0.3 million and loss per Common Share was $0.03. This is a decrease of $0.03 million over the loss in the second quarter of 2023. The biggest contributors to the reduced net loss of $0.030 million were the increased sales and gross profit generated in the second quarter of 2023 of $0.05 million and 0.045 million respectively of the sales and gross margin generated in the second quarter of 2023.

The first quarter loss for 2023 was $0.3 million and loss per Common Share was $0.05. This is a decrease of $11.9 million over the loss in the fourth quarter of 2022. The biggest contributors to the reduced net loss of $11.9 million were the impairments of assets in the fourth quarter of 2022 which accounted for $9.2 million of the net loss and 90% of fourth quarter operating expenses and the write off of $2.4 million in advanced payments in the fourth quarter compared no impairments or write offs in the first quarter of 2023.

The fourth quarter loss for 2022 was $12.2 million and loss per Common Share was $1.86. 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. Additionally 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 $4.5 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 $0.93. 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.

(Expressed in United States Dollars unless otherwise specified)

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.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities to date have been funded through equity financings, sales of inventory and the sale of a parcel of land it acquired during the RTO process of 2021.

As of June 30, 2023, the Company had working capital deficiency of $1,092,899.

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. The ATM Program was terminated on August 29, 2023.

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.

Cash flow

	For the three months ended		
	June 30, 2023	June 30, 2022	Change
	$	$	$
Cash flow used in operating activities	(99,650)	(1,162,211)	1,062,561
Cash flow provided by financing activities	14,166	747,577	(733,411)
Effects of exchange rate changes on cash	228	(318)	546
Decrease in cash	**(85,256)**	**(414,952)**	**329,696**

	For the six months ended		
	June 30, 2023	June 30, 2022	Change
	$	$	$
Cash flow used in operating activities	(320,095)	(1,930,470)	1,610,375
Cash flow used in investing activities	-	(64,488)	64,488
Cash flow provided by financing activities	203,505	992,265	(788,760)
Effects of exchange rate changes on cash	239	(157)	396
Decrease in cash	**(116,351)**	**(1,002,850)**	**886,499**

(Expressed in United States Dollars unless otherwise specified)

Three months ended June 30, 2023- Cash flow used in operating activities

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

	For the three months ended		
	June 30, 2023	**June 30, 2022**	**Change**
	$	**$**	**$**
Net loss	(307,685)	(5,051,985)	4,744,300
Adjustments for items not affecting cash:	45,486	3,776,751	(3,731,265)
Net changes in non-cash working capital items:	162,549	113,023	49,526
Decrease in cash	**(99,650)**	**(1,162,211)**	**1,062,561**

Cash used in operating activities was $0.1 million during the three months ended June 30, 2023, compared to $1.2 million used during the three months ended June 30, 2022, or a decrease of $1.1 million. This decrease of $1.1 million used in operations was the result of (1) a decrease in cash used in operating activities after adjusting for items not affecting cash of $0.3 million for the three months ended June 30, 2023 compared to $1.3 million used in the prior period (decrease of $1.0 million) and (2) cash from non-cash working capital of $0.2 million during the three months ended June 30, 2023 compared to cash from non-cash working capital of $0.1 million in the comparable period (increase of $0.1 million).

Six months ended June 30, 2023- Cash flow used in operating activities

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

	For the six months ended		
	June 30, 2023	**June 30, 2022**	**Change**
	$	**$**	**$**
Net loss	(648,552)	(11,506,300)	10,857,748
Adjustments for items not affecting cash:	87,881	8,597,757	(8,509,876)
Net changes in non-cash working capital items:	240,576	978,073	(737,497)
Decrease in cash	**(320,095)**	**(1,930,470)**	**1,610,375**

Cash used in operating activities was $0.3 million during the six months ended June 30, 2023, compared to $1.9 million used during the six months ended June 30, 2022, or a decrease of $1.6 million. This decrease of $1.6 million used in operations was the result of (1) a decrease in cash used in operating activities after adjusting for items not affecting cash of $0.6 million for the six months ended June 30, 2023 compared to $2.9 million used in the prior period (decrease of $2.3 million) and (2) cash from non-cash working capital of $0.2 million during the six months ended June 30, 2023 compared to cash from non-cash working capital of $0.9 million in the comparable period (decrease of $0.7 million).

Six months ended June 30, 2023- Cash flow used in investing activities.

Cash used in investing activities was $nil million during the six months ended June 30, 2023, compared to $0.1 million used in the comparable period or a decrease of $0.1 million.

Six months ended June 30, 2023- Cash flow from financing activities.

Cash generated from financing activities of $0.2 million during the six months ended June 30, 2023 compared to $1.0 million in the comparable period or a decrease of $0.8 million.

OUTSTANDING SHARE DATA

At June 30, 2023, the Company had 8,640,873 (December 31, 2022 – 6,687,398) Common Shares issued and outstanding with a value of $44,667,314 (December 31, 2022 – of $44,415,306).

In addition, as at the date of this MD&A, the Company had 1,833 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 190,000 restricted share units ("**RSUs**") were issued and outstanding.

<u>During the six months ended June 30, 2023</u>

- 59,457 warrants expired unexercised.

<u>Subsequent to June 30, 2023</u>

- 62,918 warrants expired unexercised.

<u>Up to the date of this MD&A, under the ATM Program:</u>

- 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

- 62,918 warrants expired unexercised.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2023 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 six months ended June 30, 2023</u>

- The short-term benefits incurred for the key management personnel were $295,714.

- In addition, the Company incurred $3,914 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 balances due to the Company's directors and officer included in accounts payable and accrued liabilities were $1,085,154 as of June 30, 2023 (December 31, 2022 – $855,915). The balance is unsecured, non-interest bearing with no fixed terms of repayment.

In addition, the loan payable included an amount of $21,693 (December 31, 2022 – $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, 2023 that impacted these consolidated financial statements.

FINANCIAL INSTRUMENTS

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

As at June 30, 2023 and December 31, 2022, 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.

(Expressed in United States Dollars unless otherwise specified)

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

	June 30, 2023 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	284,626	284,626	-	-
Accounts receivable	400,990	-	400,990	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,551,762)	-	(1,551,762)	-
Notes payable	(297,677)	-	(297,677)	-

	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)	-

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 accounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash 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 June 30, 2023 with an amount of $321,979 (CA$425,000) (Notes 3 and 4). 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 June 30, 2023, the Company had cash of $284,626 to meet short-term business requirements. As of June 30, 2023, the Company had accounts payable and accrued liabilities and notes payable of $1,551,762 and $297,677, 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 June 30, 2023:

	US$	CA$
Cash	55,901	301,908
Accounts receivable	-	529,291
Accounts payable and accrued liabilities	(668,000)	(1,166,531)
Notes payable	-	(392,922)
	(612,099)	**(728,254)**
Rate to convert to $1.00 US$	1.00	0.76
Equivalent to US$	**(612,099)**	**(551,724)**

  Based on the above net exposures as at June 30, 2023, 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 $55,000.

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 six months ended June 30, 2023, 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.