Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.)

Management's Discussion and Analysis

For the six months ended January 31, 2025 and 2024

March 26, 2025

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the six months ended January 31, 2025, compared to the six months ended January 31, 2024. This report prepared as March 26, 2025 intends to complement and supplement our unaudited condensed interim consolidated financial statements (the "financial statements") as at January 31, 2025, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements and accompanying notes for the year ended July 31, 2024, which have been prepared in accordance with International Financial Reporting Standards.

Our unaudited condensed interim consolidated financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our unaudited condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company", "MLI" or "Metasphere Labs Inc.", we mean Metasphere Labs Inc. as it may apply.

Management is responsible for the preparation and integrity of the unaudited financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the unaudited financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedarplus.ca.

Cautionary Statement on Forward Looking Information

The information provided in this MD&A, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These include, among others, the cautionary statements under "Description of Business".

Specific forward-looking information contained in this MD&A include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- timelines;
- the business and operations of the Company;
- the business, operations, strategies and expectations of the Company;
- the Company's business objectives and discussion of trends affecting its business;
- the funds available to the Company and the principal uses of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Company;
- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Company from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking statements including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward-looking statements are based on reasonable assumptions, estimates, analysis, and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking statements are inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking statements include, but are not limited to, those which relate to the following:

- the limited operating history of the Company;
- the historical lack of profitability of the Company;
- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to raise funds necessary for general working capital and continuing operations;
- reliance on sale of equity or investments to raise the funds required to continue operations;
- the possibility that events will arise that require more cash than the Company has or can reasonably obtain;
- uncertainties associated with business opportunities that may be presented to, or pursued by the Company;
- the Company's operations, strategies and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development;
- uncertainties related to regulatory regimes and laws;
- dependence on key personnel;
- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- changes in the regulatory environment;
- competition for, among other things, capital, acquisitions, equipment and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses;
- the requirements of being a public-traded company may strain the Company's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members;
- the Company's business is reliant on blockchain technology;
- the Company's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk;
- the business of the Company will be exposed to cybersecurity risks;

- uninsured or uninsurable risks;
- the Company will have to adapt to respond to evolving security risks;
- the Company may be unable to obtain adequate insurance to insure its operations;
- intellectual property rights claims may adversely affect the operation of the Company's business;
- all active and liquid trading markets in the Company’s common shares may fail to develop;
- the Company’s compliance and risk management programs may not be effective;
- unexpected market disruptions may cause major losses for the Company;
- foreign exchange risk;
- the Company will depend on its senior management and directors to source suitable investment opportunities:
- managing different business lines could present conflicts of interest;
- operational risk may materially and adversely affect the Company’s performance and results;
- the Company may not be effective in mitigating risk;
- force majeure events may materially and adversely affect the business continuity of the Company;
- the Company will be reliant, in part, on attracting and retaining skilled management and directors;
- situations may arise where the directors and/or officers of the Company may be in competition with the Company and may have interests that conflict with, or differ from, the Company’s interests;
- the Company may be subject to litigation; and
- the other factors discussed under the heading “Risk Factors”.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the companies in which it is invested, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management of Company currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this MD&A and, other than as specifically required by law, Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects to the Company.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of forward-looking statements, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the Company’s actual results achieved could vary from the information provided in this MD&A, and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company does not undertake any obligation, except as required by Applicable Securities Laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW AND DESCRIPTION OF BUSINESS

Description of Business

The Company is focused on leveraging blockchain, metaverse, and artificial intelligence ("**AI**") technologies to drive innovation and sustainability. By doing so, the Company aims to push the boundaries of technology in the blockchain, metaverse, and AI spaces while promoting sustainability and user engagement. Further, the Company will continue to explore revenue generating activity with its developed Pocket Dimension Metaverse (https://www.metasphere.earth/).

The Company publicly released the Pocket Dimension metaverse on May 29, 2023. The Pocket Dimension metaverse is a hyper-realistic digital world that is built using the latest version of Unreal Engine in order to offer users a premium virtual experience. Pocket Dimensions feature 10 different environments. Pocket Dimension is a private virtual space that provides users the ability to explore the virtual space and socialize with other users, through avatars.

The Company's current focus is to leverage its developed products with the latest blockchain technology to further develop Web3 applications designed to foster sustainable and impactful solutions across various sectors to solve social coordination problems for acting on climate change and addressing global challenges relating to the environment. The Company will focus on creating applications that not only push the boundaries of virtual worlds but also prioritize environmental sustainability, social impact, and the promotion of freedom of speech.

The Company's short-term focus for the upcoming quarters is also to continue to develop its monetization strategies while maintaining its working capital for further development of its assets.

COMPANY HIGHLIGHTS

On March 5, 2025, the Company announced that it will hold its annual general and special meeting ("AGSM") on April 2, 2025. At the AGSM, the Company intends to:

- seek shareholder approval for a proposed share consolidation of its issued and outstanding common shares on the basis of 10 pre-consolidation common shares for 1 post-consolidation common share. No fractional shares will be issued, and any resulting fraction will be rounded to the nearest whole number.
- seek shareholder approval for a proposed non-brokered private placement on a post-consolidation basis through the issuance of up to 10,000,000 units in the capital of the Company. The price of the Units will be determined in accordance with *Section 6.2. Private Placements* of the CSE's *Policy 6 – Distribution & Corporation Finance*. Each Unit will consist of one Common Share and one transferrable common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional common share for a period of 36 months from the date of issuance, at a price to be determined in accordance with the *section 6.7. Option, Warrants and Convertible Securities Other Than Incentive Options or Right* of the CSE's *Policy 6 – Distribution & Corporation Finance*.

As Metasphere looks forward, its focus will shift toward metaverse and mini-app development on the Telegram Messenger platform, leveraging the Telegram Open Network blockchain. This strategic shift aligns with Metasphere's mission to democratize access to decentralized applications within widely adopted social ecosystems, offering secure, scalable solutions that foster community-driven interactions.

On August 30, 2024, the Company announced that it has received approval to list its common shares on the Canadian Securities Exchange (the "CSE"). Consequently, the Company has also submitted a request to delist its Common Shares from Cboe Canada (the "CBOE"). The common shares were delisted from the CBOE and trade on the CSE under the symbol "LABZ".

On May 14, 2024, the Company finalized its partnership with PureSky to integrate blockchain technology into environmental sustainability efforts. Following the initial memorandum of understanding dated March 27, 2024, Metasphere agreed to develop a Minimum Viable Product ("MVP") to fully integrate PureSky carbon credit registry and DAO operations. This initiative aims to make carbon credit transactions more transparent, secure, and efficient, aligning with the trend of tokenizing real-world assets for better tracking and verifiability.

On June 6, 2024, the Company announced that it had entered into a joint Letter of Intent dated June 6, 2024 with Ecoblox, PureSky, and Bluesphere to cofound a for-profit consortium dedicated to developing a carbon-aware routing protocol aimed to optimize and offset the carbon footprint of internet and data center operations.

On August 8, 2024, the Company provided a clarification in regards to its disclosure in the following previously announced news release:

On June 6, 2024, the Company entered into a joint letter of intent with Ecoblox, PureSky Registry LLC ("PureSky"), and Bluesphere to cofound a consortium dedicated to developing a carbon-aware routing protocol. As a result of the joint letter of intent, the Company entered into a definitive agreement with Ecoblox and PureSky on July 8, 2024 to jointly develop the carbon-aware routing protocol (the "Protocol Development Agreement"). Although a party to the joint letter of intent, Bluesphere withdrew from the proposed collaboration and did not enter into the Protocol Development Agreement. Under the Protocol Development Agreement, the parties thereto agreed to incorporate a new company (the "Consortium Company") to jointly develop the carbon-aware routing protocol. The Company will own 50% of the Consortium Company and each of Ecoblox and Puresky will own 25% of the Consortium Company, respectively. All intellectual property developed by the Consortium Company will be the property of the Consortium Company. Metasphere Labs will grant a royalty-free license to the Consortium Company to use the internet domain "carbon.bot". This protocol aims to reduce the carbon footprint of internet and data center operations by dynamically selecting network paths based on carbon intensity and managing real-time offsets.

In addition, the shareholders of the Consortium Company will share their expertise and resources to develop the carbon-aware routing protocol. The Protocol Development Agreement does not require any shareholder of the Consortium Company to contribute a specific amount of capital to fund operations. Funding requirements will be determined on a case-by-case basis. The liability of the shareholders of the Consortium Company will be limited to any capital contributed by such shareholder.

The Company understands that the relationships between Bluesphere, Bot Media and PuresSky are as described as follows. Bluesphere owns 64.2% of Bot Media and 47.7% of PureSky. Each of Bot Media, Bot Ventures, Bluesphere, and PureSky is under common control of Shidan Gouran and/or Eddie Soleymani. Mr. Shidan Gouran owns directly and indirectly 45.32% of Bot Media (through his 15.4% direct interest in Bot Media and 46.6% interest in Bluesphere); 91% of Bot Ventures; 46.6% of Bluesphere; and 22.23% of PureSky (indirectly through his 46.6% interest in Bluesphere). Similarly, Mr. Eddie Soleymani owns directly and indirectly 45.32% of Bot Media (through his 15.4% direct interest in Bot Media and 46.6% interest in Bluesphere); 46.6% of Bluesphere; and 22.23% of PureSky (indirectly through his 46.6% interest in Bluesphere).

On September 20, 2024, the Company announced the successful completion of the development of PureSky's blockchain-based carbon credit registry as per the definitive agreement dated May 12, 2024.

On November 4, 2024, the Company announced that significant progress has been achieved on the carbon-aware routing protocol collaboration with Ecoblox and Pure Sky, announced in July 9, 2024. The project now operates collectively under the CarbonBot brand, deviating from initial plans for a public benefit corporation. While the protocol was not showcased at MWC Americas, the partnership is considering participation in MWC 2025 in Barcelona. The completed Carbon Offsetting Protocol is available on GitHub, with plans underway for an audit by either an ISO or UN- certified VVB (Verification and Validation Body), potentially making it the first recognized carbon offsetting protocol to meet stringent environmental standards, following which it will be submitted to the Pure Sky Registry to be voted on by its members.

On June 21, 2024, the Company announced the signing of a definitive Software Development Agreement dated June 21, 2024 with ARCannabis BC Ltd ("ARCannabis"), a cannabis retailer based in British Columbia. This partnership aims to enhance the online cannabis shopping experience with the use of advanced virtual reality (VR) technology. Pursuant to the agreement, the Company will design, develop, and deliver a state-of-the-art VR virtual store for AR Cannabis, leveraging either ThreeJS or Unreal Engine to create an immersive 3D user interface. The virtual store will be accessible on Google Chrome, Safari, and

Microsoft Edge browsers, providing a seamless and engaging shopping experience for customers.

On November 4, 2024, the Company announced that as part of its definitive agreement with ARCannabis announced on June 21, 2024, Metasphere is finalizing the development of a VR retail platform, with delivery expected by the end of this quarter. This immersive experience will redefine customer interactions within virtual reality.

On June 13, 2024, the Company announced the appointment of Mr. Guy Bourgeois as a new independent director of the Company, replacing Ms. Armita Jalooli, with immediate effect.

The Company also announced its intention to rebrand the planned launch of the CarbonBot media site as a component of the Climate.bot platform, under that brand. The Company intends to use the brand CarbonBot and the domain Carbon.bot as the name of the consortium, underscoring their commitment to this collaborative effort.

On May 30, 2024, the Company announced the appointment of Dustin Muscato as an advisor for its carbon credit protocol designed for grid-scale batteries.

On February 8, 2024, the Company announced the acquisition of the climate and artificial intelligence (AI) Web3 assets (the "Purchased Assets") from Bot Media for a purchase price of $765,000, payable through the issuance of common shares of the Company (the "Consideration Shares") at a deemed price of $0.25 per share.

Upon closing on February 8, 2024, MLI issued a total of 3,060,000 Consideration Shares, each valued at $0.25, to Bot Media pursuant to the terms of the purchase agreement. The acquisition includes CarbonBot and ClimateBot. CarbonBot is a digital platform that tracks news related to climate-focused companies and generates articles using AI, incorporating capabilities of ChatGPT. Developed by the Vendor, CarbonBot acts as a real-time news aggregator in the environmental sustainability sector, leveraging Large Language Models like ChatGPT to summarize and disseminate articles from its network. ClimateBot is a web based digital tool offering a range of calculators to evaluate various environmental impacts, focusing on carbon footprint assessments. It enables users to take direct action towards remediation, such as carbon offsetting through tree planting initiatives.

On May 8, 2024, the Company announced a definitive agreement with Bot Ventures to develop a decentralized domain marketplace for domain protocols that operate on the Bitcoin blockchain. This marketplace will facilitate the registration, transfer, and management of digital domains directly anchored to the Bitcoin blockchain, allowing users to buy, sell, and manage domain names with enhanced security and decentralized control. In consideration for the development services provided, Bot Ventures shall pay a royalty of 20% of all gross sales revenue generated from the platform, capped at a maximum total payment of $1,000,000 USD (the “Royalty”). to the Company noted that this Royalty does not apply to sales of any other products or services associated with the platform being developed by the Company. Given that the compensation for services is contingent on Bot Ventures’ ability to generate revenue from the platform, there can be no assurance that the Company will earn any Royalty from this arrangement.

On August 8, 2024, the Company provided a clarification in regards to its disclosure in the following previously announced news release:

In addition to the information provided in the news releases dated February 6 and 8, 2024, the Company provided additional information relating to the acquisition of Bot Media Corp.'s (“Bot Media” or the “Vendor”) climate and artificial intelligence web3 assets, which is comprised of Carbon.bot (“CarbonBot”) and Climate.bot (“ClimateBot”). Research and development of ClimateBot commenced in February 2023 and took place over the period from February 2023 to October 2023 with estimated development costs of $167,000. CarbonBot was originally acquired by the Vendor from Bot Ventures Inc. (“Bot Ventures”) and developed over the course of 2019 and 2020 with estimated development costs of $184,000. There are no patents or licenses associated with the purchased assets relating to ClimateBot or CarbonBot. The Vendor was incorporated on May 29, 2023. Subsequent to the acquisition of the Purchased Assets from the Vendor, the Company entered into a definitive agreement dated March 20, 2024 with Bluesphere Ventures Inc. (“Bluesphere”) whereby the Company will develop a presentation and website outlining Bluesphere's Ents

World concept, features, and the impact on environmental restoration.

On March 20, 2024 the Company entered into a definitive agreement with Bluesphere to create "Ents World," an open metaverse built on the Bitcoin blockchain, aimed at combining "Play to Earn" gaming with impactful environmental restoration. Pursuant to the agreement, Metasphere will develop a comprehensive presentation and website outlining Ents World's concept, features, and the impact on environmental restoration. Metasphere will also assist in developing the game's governance ecosystem.

On November 1, 2024, Metasphere completed and delivered its work for Bluesphere Ventures Inc., which was initially announced in March 21, 2024. This milestone highlights Metasphere's capability to meet demanding timelines, furthering progress toward the shared vision of "Ents World," an eco-conscious open metaverse initiative.

On November 4, 2024, the Company announced it has decided to reprioritize its resources, mutually agreeing with Bot Ventures to terminate the decentralized identity project (the "Termination"). Metasphere retains the developed assets and may explore launching the project independently in the future, although no immediate plans are in place. There are no costs related to the Termination.

On February 29, 2024, the Company announced the successful completion of its corporate name change from Looking Glass Labs Ltd. to Metasphere Labs Inc. Also on February 29, 2024, the Company's new stock ticker symbol "LABZ" is active on the Cboe Canada.

On February 23, 2024, the Company announced the appointment of Mrs. Natasha Ingram as its new CEO and the resignation of Jared Gurfein.

On January 19, 2024, the Company announced its intention to withdraw the Company's common shares from the AQUIS Stock Exchange Growth Market. The common shares will continue to trade in Canada on Cboe under "LABZ", in the US on OTC under "LABZF", and on the Frankfurt Stock Exchange under "H1N".

OVERALL PERFORMANCE

At January 31, 2025, the Company had accumulated deficit of $25,638,594 (July 31, 2024 – $25,226,127) since its inception, and has working capital deficit of $290,845 (July 31, 2024 – $336,224). The Company incurred a net loss of $412,467 for the six months ended January 31, 2025 (2024 net income of – $800,378). The Company used $981,094 of cash (2024 - $275,567) in operating activities and raised a net of $368,557 of cash (2024 – $950,500) from financing activities.

On February 6, 2024, the Company acquired the Carbon.bot and Climate.bot digital platforms (the "Platforms") in exchange for the issuance of 3,060,000 common shares of the Company. Once launched, the Platforms are intended to serve as a unique real time news aggregator in the environmental sustainability sector, utilizing large language models such as ChatGPT to summarize and present articles from its network. The transaction was accounted for as an asset acquisition and the cost of the Platforms acquired was $765,000. As at July 31, 2024, the Company recorded impairment of intangibles of $692,063. An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU).

The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth as a result of material uncertainties with respect to the Company's ability to raise capital for further business development and a change in business models and implementation strategies. The recoverable amount of the operating unit is determined based upon updated cash flow projections.

RESULTS OF OPERATIONS

For the three-month period ended January 31, 2025, the Company incurred net loss of $113,123 compared to a net income of $504,110 in the comparative period. The increase in net loss was mainly as a result of lower revenues during the period ended January 31, 2025 compared to January 31, 2024, as NFT sales generated $650,695 of revenue and costs of revenue of $96,368 in the comparative period compared to design services revenue of $22,500 and costs of revenue of $21,252 in the current period.

Some of the significant charges to operations are as follows:

- Consulting fees of $23,791 (2024- $64,101) were charged as the Company engaged additional consultants in the comparative period to assist in the execution of the Company's business plan.
- Corporate service fees of $21,000 (2024- $7,876) increased in 2025 as a result of increased corporate activity in 2025.
- Professional fees of $10,034 (2024- $123,815) decreased significantly due to the large sum of legal fees in 2024.
- Share-based compensation of $Nil (2024 – share-based recovery of $122,534) increased as a result of the vesting of stock options, whereas the Company reversed previously recognized share-based compensation in 2024 for the expiry of unvested options held by various employees who had left the Company.

For the six-month period ended January 31, 2025, the Company incurred net loss of $412,467 compared to a net income of $800,378 in the comparative period. The increase in net loss was mainly as a result of lower revenues during the period ended January 31, 2025 compared to January 31, 2024, as NFT sales generated $1,302,281 of revenue and costs of revenue of $192,744 in the comparative period compared to design services revenue of $22,500 and costs of revenue of $21,252 in the current period.

Some of the significant charges to operations are as follows:

- Consulting fees of $73,120 (2024 - $75,851) were comparable between the two periods.
- Corporate service fees of $46,500 (2024 - $14,876) increased in 2025 as a result of increased corporate activity.
- Professional fees of $137,277 (2024 - $153,203) decreased due to the large sum of legal fees in 2024.
- Interest expense decreased to $Nil (2024 - $47,365) as the Company had loans outstanding in the comparative period but none outstanding for the current period.
- Share-based compensation of $2,846 (2024 - share-based recovery of $34,134) increased as a result of the vesting of stock options, whereas the Company reversed previously recognized share-based compensation in 2024 for the expiry of unvested options held by various employees who had left the Company.

Use of Proceeds

The Company completed a financing in November 2023. The following is a comparison of the Company's anticipated use of proceeds to the Company's actual use of proceeds from the financing.

Intended use of proceeds of estimated working capital as of November 23, 2023		**Amount incurred to date January 31, 2025**		**Variances**
General and administrative expenses	$300,000	General and administrative expenses	$267,000	No variances anticipated.
Legal & Compliance, Insurance, Accounting & Audit Fees	$200,000	Legal & Compliance, Insurance, Accounting & Audit Fees	$471,000	Professional fees were higher than anticipated due to an unplanned review of the Q2 financial statements and due to the defense of the claim filed against the Company (see contingency section).
Debt repayments	$50,000	Debt repayments	$262,000	The Company repaid additional loans than originally anticipated.

Unallocated	$450,000	Unallocated	-	Increased professional fees and debt repayments decreased the unallocated portion.
Total	$1,000,000	Total	$1,000,000	

SUMMARY OF QUARTERLY RESULTS

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended	Income (Loss) for the period	Income (Loss) per Share (Basic & Diluted)	Total Assets
January 31, 2025	$(113,123)	($0.00)	$356,457
October 31, 2024	$(299,344)	($0.01)	$762,017
July 31, 2024	$(1,018,585)	($0.19)	$1,016,130
April 30, 2024	$203,862	$0.01	$1,292,844
January 31, 2024	$504,110	$0.03	$1,086,856
October 31, 2023	$296,268	$0.15	$519,385
July 31, 2023	$(1,305,255)	$(0.88)	$836,925
April 30, 2023	$(2,838,332)	$(1.50)	$2,668,918

SUMMARY OF QUARTERLY RESULTS - DISCUSSION

The increase in net loss and decrease in net assets during the quarter ended April 30, 2023 resulted from the recording of an impairment of intangibles of $1,895,186 during the three months ended April 30, 2023.

The increase in net loss during the quarter ended July 31, 2023, resulted from the impairment loss and the loss on disposal of equipment. The Company also had decreased revenues for the period as the NFT sales took place in the previous period.

The increase in net income during the quarter ended October 31, 2023, resulted from lower operating expenses, share-based compensation and increased revenues for NFT sales recognized during the period. The decrease in assets at October 31, 2023, resulted from the decrease in ROU asset from the termination of its office lease.

The increase in net income during the quarter ended January 31, 2024, resulted from lower operating expenses and increased revenues for NFT sales recognized during the period. The increase in assets at January 31, 2024, resulted from the increase of cash due to the gross proceeds received from the private placement that closed in November 2023.

The increase in net income during the quarter ended April 30, 2024, resulted from lower operating expenses and increased revenues for NFT sales recognized during the period. The increase in assets at April 30, 2024, resulted from the increase of cash due to the gross proceeds received from the private placement that closed in November 2023 as well as the newly acquired Platforms in February 2024.

The increase in net loss during the quarter ended July 31, 2024, resulted from higher operating expenses and an impairment of intangible assets during the period, increasing the net loss compared to the period ended April 30, 2024. The decrease in assets at July 31, 2024, resulted from the impairment of intangible assets.

The loss during the quarter ended October 31, 2024, mainly resulted from a decrease in revenue during the period. The loss was lower than the quarter ended July 31, 2024, which resulted mainly from an impairment of intangible assets during the July 31, 2024 period compared to no such impairment during the quarter ended October 31, 2024.

The loss during the quarter ended January 31, 2025, mainly resulted from a decrease in revenue during the period. The loss for the three months ended January 31, 2025 was lower than the quarter ended October 31, 2024 due to lower consulting fees and development costs incurred during the quarter ended January 31, 2025.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the year ended July 31, 2022. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

The Company's working capital deficiency at January 31, 2025 was $290,845 (July 31, 2024 - $336,224) including cash of $287,280 (July 31, 2024 - $899,817). As at January 31, 2025, the Company owed loans of $Nil (July 31, 2024 - $89,140) to non-arm's length parties.

RELATED PARTIES

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

Natasha Ingram – CEO (appointed on February 23, 2024)
Jared Gurfein – Former CEO (appointed on December 18, 2023, resigned on February 23, 2024)
Dorian Banks – Former CEO (appointed on August 25, 2021, resigned on December 18, 2023)
Francis Rowe – CFO (appointed on August 25, 2021)
James Henning – Director & Audit Committee Chair (appointed on January 25, 2023)
Guy Bourgeois – Director (appointed on June 13, 2024)
Kevin Cornish – Director (appointed on May 23, 2023)
Armita Jalooli– Former Director (appointed on October 17, 2023, resigned June 13, 2024)
Lucas Russell – Former Director (appointed on December 29, 2022, resigned October 17, 2023)

TRANSACTIONS WITH RELATED PARTIES

The following amounts are owed to related parties at:

	January 31, 2025 $	**July 31, 2024 $**
Amounts owed to directors of the Company	2,033	32,876
	2,033	32,876

Related party transactions

During the six months ended January 31, 2025, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $86,866 (2024 - $78,314) to the Company's key management:

	January 31, 2025 $	January 31, 2024 $
Consulting fees to Natasha Ingram, CEO	46,366	-
Consulting fees to Jared Gurfein, former CEO	-	13,564
Consulting fees to Dorian Banks, former CEO	-	36,000
Consulting fees to Francis Rowe, CFO	13,500	11,500
Consulting fees to Guy Bourgeois, Director	12,000	-
Consulting fees to Kevin Cornish, Director	12,000	12,000
Consulting fees to James Henning, Director	3,000	3,000
Consulting fees to Lucas Russell, Former Director	-	2,250
	86,866	78,314

During the six months ended January 31, 2024, the Company also incurred stock-based compensation to key management personnel related to the vesting of granted options of $Nil (2024 - $3,732).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

PROPOSED TRANSACTIONS

There is no material proposed transactions to report on.

SIGNIFICANT JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's statements include:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgement based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgement of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Stock-based compensation
The fair value of stock-based compensation requires judgement to estimate probability of achieving vesting conditions of RSUs.

Business combinations
Judgement is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total

expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Leases
Determining whether lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term requires judgement. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments, the fair value of these assets and liabilities acquired in a business combination, the useful lives of long-lived assets, and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

The material accounting policy information was the same as those that applied to the Company's audited financial statements for the year ended July 31, 2024.

During the year ended July 31, 2024, the Company recognized $25,000 of services revenue relating to the planting of trees on behalf of customers. Revenue is recognized over time as the Company fulfills the performance obligation of planting the trees. Cost of sales for this revenue stream represents costs incurred to plant the trees.

During the six months ended January 31, 2025, the Company recorded $20,000 in revenue pursuant to the completion of the development of Pure Sky Registry LLC's blockchain-based carbon credit registry as per the definitive agreement dated May 12, 2024. In addition, the Company recorded $2,500 in revenue pursuant to the completion of design services for Bluesphere Venture Inc.'s eco-conscious open metaverse initiative as per the definitive agreement dated March 20, 2024. Cost of sales for this revenue stream represents costs incurred to complete the development and design work.

FINANCIAL INSTRUMENTS AND RISKS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly from observable market data; and
Level 3: Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at January 31, 2025 and July 31, 2024:

	As at January 31, 2025		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	287,280	-	-

	As at July 31, 2024		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	899,817	-	-

Risk management

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

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at January 31, 2025, the Company has cash of $287,280 (July 31, 2024 - $899,817) available to apply against short-term business requirements and current liabilities of $647,302 (July 31, 2024 - $1,352,354).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. As at January 31, 2025, management concludes the exposure to market risk is not material.

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Contingencies

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claims described below, as of the date of this report, the Company is not aware of any other material or significant claims against the Company.

During the year ended July 31, 2023, Thanh Khiet Nguyen (the "Plaintiff") commenced a claim against the Company. The claim was brought against the Company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company under section 227 of the BC Business Corporations Act.

While this matter is ongoing, the Company disputes the allegations and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above.

Additional share information

At the date of this MD&A the Company had the following number of securities issued and outstanding:

Securities	**Number**
Common shares	39,866,754
Options	118,662
Restricted share units	6,665
Warrants	5,338,743
Fully diluted share capital	**45,330,825**

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedarplus.ca. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

RISKS AND UNCERTAINITIES

Global Health Crisis Risks

The Company's business, operations and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics and or other health crises, such as the recent outbreak of COVID-19. The full extent and impact of future health crisis is unknown and, in the past, has included volatility in financial markets, volatility in commodity prices, significant restrictions on travel, temporary business closures, quarantines, and a general reduction in economic and consumer activity, globally, all of which raise concern about a prolonged global recession. In addition, future health-related outbreaks may result in operating, supply chain and project development delays which may have material adverse effects on the operations of third parties in which the Company has an interest. Such third party operations may be suspended for precautionary purposes, or due to the imposition of emergency measures or other government action to combat the health crisis. If the operation or development of one or more third party businesses in which the Company holds an interest is suspended, it may have a material adverse impact on the Company's results of operations and financial condition, or on the trading price of the Company's securities.

Additional pandemic-related risks to Company's business include without limitation, the risk of breach of material contracts, employee health, workforce productivity, limitations on travel, the availability of industry experts and personnel, unknown adverse global public health developments, and other factors beyond the Company's control, any of which may have a material and adverse effect on the Company's business, financial condition, results of operations, and securities.

The Market price of the Common Shares may experience significant volatility

The market price for Common Shares may be subject to general volatility. Factors such as variations in the Company's financial results, announcements by the Company, developments affecting the business and customers, general interest rate levels, the market price of the Common Shares and general market volatility could cause the market price of the Common Shares to fluctuate significantly.

In addition, future sales or the availability for sale of substantial amounts of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and could impair the Company's ability to raise capital through future sales of its securities.

Market Acceptance

The operating results of the Reporting Issuer's business is subject to the market acceptance of the Company's products and services. If the Company's products and services do not gain market acceptance, its operating results may be negatively affected. If the markets for the Company's products and services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, the Company may be unable to: (i) successfully market its products; (ii) develop new products or services; or (iii) complete new products and services currently under development. If the Company's products and services are not accepted by its customers or by other businesses in the marketplace, the Company's business, operating results and financial condition will be materially affected.

The growth of the metaverse market and the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Conflicts of Interest

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which will be in similar businesses as those of the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Failure to Grow at the Rate Anticipated

The Company is a start-up company with no sustained history of sales or profitability. If the Company is unable to achieve adequate revenue growth, its ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy.

Attracting and Retaining Key Personnel

The Company may be unable to attract or retain key personnel with sufficient experience, and the Company may be unable to attract, develop and retain additional employees required for the Company's development and future success. The Company's success is largely dependent on the performance of its board and management team. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of the Company's key personnel.

Expenses May Not Align With Revenues

Unexpected events may materially harm the Company's ability to align incurred expenses with recognized revenues. The Company incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, the Company's business, financial condition, or results of operations could be materially and adversely affected.

The Company has a Limited Operating History

The Company has a very limited history of operations and is in the early stage of operations. As such, the Company will be subject to many risks common to such enterprise including, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Company will be able to earn material revenue or that any of its activities will generate positive cash flow.

The Company incurred a net loss of $412,467 for the six months ended January 31, 2025. The Company's accumulated deficit as of January 31, 2025 was $25,638,594. The Company intends to continue to expend significant funds to develop its business. As the Company grows, the Company expects the aggregate amount of these expenses will also continue to grow. There is no assurance that sufficient funding will be available in the future. Management has the option to raise funds through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments.

The Company's efforts to grow the business may be more costly than expected and the Company may not be able to increase its revenue enough to offset higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this document and in the Company's public disclosure record and other unknown events. The amount of future net losses will depend, in part, on the growth of the Company's future expenses and its ability to generate revenue. If the Company continues to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have a material adverse effect on the Company's stockholders' equity and working capital. Even if the Company achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease and the Company's ability to raise capital, expand its business or continue operations may be impaired. A decline in the Company's value may also cause investors to lose all or part of their investment.

Ability to Secure Adequate Sources of Funding

The continued development of the Company's business will require additional financing and there is no assurance that the Company will obtain the financing necessary to be able to achieve its business objectives. The Company's ability to obtain additional financing will depend on investor demand, the Company's performance and reputation, market conditions and other factors. The Company's inability to raise such capital could result in the delay or indefinite postponement of the Company's current business or in its inability to continue to carry on its business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets. The Company's continued growth may be financed, wholly or partially, with debt, which may increase the Company's debt levels. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions that, if breached, may entitle lenders or their agents to accelerate repayment of loans or realize upon security over the Company's assets, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to any such debt financing.

Risk Management Efforts May Not Be Effective

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, and other market-related risk, as well as operational risks related to the Company's business, assets and liabilities. The Company's risk management policies, procedures and techniques, may not be sufficient to identify all of the risks that the Company is exposed to, mitigate the risks that are identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

Dependence on Third Party Relationships

The Company may become highly dependent on a number of third-party relationships to conduct its business and implement expansion plans. It cannot be assured that all of these partnerships will turn out to be as advantageous as anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to assure that all associated partners will perform their obligations as agreed.

Tax and Accounting Changes

The Company is subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on the Company's financial results, or the manner in which the Company conducts its business. The Company may expand its operations into foreign jurisdictions in the future. These operations, and any expansion thereto, will require the Company to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject the Company to penalties and fees in the future if the Company were to fail to comply.

Additional Costs to Maintain Public Listing

The Company is a reporting issuer and incurs significant legal, accounting and other expenses. The Company will incurs increased costs as a result of operating as a publicly-traded company and its management will be required to devote substantial time to compliance. In addition, securities laws and regulations and stock exchanges rules and polices impose various requirements on public companies, including requirements to file annual, quarterly and event-driven reports with respect to the Company's business and financial condition and operations and to establish and maintain effective disclosure and financial controls and corporate governance practices. The Company's existing management team will need to devote a substantial amount of time to these matters, and may need to hire additional personnel to assist the Company with complying with these requirements. Moreover, these rules and regulations will increase the Company's legal and financial compliance costs and will make some activities more time consuming and costly.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public Company required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Being a public Company and complying with applicable rules and regulations will make it more expensive for the Company to obtain director and officer liability insurance, and the Company will incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Company to attract and retain qualified executive officers and board members.

Investor Tax Issues

Income tax consequences in relation to the Common Shares will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors.

Internal Controls

Proper internal control systems and disclosure are critical to the operation of a public company. However, the Company does not expect that its internal controls will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of such controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, the Company's reputation and operating results could be materially adversely affected, which could cause investors to lose confidence in the Company and its reported financial information, which in turn could result in a reduction in the value of the Common Shares.

Dividends

The Company has not paid any dividends on its outstanding Common Shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company's Board of Directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes or shifts in political attitude towards blockchain technology in certain countries may adversely affect the Company’s business.

Going Concern Assumption

The financial statements of the Company and HOK have been prepared in accordance with IFRS on a going concern basis, which presumes that the Company and HOK will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company and HOK, and therefore the Company's continuation as a “going concern” is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to continue profitable operations, the generation of cash from operations, and its ability to obtain financing arrangements and capital in the future. These material uncertainties represent risks to the Company’s ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the “going concern” assumption was not appropriate for the financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Need to Manage Growth

The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company’s administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company’s business, operations and operating results and financial condition may be materially adversely affected.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company requires significant access to credit for business expansion. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Regulatory Risks

The business and activities of the Company may be heavily regulated in all jurisdictions where it will carry on business. The proposed activities of the Company may be subject to various laws, regulations and guidelines by governmental authorities, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company’s products and services. The Company’s business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the provision of its services. Although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company’s ability to conduct business in the jurisdictions and industries in which it currently operates or intends to operate. Amendments to current laws and regulations governing the Company’s current and/or intended operations, more stringent implementation thereof or other unanticipated events could have a material adverse impact on the business, financial condition and operating results of the Company.

Permits and Licenses

The Company believes it currently has all permits and licences that are necessary to carry on its business. It may require additional licences or permits in the future and there can be no assurance that we will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements in the United States, Canada and potentially other jurisdictions. Although the Company is expected to comply with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition.

Litigation

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition. More specifically, the Company may face claims relating to information that is retrieved from or transmitted over the Internet or through the solution and claims related to the Company's products. In particular, the nature of the Company's business exposes it to claims related to intellectual property rights, rights of privacy, and personal injury torts. Furthermore, there is no assurance that any liability incurred as a result of litigation can be recovered from the Company's insurance policy.

Other Risks Relating to the Company's Business

Competition

The Company will compete with other businesses. Any market participant with sufficient capital and know-how has the ability to compete with the Company's core businesses. As a result, the Company will face significant competition in the blockchain and metaverse sectors. The Company's competitors may include other acquisition vehicles and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

The market in which the Company competes requires continuous innovation and are highly competitive, rapidly evolving, subject to changing technology, shifting customer trends, competition for new content, and frequent introductions of new products and services. New competitors could launch new businesses in the Company's markets at a relatively low cost since technological and financial barriers to entry are relatively low. Some of the Company's current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, broader geographic scope, and larger marketing budgets, as well as substantially greater financial, technical, personnel, and other resources. The Company may also experience competition from smaller, newer competitors that may be more agile in responding to customers' demands. These competitors may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if the Company's products are more effective than the products and services that the Company's competitors offer, potential customers might select competitive products and services in lieu of purchasing the Company's products and services. For these reasons, the Company may not be able to compete successfully against the Company's current and future competitors, which could negatively impact the Company's future sales and harm the Company's business and financial condition.

Operational Risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. The Company's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. As the Company offers produces and services that are reliant on both technology and human expertise and execution, the Company is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Company's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.