

SENSOR TECHNOLOGIES CORP.

**Management's Discussion and Analysis
For the Years Ended
December 31, 2021 and 2020**

Sensor Technologies Corp.
Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020

Date of report: April 29, 2022

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Sensor Technologies Corp. ("STC" or the "Company") should be read in conjunction with STC's annual consolidated financial statements and notes thereto as at and for the years ended December 31, 2021 and 2020 (the "consolidated financial statements").

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's expectations regarding its exploration and development activities, including expectations regarding the timing, costs and results of seismic acquisition, drilling and other activities, and future production volumes and sales, receipt of regulatory and governmental approvals, the Company's future working capital requirements, including its ability to satisfy such requirements, the exposure of its financial instruments to various risks and its ability to manage those risks, the Company's ability to use tax resource pools and loss carry-forwards, fees to be incurred by foreign subsidiaries and changes in accounting policies.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to oil and gas exploration activities generally, including the availability and cost of seismic, drilling and other equipment; our ability to complete our capital programs; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; our ability to secure adequate transportation for our products; potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which we are reliant; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; our ability and the ability of our partners to attract and retain the necessary labour required to explore and develop our projects; potential conflicting interests with our joint venture partners; our failure or the failure of the holder(s) of licenses or leases to meet specific requirements of such licenses or leases; the failure by counterparties to make payments or perform their operational or other obligations in compliance with the terms of contractual arrangements between us and such counterparties; adverse claims made in respect of our properties or assets; operating hazards and other difficulties inherent in the exploration for and production and sale of crude oil and natural gas; political and economic conditions in the countries in which our property interests are located; obtaining the necessary financing for operations, our ability to generate taxable income from operations, fluctuations in the value of our portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying our interests and portfolio investments, and other risks included elsewhere in this MD&A under the heading "Risk Management" and in the Company's public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedar.com.

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Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

About Sensor Technologies Corp.

Sensor Technologies Corp. (the "Company" or "STC") is continued under the Business Corporations Act (Ontario). The Company's principal assets are oil and natural gas interests. The Company is also in the process of exploring other opportunities. The Company is domiciled in the province of Ontario and its head office is located at 2455 Cawthra Road, Unit 75, Mississauga, Ontario, Canada. The Company trades on the Canadian Securities Exchange ("CSE") under the symbol "SENS".

The consolidated statements were approved for issue by the board of directors on April 29, 2022.

The Company trades on the Canadian Securities Exchange ("CSE") under the symbol "SENS". These consolidated financial statements ("consolidated statements") include the accounts of the Company and its subsidiaries, Mooncor Energy Inc. ("Mooncor Energy"), an Alberta Corporation, Primary Petroleum Company U.S. Inc ("PPCUSA"), a Montana, USA Corporation, Primary Petroleum Company LLC ("PPCLLC"), a Montana, USA Corporation and AP Petroleum Company ("APLLC"), a Montana, USA Corporation.

On December 1, 2019, the Company entered into share purchase agreement with an arm's length party with respect to the sale of 49% of the issued and outstanding securities in the capital of Sensor Technologies Inc. ("STI"), a wholly owned subsidiary of Sensor, for \$158,080 with a right of first refusal to purchase another 26% of the issued and outstanding securities for \$10, subject to shareholder approval, within 5 years of the closing date.

These consolidated financial statements include the accounts of the Company and its subsidiaries; Mooncor Energy, PPCUSA, PPCLLC and APLLC (collectively referred to as the "Company"). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. STI which was a subsidiary is no longer consolidated as it is considered held for sale (see notes 2 and 3 to the consolidated financial statements for years ended December 31, 2021 and 2020).

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Summary of activities

a) Non-binding letter of intent with Robotic StemCell BioTech Ltd. ("Robotic")

The Company has agreed to acquire all of the issued and outstanding securities of Robotic, an arm's length company, pursuant to a non-binding letter of intent dated November 24, 2021. The purchase price for the Robotic shares will be determined by the parties upon the completion of the Company's due diligence. The purchase price shall be satisfied through the issuance of common shares in the capital of the Company at a price to be determined in the context of the market. The acquisition of the Robotic is subject to requisite shareholder and regulatory approval, including the approval of the CSE and standard closing conditions, including the completion of due diligence investigations to the satisfaction of each of both companies. Prior to completion of the Robotic transaction, both companies shall negotiate and enter into a definitive share exchange agreement on commercially reasonable terms and the parties shall have obtain the requisite shareholder approvals for the Robotic transaction.

b) Non-binding letter of intent with Blockchain Assets Management Group Limited ("BAM")

The Company has agreed to acquire up to 20% of the issued and outstanding securities in the capital of BAM, an arm's length company, for a purchase price of up to CAD\$1 million pursuant to non-binding letter of intent dated November 25, 2021. The final BAM purchase price will be determined by the companies upon the completion of the Company's due diligence. The BAM purchase price may be satisfied either through (i) cash consideration paid on the closing of the acquisition of the BAM Shares; (ii) the issuance of common shares in the capital of the Company at a price to be determined in the context of the market; or (iii) a combination of cash consideration and issuance of shares. The acquisition of the BAM shares is subject to requisite shareholder and regulatory approval, including the approval of the CSE and standard closing conditions, including the completion of due diligence investigations to the satisfaction of each of the companies. Prior to completion of the BAM Transaction, both companies shall negotiate and enter into a definitive share exchange agreement on commercially reasonable terms and the parties shall have obtain the requisite shareholder approvals for the BAM transaction.

c) Private Placement

The Company intends to raise gross proceeds of up to \$500,000 through a non-brokered private placement of up to 10,000,000 units (the "Units") at a price of \$0.05 per Unit. Each Unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at a price of \$0.08 for a period of two years following the closing date of the offering. The closing of the offering is subject to all necessary regulatory approvals. The securities being issued pursuant to the offering will be subject to a four month hold period in accordance with applicable Canadian securities laws. The proceeds from the offering will be used for general working capital purposes.

d) Change of Business

After a thorough evaluation of the Company's existing resources and a review of strategic options for the corporation generally, the board of directors ("the Board") and management determined to refocus its business operations from an "industrial issuer" to an "investment issuer". The Board believes that its network of business contacts, the depth of experience of its management team and its overall entrepreneurial approach will enable it to identify and capitalize upon investment opportunities as an "investment issuer". The closing of the Robotic and BAM Transactions are conditional upon Sensor obtaining shareholder approval for the proposed change of business (the "COB"). If shareholders approve the proposed COB, the Company's primary focus will be to seek returns through investments in the securities of other companies. Sensor will continue to review opportunities to extract residual value from its existing assets, provided the Company may abandon some or all of such assets if it determines appropriate. If the proposed COB is approved by shareholders, the Company will continue its operations as a diversified investment and merchant banking firm focused on public companies and commodities. The Company's proposed investment activities will include (i) public companies, (ii) near public companies and private capital, (iii) global venture capital initiatives and (iv) strategic physical commodities. However, the Company may

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take advantage of special situations and merchant banking opportunities, as such opportunities arise, and make investments in other sectors which the Company identifies from time to time as offering particular value.

e) EmersonGrow

The Company has terminated the previously reported letter of intent with EmersonGrow Technology Inc. in December 2021.

Going concern

The consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred a net loss of \$130,185 for year ended December 31, 2021 (2020- \$304,059), has a working capital deficiency in the amount of \$777,429 and has a deficit in the amount of 5,569,509 as at December 31, 2021.

Management estimates that the funds available as at December 31, 2021 will not be sufficient to meet the Company's potential capital and operating expenditures through to December 31, 2022. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. The challenges of securing requisite funding and the cumulative losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These interim consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Oil and gas property interests

The Company has an interest in 2 suspended heavy oil wells and leases and related natural gas rights in the Lloydminster area of Alberta as at December 31, 2021 and 2020. The interests are carried at a nominal amount of \$1. In a prior year the Company had recognized an impairment in these assets.

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Operating results

As noted above, on December 1, 2019, the Company entered into share purchase agreement with an arm's length party with respect to the sale of 49% of the issued and outstanding securities in the capital of STI., a wholly owned subsidiary of Sensor for \$158,080 with a right of first refusal to purchase another 26% of the issued and outstanding securities for \$10 within, subject to shareholder approval, 5 years of the closing date. Management expects that the sale of the further 26% interest will close within the upcoming fiscal year and therefore as required under IFRS 5 has recorded this investment as a subsidiary held for sale and as such has deconsolidated the subsidiary. The financial results for STI for the year ended December 31, 2021 and 2020 have been disclosed as net income of subsidiary held for sale in the consolidated statements of loss and comprehensive loss..

The Company's consolidated statements of (loss) and comprehensive (loss) for the most recent three years are:

| | Year ended December 31, | | |
|---|--------------------------------|---------------------|-----------------------|
| | 2021 | 2020 | 2019 |
| Alberta energy site rehabilitation program grant | \$ 115,428 | \$ - | \$ - |
| Interest income | 1,721 | 3,238 | 6,714 |
| Total revenue | 117,149 | 3,238 | 6,714 |
| Expenses | | | |
| Exploration expenses | (18,999) | (17,097) | (31,857) |
| Reclamation and decommissioning expenses | (72,134) | - | - |
| Office and general | (68,920) | (85,851) | (42,917) |
| Total expenses | \$ (160,053) | \$ (102,948) | \$ (74,774) |
| (Loss) before undernoted | (42,904) | (99,710) | (68,060) |
| Finance costs | (91,373) | (237,228) | (262,710) |
| Impairment of oil and gas property interests | - | - | (509,278) |
| Loss on sale of disposal of subsidiary held for sale | - | - | (2,465,615) |
| Writedown of investment in subsidiary held for sale to fair value | - | - | (821,869) |
| Gain on foreign exchange | 222 | 694 | 1,503 |
| Net (loss) for the year | (134,055) | (336,244) | (4,126,029) |
| Net income of subsidiary held for sale for the year | 3,870 | 32,185 | 369,831 |
| | (130,185) | (304,059) | (3,756,198) |
| Other comprehensive (loss) for the year | | | |
| Exchange differences on translation of foreign operations | (46) | (125) | (336) |
| Total comprehensive (loss) for the year | \$ (130,231) | \$ (304,184) | \$ (3,756,534) |
| Weighted average shares outstanding - basic and diluted | 197,961,264 | 83,503,992 | 65,940,978 |
| (Loss) per common share based on net (loss) for the year | \$ (0.00) | \$ (0.00) | \$ (0.00) |

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The Company's quarterly sales, cost of sales, gross profit and gross profit margin percentages for the eight most recently completed financial periods are as follows:

| | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Alberta energy site rehabilitation program grant | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 115,428 | - |
| Interest income | 1,750 | 1,750 | 1,750 | (2,012) | 800 | 800 | 800 | (679) |
| Total revenue | 1,750 | 1,750 | 1,750 | (2,012) | 800 | 800 | 116,228 | (679) |
| Gross profit (loss) | 1,750 | 1,750 | 1,750 | (2,012) | 800 | 800 | 116,228 | (679) |
| Total comprehensive income (loss) | (94,542) | (63,261) | (75,470) | (70,911) | (70,983) | (80,236) | 64,450 | (43,462) |
| Income (loss) per common share based on net (loss) | \$ (0) | \$ (0) | \$ (0) | \$ (0) | \$ (0) | \$ (0) | \$ (0) | \$ (0) |

As a result of the share purchase agreement on December 1, 2019, with respect to the sale of 49% of the issued and outstanding securities in the capital of STI., with a right of first refusal to purchase another 26% of the issued and outstanding securities within 5 years of the closing date, subject to shareholder approval, the financial results for STI for the years ended December 31, 2021 and 2020 have been disclosed as net income of subsidiary held for sale in the consolidated statements of loss and comprehensive loss.

In the year ended December 31, 2021, the Company received a grant of \$115,428 from Alberta Energy Site Rehabilitation Program. The grant was paid directly to a sub-contractor to clean up the well sites.

Total expenses before finance costs and exchange rate gains/losses for the year ended December 31, 2021 were \$160,053 (2020 - \$102,948). Exploration expenses in 2021, mainly comprises lease costs, was \$18,999 (2020 - \$17,097). For the year ended December 31, 2021, reclamation and decommissioning expenses were \$72,134 (2020 - \$nil) using the estimate of Alberta Energy Regulators. Office and general expenses were \$68,920 (2020 - \$85,851) and includes accounting services \$40,550, accrual for audit fees \$16,000 and corporate services of \$21,771. Old accounts payable balances of \$27,791 were written back in 2021 as were the rent accrual of \$17,200 following negotiation of the rental lease. The 2020 office and general expenses were offset by debt forgiveness of \$21,644.

Finance charges were \$91,373 during the year ended December 31, 2021 (2020 - \$237,228). This includes \$17,348 interest accrued on convertible debentures (2020 - \$148,982) and accretion on these debentures of \$49,320 (2020 - \$15,912). The balance of the interest expense of \$39,515 (2020 - \$72,334) relates to interest on advances. The convertible debentures matured in 2021 and \$615,699 were converted to common stock. During the year ended December 31, 2021 \$530,527 of advances and \$800,127 of accounts payable were converted to common stock. The conversion of the convertible debentures and advances reduced the overall finance charges in 2021.

The net income of subsidiary held for sale was \$3,870 for the year ended December 31, 2021 (2020 - \$32,185). The reduction in income was the result of lower COVID wage subsidies in 2021 as well as a payment of \$10,000 to an IT company to upgrade the monitoring software interface and an increase of \$12,000 in the consulting fees paid to the CEO of the company.

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2021 Fourth Quarter Results

As a result of the share purchase agreement with respect to the sale of 49% of the issued and outstanding securities in the capital of STI., with a right of first refusal to purchase another 26% of the issued and outstanding securities within 5 years of the closing date, subject to shareholder approval, the financial results for STI for the three months ended December 31, 2021 and 2020 have been disclosed as net income of subsidiary held for sale in the consolidated statements of loss and comprehensive loss..

Results of operations for the three months ended 2021 and 2020 are:

| | Three months ended December 31, | |
|---|--|--------------------|
| | 2021 | 2020 |
| Alberta energy site rehabilitation program grant | \$ - | \$ - |
| Interest income | (679) | (2,012) |
| Total revenue | (679) | (2,012) |
| Expenses | | |
| Exploration expenses | (4,702) | (7,001) |
| Reclamation and decommissioning expenses | (72,134) | - |
| Office and general | 23,408 | (4,579) |
| Total expenses | \$ (53,428) | \$ (11,580) |
| (Loss) before undernoted | (54,108) | (13,592) |
| Finance costs | 11,324 | (77,250) |
| Gain on foreign exchange | 164 | 1,463 |
| Net (loss) for the period | (42,620) | (89,379) |
| Net (loss) income of subsidiary held for sale for the period | (817) | 18,641 |
| | (43,437) | (70,738) |
| Other comprehensive (loss) for the period | | |
| Exchange differences on translation of foreign operations | (25) | (173) |
| Total comprehensive (loss) for the period | \$ (43,462) | \$ (70,911) |
| Weighted average shares outstanding - basic and diluted | 229,853,780 | 71,234,129 |
| (Loss) per common share based on net (loss) for the period | \$ (0.00) | \$ (0.00) |

Total expenses for the three months ended December 31, 2021 were \$53,428 (2020 – \$11,580). Reclamation and decommissioning expenses were \$72,134 (2020 - \$nil) were booked during the three months ended December 31, 2021 using the estimate of Alberta Energy Regulators. Office and general expenses were a credit of \$23,408 (2020 – \$4,579) due to write back of old accounts payable balances of \$27,791 and the rent accrual of \$17,200. In the corresponding period of 2020, we booked a debt forgiveness of \$21,644.

Finance charges were a credit of \$11,324 for the three months ended December 31, 2021 due to write back of an old interest accrual (2020 - expense of \$77,250). The conversion of the convertible debentures and advances reduced the overall finance charges in 2021.

The net (loss) of subsidiary held for sale for the three months ended December 31, 2021 was \$817 (2020 - income of \$18,641) largely because there were no maintenance income in the three months ended December 31, 2021.

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Exploration expenses

The exploration costs during the years ended December 31, 2021 and 2020 were as follows:

| | Year ended December 31, | | | |
|----------------------------|--------------------------------|--------|-------------|--------|
| | 2021 | | 2020 | |
| Annual lease renewal costs | \$ | 14,031 | \$ | 15,914 |
| Land management | | 4,968 | | 1,183 |
| | \$ | 18,999 | \$ | 17,097 |

Office and general expenses

The office and general expenses during the years ended December 31, 2021 and 2020 were as follows:

| | Year ended December 31, | | | |
|-------------------------------------|--------------------------------|----------|-------------|----------|
| | 2021 | | 2020 | |
| Accounting services | \$ | 40,550 | \$ | 41,431 |
| Rent expense | | (17,200) | | 7,200 |
| Telephone expense | | 1,458 | | 1,433 |
| Professional fees and disbursements | | 31,201 | | 21,000 |
| Insurance | | 16,631 | | 13,804 |
| Corporate services | | 21,771 | | 18,697 |
| Write back of old accounts payable | | (27,791) | | - |
| Debt forgiveness | | - | | (21,644) |
| Others | | 2,300 | | 3,930 |
| | \$ | 68,920 | \$ | 85,851 |

Cash Flow

During the year ended December 31, 2021 the Company used cash of \$75,782 (2020 – \$56,965) in operating activities. The net loss for the year of \$130,185 were offset by expenses that did not involve movement of funds and included accrued interest on convertible debentures and advances of \$56,952 and accretion of convertible debentures of \$19,320.

Reclamation and decommissioning liabilities decreased by \$43,294 and \$60,000 was received as CERB loan.

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Liquidity and Capital Resources

| Consolidated statements of financial position highlights | December 31, 2021 | December 31, 2020 |
|---|--------------------------|--------------------------|
| Cash | \$ 11,035 | \$ 2,328 |
| Oil and gas property interests | 1 | 1 |
| Total assets | 470,993 | 460,428 |
| Total liabilities | 874,433 | 2,679,990 |
| Share capital and equity portion of convertible debenture | 5,166,515 | 3,220,162 |
| Accumulated other comprehensive income | (446) | (400) |
| Deficit | (5,569,509) | (5,439,324) |
| Working capital deficiency | (777,429) | (2,099,019) |

The Company has a working capital deficiency of \$777,429 as at December 31, 2021 (2020 - \$2,099,019) and its cash balance is not sufficient to meet the Company's liabilities. There is no assurance that the Company can raise sufficient capital to continue as a going concern.

Related party transactions:

Related parties include Board of Directors, close family members, key management personnel, enterprises and others who exercise significant influence over the reporting entity. All amounts owing to related parties are unsecured, non-interest bearing and due on demand unless otherwise noted.

- a) At December 31, 2021 \$nil (2020 - \$511,637) has been included in accounts payable and accrued liabilities for unpaid remuneration of the Company's former Chief Executive Officer and director, Allen Lone. During the year ended December 31, 2021 \$511,637 owing to Allen Lone were converted into 25,581,825 shares.
- b) Included in advances are amounts outstanding December 31, 2021 of \$nil (2020 - \$333,789), from the former CEO and director Allen Lone, and from 2725004 Ont. and were due on demand. During the year ended December 31, 2021 \$334,978 owing to Allen Lone were converted into 16,748,877 shares and \$43,664 owing to 2725004 Ont. were converted to 1,183,222 shares.
- c) At December 31, 2021 and 2020, \$14,950 has been included in accounts payable for Jay Vieira, the CEO of the Company for professional expenses and disbursements.
- d) During the year ended December 31, 2021 \$615,699 of the convertible debentures owing to 2725004 Ont. were converted into 20,434,950 shares (2020 - \$790,000 were converted into 79,000,000 shares).
- e) Included in financing costs for the year ended December 31, 2021 is \$66,758 (2020 - \$164,894) due to 2725004 Ont. for accretion and interest accrued on the convertible debentures.

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Key Management Compensation

The compensation of key management of the Company is \$nil for the years ended December 31, 2021 and 2020. . Key management is those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

Management of capital

The Company's objectives when managing capital are as follows:

- a. To safeguard the Company's ability to continue as a going concern.
- b. To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties.
- c. To raise sufficient capital to meet its general and administrative expenditures.

The Company considers its capital to be equity, which comprises capital stock, equity component of convertible debenture. Accumulated other comprehensive income and deficit which at December 31, 2021 was a deficiency of \$403,440 (2020 – \$2,219,562).

The Company manages its capital structure and makes adjustments to it based on general economic conditions, short term working capital requirements, and planned exploration and development. The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets' underlying assumptions as necessary. There have been no changes in the way the Company manages its capital during years ended December 31, 2021 and 2020

Deposits

As at December 31, 2021, the Company has deposits totaling \$345,233 (2020 \$343,512) which is used as collateral for its oil and gas property interests associated with the Company's interest in Alberta, Canada.

Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions in relation to the Company's activities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant price, credit, liquidity, or cash flow risks arising from the financial instruments. There were no changes to the Company's risks, objectives, policies and procedures from the previous year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation.

The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

At December 31, 2021, the Company had a cash balance of \$11,035 (2020 – \$2,328) which is not sufficient to settle current liabilities of \$814,433 (2020 – 2,131,049). The Company has a working capital deficiency of \$777,429 at December 31, 2021 (2020 – \$2,099,019) and therefore the liquidity risk is high. See "Going Concern" section elsewhere in this MD&A.

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Trade and other accounts receivable

Trade and other accounts receivable consists primarily of HST receivable from the government of Canada. As such risk on non-collection is considered low.

Foreign exchange

The Company operates primarily in Canada and the United States. The presentation currency is Canadian dollar and the functional currency of the parent company is the Canadian dollar. As at December 31, 2021, the Company's US dollar net monetary assets totaled \$640 (2020 – net monetary liabilities of \$21,083). Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2021 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by \$32.

Other risks

The Company's financial condition, results of operation and business are subject to certain risks, which may negatively affect them. Certain of these risks are described below in addition to elsewhere in this MD&A.

(a) Exploration and Development

The business of exploring for, developing and producing oil and gas involves a high degree of risk. Oil and gas reserves may never be found or, if discovered, may not be result in production at reasonable costs or profitability. The business of exploring, developing and producing is also capital intensive and, to the extent that cash flows from operating activities and external sources become limited or unavailable, the ability of the Company and of its operating partners to meet their respective financial obligations which are necessary to maintain their interests in the underlying properties could be impaired, resulting in those of the interests.

(b) COVID 19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

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(c) Environmental

The Company's oil and gas operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased costs, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties or by illegal mining activities.

(d) Fluctuations in Crude Oil, Natural Gas, and Natural Gas Liquid Prices

The price of the Company's common shares, and consolidated financial results and exploration, development and other oil and gas activities may in the future be significantly and adversely affected by declines in the price of crude oil, natural gas, and/or natural gas liquid (collectively "oil and gas"). The price of oil and gas fluctuates widely and is affected by numerous factors beyond the Company's control, such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the US dollar and foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major oil and gas producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future material price declines could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the price of oil and gas, cash flow from the Company's operations may not be sufficient and the Company could be forced to discontinue production and may lose the Company's interest in, or may be forced to sell, some of the Company's properties. Future production from the Company's properties is dependent upon the price of oil and gas being adequate to make these properties economic.

(e) Dependence on management

The Company is dependent upon the efforts, skill and business contacts of key members of management, for among other things, during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success will depend upon the continued service of these individuals who are not obligated to remain employed with the Company. A loss of key personnel - members of management in particular - could impair our ability to execute our strategy and implement our operational objectives, all of which would have a material adverse effect on the Company.

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Share Data:

Capital Stock

Common shares outstanding as of the date of the MD&A, December 31, 2021 and 2020, are as follows;

| | # of Common Shares | | Amount |
|--|--------------------|-----------|------------------|
| Balance, December 31, 2019 | 71,234,129 | \$ | 2,365,158 |
| Shares issued on conversion of debentures | 79,000,000 | | 790,000 |
| Equity portion of convertible debentures transferred to common stock on conversion of debentures | - | | 54,114 |
| Balance, December 31, 2020 | 150,234,129 | \$ | 3,209,272 |
| Shares issued on conversion of debentures | 20,434,950 | | 615,699 |
| Shares issued on conversion of advances | 26,526,354 | | 530,527 |
| Shares issued on conversion of accounts payable | 40,006,331 | | 800,127 |
| Equity portion of convertible debentures transferred to common stock on conversion of debentures | - | | 10,890 |
| Balance, December 31, 2021 and date of MD&A | 237,201,764 | \$ | 5,166,515 |

Stock options

All outstanding options expired unexercised during the year ended December 31, 2021.

Segmented Information

The Company's reportable segments are strategic business units that offer different services and/or products. The Company's reportable segments are strategic business units that offer different services and/or products. They are managed separately because each segment requires different strategies and involves different aspects of management expertise. On disposal of the technology segment of the Company, the Company has decided to disclose the segment results of the oil and gas companies and corporate operations.

MEI, PPI, PPC and APPC are oil & gas companies

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company carries out its operations through wholly-owned entities. These entities are located in Canada and the United States.

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For year ended December 31, 2021

| | | Oil and Gas Operations | | Corporate Operations | | Total |
|---|-----------|-----------------------------------|-----------|---------------------------------|-----------|------------------|
| Alberta energy site rehabilitation program grant | \$ | 115,428 | \$ | - | \$ | 115,428 |
| Interest income | | 1,721 | | - | | 1,721 |
| Total revenue | \$ | 117,149 | \$ | - | \$ | 117,149 |
| Expenses | | | | | | |
| Exploration expenses | | (18,999) | | - | | (18,999) |
| Reclamation and decommissioning expenses | | (72,134) | | | | (72,134) |
| Office and general | | 26,107 | | (95,027) | | (68,920) |
| Total expenses | \$ | (65,026) | \$ | (95,027) | \$ | (160,053) |
| Income (loss) before undemoted | | 52,123 | | (95,027) | | (42,904) |
| Finance costs | | - | | (91,373) | | (91,373) |
| Income on foreign exchange | | 365 | | (143) | | 222 |
| Net income (loss) for the year | | 52,488 | | (186,543) | | (134,055) |
| Net income of subsidiary held for sale | | - | | 3,870 | \$ | 3,870 |
| Total income (loss) for the year | \$ | 52,488 | \$ | (182,673) | \$ | (130,185) |
| Other comprehensive (loss) for the year | | | | | | |
| Exchange differences on translation of foreign operations | | (46) | | - | | (46) |
| Total comprehensive income (loss) for the year | \$ | 52,442 | \$ | (182,673) | \$ | (130,231) |
| As at December 31, 2021 | | | | | | |
| Total assets | \$ | 286,952 | \$ | 184,041 | \$ | 470,993 |

Sensor Technologies Corp.
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For year ended December 31, 2020

| | | Oil and Gas Operations | | Corporate Operations | | Total |
|---|-----------|-----------------------------------|-----------|---------------------------------|-----------|------------------|
| Interest income | \$ | 3,238 | \$ | - | \$ | 3,238 |
| Total revenue | \$ | 3,238 | \$ | - | \$ | 3,238 |
| Expenses | | | | | | |
| Exploration expenses | | (17,097) | | - | | (17,097) |
| Office and general | | - | | (85,851) | | (85,851) |
| Total expenses | \$ | (17,097) | \$ | (85,851) | \$ | (102,948) |
| (Loss) before undernoted | | (13,859) | | (85,851) | | (99,710) |
| Finance costs | | - | | (237,228) | | (237,228) |
| Gain on foreign exchange | | 1,391 | | (697) | | 694 |
| Net (loss) for the year | | (12,468) | | (323,776) | | (336,244) |
| Net income of subsidiary held for sale | | - | | 32,185 | | 32,185 |
| Total (loss) for the year | \$ | (12,468) | \$ | (291,591) | \$ | (304,059) |
| Other comprehensive (loss) for the year | | | | | | |
| Exchange differences on translation of foreign operations | | (125) | | - | | (125) |
| Total comprehensive (loss) for the year | \$ | (12,593) | \$ | (291,591) | \$ | (304,184) |

As at December 31, 2020

| | | | | | | |
|--------------|----|---------|----|---------|----|---------|
| Total assets | \$ | 344,691 | \$ | 115,737 | \$ | 460,428 |
|--------------|----|---------|----|---------|----|---------|

Critical accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's audited financial statements include the Company's estimate of recoverable fair value on exploration assets, the valuation related to the Company's taxes and deferred taxes, and the Company's estimation of decommissioning and restoration costs and the timing of expenditure and the Company's allowances for impairments of trade and other accounts receivables, impairment of inventory, valuation of convertible debenture and options.

Allowances for impairment of trade and other accounts receivables

The Company's carrying value of trade and other receivables as at December 31, 2021 was \$13,079 (2020 - \$1,481). The policy for allowances for impairment on accounts receivable of the Company is based on the evaluation of collectability and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history. If the financial conditions of the debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

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Valuation of convertible debenture and options

Management used the residual method to allocate the fair value of the conversion options. Management calculated the fair value of the liability component as \$2,608,209 using a discount rate of 15%, and then management deducted the fair value of the liability component from the fair value of the convertible debenture as a whole, with the resulting residual amount of \$191,791 being the fair value of the equity component.

During the year ended December 31, 2021, the convertible debentures matured and the accrued interest of \$615,699 were converted into 20,434,950 shares.

On July 26, 2011, the shareholders of the Company approved a stock option plan (the "Plan") to enable directors, officers, employees and consultants of the Company to purchase common shares. All options granted to optionees performing investor relations activities shall vest and become fully exercisable $\frac{1}{4}$ three months from the date of grant, $\frac{1}{4}$ six months from the date of grant, $\frac{1}{4}$ nine months from the date of grant and the final $\frac{1}{4}$ twelve months from the date of grant. All options granted under the Plan shall expire no later than at the close of business ten years from the date of grant. The Plan provides that the number of common shares reserved for issuance upon exercise of options granted shall not exceed 10% of total issued and outstanding shares of the Company. No material changes were made to the Plan in the current year. No options were granted during the years ended December 31, 2021 or 2020.

All outstanding options expired unexercised during the year ended December 31, 2021.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation assets, costs to sell the properties and the appropriate discount rate. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable oil reserves or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation.

Taxes, income taxes and deferred taxes

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of an oil well to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the oil well. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Future accounting pronouncements

There are currently no new accounting pronouncements effective for future dates that are expected to have a significant impact on the Company.

Investor relations:

The Company's management performed its own investor relations duty for the year ended December 31, 2021.

Additional information:

Additional information relating to Sensor may be found under the Company's profile on SEDAR at www.sedar.com or otherwise accessible on the Company's website, www.sensetekinc.com/