THE GOOD FLOUR CORP. (Formerly LOOPShare Ltd.)

MANAGEMENT'S DISCUSSION & ANALYSIS

For the years ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of The Good Flour Corp.. ("GFCO" or the "Company") should be read in conjunction with the audited financial statements and accompanying notes for the year ended June 30 2022. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Information contained herein is presented as of November 2, 2022 unless otherwise indicated. Additional information related to GFCO is available on SEDAR at www.sedar.com and on the Company's website at www.goodflour.co.

Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars ($), which is the functional and reporting currency of the Company. The Company's year-end is June 30.

The Company's board of directors approved the release of this MD&A on November 2, 2022

FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information" and "forward-looking statements" (collectively "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. When we discuss our strategy, plans, outlook, future financial and operating performance, financing plans, growth in cash flow and other events and developments that have not yet happened, we are making forward-looking statements. All statements in this MD&A that address events or developments that we expect to occur in the future are forward-looking statements, including the following:

- our expectations in relation to working capital;
- our expectations in relation to our future financial needs;
- statements with respect to the Company's future business and growth plans;
- objectives, its ability to disrupt the global wheat flour market, product details, plans to expand production;
- production capacity and demand for the Company's product;
- our estimated expenditures for the fiscal year; and
- our expectations with respect to future revenue generation.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond the Company's control, including the following:

- our dependence on suppliers and customers;
- our completion of additional financing to continue operations;
- failure to effectively expand manufacturing and production capacity;
- the ability to source ingredients;
- risks associated with global supply chain for machinery and equipment;
- failure to attract, maintain and expand relationships with key strategic restaurant and food service partners;
- changing consumer taste preferences;
- delay or failure to receive regulatory approvals;
- the impact of COVID-19 on global economic conditions;
- our ability to attract qualified operators;
- our ability to manage our growth;
- geopolitical risks;
- exchange rate risks;
- regulatory risks;
- our future operations;
- our dependence on key personnel;
- dilution to present and prospective shareholders;
- losses occur for which the Company does not have third-party insurance coverage increase or the Company's insurance coverages prove to be inadequate;
- the Company may be a party to litigation in the normal course of business or otherwise, which could affect its financial position and liquidity;
- the Company's information systems may experience an interruption or breach in security;
- security breaches of our technology systems, or those of our clients or other third-party vendors we rely on, could subject us to significant liability;
- the Company may be exposed to damage to its business or its reputation by cybersecurity incidents
- the lack of a market for our securities; and
- our share price.

Although the Company has attempted to identify factors that could cause actual results to differ materially from those described in forward-looking information, there may be other factors that cause results not to be as anticipated. Readers should not place undue reliance on forward-looking information. The forward looking information is made as of the date of this news release. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update forward-looking information, except as required by applicable securities laws.

Description of the Business

The Good Flour Corp., (the "Company" or "GFCO") was incorporated under the provisions of the Business Corporations Act (Saskatchewan) on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under the *Business Corporations Act* (British Columbia). The Company's head office, principal address and the registered and records office are located at 5791 Sidley Street, Burnaby, BC V5J 5E6.

On July 8, 2021 the Company announced the signing of a share exchange agreement whereby it proposed to acquire 100% of the issued and outstanding shares of VGAN Brands Inc. ("VGAN") in exchange of approximately 60,075,000 common shares of the Company (the "VGAN Transaction"). The completion of the VGAN Transaction was contingent on VGAN completing an acquisition (the "Ghetto Transaction") of all issued and outstanding share capital of The Gourmet Ghetto Food Ltd. ("Ghetto").

On November 4, 2021, VGAN completed the Ghetto Transaction. On November 5, 2021, the Company completed the VGAN Transaction. On November 8, 2021, the Company began trading on the Canadian Securities Exchange ("CSE") at the open of market under the symbol "GFCO". The VGAN Transaction constituted a Reverse Takeover ("RTO") under applicable securities law. The consolidated statements of financial position are presented as a continuance of VGAN and the comparative figures presented are those of the VGAN (Note 6).

On December 31, 2021, VGAN and Ghetto were amalgamated under the Business Corporations Act (British Columbia) and renamed The Good Flour Milling Corp.

Following the Completion of the VGAN Transaction, the Company manufactures and distributes a line of healthy, gluten-free and allergen free food products. On November 8, 2021, the Company began trading on the Canadian Securities Exchange ("CSE") at the open of market under the symbol "GFCO".

The accompanying audited financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

Business Model

The Company manufactures and processes a line of gluten-free and allergen free products for individual customers and larger, "food service" customers, which include restaurants. Both individual and food service customers are located across North America, Australia and the United Kingdom. The Company's recipes were initially created in 2012 and have been developed to allow individuals with gluten and other food allergies to enjoy life without giving up their favorite foods or settling for low-quality alternatives. Simply put, "Flour" but good for you. The products which have been developed over the last decade under the branding "Nextjen" include: All-purpose baking flour; Pizza & pasta flour; Tempura batter mix; Fish & chips batter mix; Fried chicken mix; Pancake & waffle mix; Vanilla bean cake mix; and Pizza shells. In the Company's mission to reach an even larger audience, the Company has relaunched these superior mixes under a new brand - The Good Flour Co.

During the month of November 2021, the Company completed the VGAN Transaction. VGAN was the parent company of Ghetto. Ghetto was a privately held company that manufactures and distributes a successful line of healthy, gluten-free and allergen free food products. The purpose of this transaction was to enter the health food space and gain access to the capital markets.

Notable Milestones:

- November, 2021 - After ten years of products branded "NextJen Gluten Free", the Company accomplishes a full rebrand of its products under the "Good Flour Milling Co." with new logos, colors and branding.
- November, 2021 – the Company leases a new 7000 square foot dry goods manufacturing facility in Burnaby, British Columbia, and begins plant construction to expand capacity of Gluten Free Dry Goods.
- November, 2021 – a high speed automated bagging line is ordered from the Paxiom Group in Montreal, Quebec and the Company continues plant construction in Burnaby, British Columbia.
- November 2021 - the Company successfully lists to the OTCQB Venture Market.
- December 2022 - the Company continues to supply existing food service customers through Gordon Food Service and Sysco with major brands such as Earls, Virtuos Pie, Four Seasons Hotels, Fairmont Hotel, Panago Pizza, and Michelin Restaurants like 11 Madison in New York City.
- February 2022 - the Company successfully redesigns all corporate material including new direct to consumer and investor websites on Shopify platform.
- April 2022 - the Company successfully partners with one of the largest milling groups in North America, Ardent Mills, in North Dakota, for bulk manufacturing of its dry goods to meet demand in the gluten-free food service sector in the United States.
- July 2022 - the automated line ordered from Paxium is received at the Burnaby facility. The Company validates technology and begins high speed bagging of its retail product for Canada and the United States.
- September 2022 - The Company announces Canada wide expansion as exclusive provider of its gluten-free pizza shells to over 195 Panago locations in Canada, furthering its entry into the pizza market.
- September 2022 - significant depth is added to the Company's distribution with the addition of Harvest Sherwood Distribution, founded in 1989, and who service over 6000 customers in retail, foodservice, distribution and manufacturing.
- September 2022 - the Company moves ahead with a USA-based National order to Sprouts Farmers Markets and its 380 location for its Fried Chicken Mix and Fish Batter.
- October 2022 - the Company signs on with KeHe Distribution in the United States. KeHe supplies natural and organic products to more than 30,000 stores, chains and independent grocery.

Significant Transactions

Mergers and Acquisitions

Share acquisition of the Gourmet Ghetto Food Ltd.

On November 4, 2021, VGAN completed the Ghetto Transaction and acquired of all issued and outstanding share capital of Ghetto. Ghetto manufactures and distributes a line of healthy, gluten-free and allergen free food products.

The Ghetto Transaction was completed pursuant to a share purchase agreement dated May 21, 2021. In consideration for all of the shares of Ghetto, VGAN issued $500,000 of convertible notes with $448,286 being the fair value of the liability component and the fair value of the conversion feature being $111,711. The convertible notes are subject to a vesting period for future services performed and $72,476 recognized in share-based payments for vesting in the year ended June 30, 2022.

At the date of the Ghetto Transaction, VGAN determined that Ghetto constituted a business as defined under IFRS 3, Business Combinations, and the Ghetto Transaction was accounted for as a business combination. The consideration paid was recognized at the fair value of the liability portion of the convertible notes issued

The following table shows the finalized allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of considered transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration paid:	
Fair Value of Convertible Notes	$ 448,286
Net assets acquired (liabilities)	
Cash	$11,106
Amounts receivable	42,560
Inventory	10,000
Prepaid expenses and deposits	18,788
Office and equipment	50,566
Right of use assets	373,217
Amounts payable and accrued liabilities	(102,952)
Lease liabilities	(374,937)
Long-term debt	(227,904)
Total net (liabilities)	(199,556)
Intangible assets	195,157
Goodwill	452,685

Reverse Acquisition (RTO)

On November 5, 2021, the Company completed the VGAN Transaction. Pursuant to the share exchange agreement, the Company acquired 100% of the issued and outstanding securities of VGAN by issuing one share of the Company for one share of VGAN. As a result, control of the Company passed to the shareholders of VGAN. The VGAN Transaction constituted an RTO under applicable securities law.

For accounting purposes, VGAN is deemed to have acquired the Company as part of the VGAN Transaction. The VGAN Transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date. The acquisition did not meet the criteria for a business combination and is therefore treated as a recapitalization under the scope of IFRS 2 Share Based Payments.

Details of the allocation of the estimated fair value of identifiable assets acquired and purchase consideration are as follows:

Total Consideration:	
3,209,468 common shares measured at a fair value of $0.11 per share	$ 353,041
647,921 warrants measured at a fair value of	2,000
193,050 stock options measured at a fair value of	3,125
Total	$358,166
Net identifiable assets (liabilities) acquired	
Cash	$42,456
Amounts receivable	19,220
Prepaid expenses and deposits	5,987
Inventory	271,695
Right of use assets	3,660
Amounts payable and accrued liabilities	(2,078,278)
Lease liability	(4,765)
Loans and debentures	(324,292)
Total liabilities	$ (2,064,317)
Listing expense	**$ 2,422,483**

Discontinued Operations

At the time of the closing of the VGAN Transaction on November 5, 2021, the Company was in the process of liquidating the assets of its former electric scooter business; however, no sales agreement had been reached. Sales agreements were reached by the Company in January, 2022 as detailed below. During the period ending June 30, 2022, the former business transactions have been classified as discontinued operations as they meet the criteria to do so under IFRS 5. The operating result of these discontinued operations are as follows:

The following summarizes the accounting information relating to the discontinued operations for the year ended June 30, 2022

Statement of comprehensive loss	2022
Scooter sales	$12,845
General and administrative	(16,524)
Loss of write-down of loan receivable	(65,643)
Net loss for the year	**$(69,322)**

Statement of cash flow	**2022**
Net loss from discontinued operations	**($69,322)**
Items not affecting cash	
Loss on write-down of loan receivable	65,643
Changes in non-cash working capital	
Accounts payable and accrued liabilities	16,524
Change in cash for the year	$12,845

Revenues were from the sale of scooters. All revenues for the year ended June 30, 2022 were from North America. The losses recorded on disposal of assets and remeasurement of assets were non-cash, thus the disposal of the scooters resulted in $12,845 net cash to the Company.

Details of the sales are as follows:

On January 1, 2022, the Company entered into an agreement with Raytroniks Corporation ("Raytroniks") and Willie Ray Norwood Jr. to transfer its legacy Scoot-E-Bike assets to Raytroniks. The assets include intellectual
property, Scoot-E-Bike inventory and the Company's ownership of Scoot-E-Bike Inc. In return, Raytroniks settled all debt claims owed to them by the Company.

On January 11, 2022, the Company entered into an asset purchase agreement with West Hall Tech Ltd. to sell assets including: scooter inventory including parts and components, all rights and logos held by the Company to the unregistered trademarks "LOOPShare" and "Loop Scooters" and the loopscooters.com domain name. In return, West Hall Tech Ltd. entered into a lease agreement with the Landlord at 131 Water Street, the Company's former premises and assumed responsibility for the disposal of the assets.

Selected Annual Information

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

	June 30, 2022 (Audited)	**June 30, 2021 (Audited)**	**June 30, 2020 (Audited)**
Revenues	$ 481,407	$ -	$ -
Cost of sales	(612,249)	-	-
Total expenses & other	5,345,010	133,194	-
Net and comprehensive loss for the period	(5,545,184)	(133,194)	-
Basic and diluted loss per share	(0.10)	(0.01)	-
Total assets	**2,756,508**	**836,372**	**-**

During the year ended June 30, 2022, the Company reported a total net loss of $6,158,184 ($0.10 basic and diluted loss per share) compared to a net loss of $133,194 ($0.01 basic and diluted loss per share) during the year ended June 30, 2021. The decrease in the net loss is mainly attributed to the loss on acquisitions made during the year. During the year ended June 30, 2021, the Company reported a total net loss of $133,194 ($0.01 basic and diluted loss per share) compared to a net loss of $nil during the year ended June 30, 2020. The increase in the net loss is due to legal fees incurred on preparing for the acquisitions and the Company did not have any operations during the year ended June 30, 2020.

Summary of Quarterly Results

The following tables set forth selected financial information of the Company for the eight most recently completed quarters. This information is derived from unaudited quarterly financial statements and audited annual financial statements prepared by management in accordance with IFRS.

For the three months ended

	June 30, 2022	**March 31, 2022**	**December 31, 2021**
Revenues	$ 182,027	$ 185,196	$ 114,183
Cost of sales	(220,805)	(287,405)	(104,039)
Expenses & other	200,337	545,094	2,152,331
Net (loss for the period)	(239,115)	(647,303)	(1,890,929)
Per share – basic and diluted	(0.01)	(0.01)	(0.07)

	June 30, 2021	**March 31, 2021**	**December 31, 2020**
Total Revenues	$-	$-	$ -
Net and comprehensive loss for the period	(67,931)	(65,263)	-
Basic and diluted loss per share	(0.01)	(0.01)	-

The Company had no revenue or cost of sales until Ghetto was acquired in the quarter ended December 31, 2021. Expenses incurred by the Company to that point were legal accounting related. The overall net loss for the quarter-ended June 30, 2022 was due to the revaluation of certain non-cash expenditures resulting from the reverse takeover and acquisition during the year. The overall net loss that was incurred in the quarter ended December 31, 2021 was predominately due to the recorded of listing expense, stock-based compensation, and legal fees on RTO and business combination. Prior to March 31, 2021, VGAN (the reverse takeover acquiror) did not prepare quarterly financial statements.

Results of operations

<u>Results for the year-ended June 30, 2022 and 2021 are as follows:</u>

During the year ended June 30, 2022, the Company recorded a net loss of $5,545,184 as compared to a net loss of $133,194 for the year ended June 30, 2021. The net loss for the year ended June 30, 2022 includes non-cash expenditures of $383,657 related to share-based payments, $2,422,483 of transaction costs, $452,685 of goodwill impairment and $115,549 of property and equipment impairment incurred in accordance with the Company's asset acquisitions and business combinations.

Total expenses and other items for the year amounted to $5,345,010 as compared to $133,194 for the comparable year ended June 30, 2021, an increase of $5,211,816. This includes non-cash expenditures of $3,725,499 for listing expense, share-based payments, goodwill impairment, debt settlements, depreciation and certain finance costs.

The increase in overall revenues expenditures from the prior year can be attributed to the acquisition and subsequent initial 8 months of business operations.

Details of the 2022 revenues and expenditures are as follows:

Revenue

Revenue for the year-ended June 30, 2022 was $481,407 which was derived predominantly from the sale of Good Flour dry mix products. Revenue reflects income earned in the 8 month period subsequent to the acquisition of Ghetto.

Listing Expense and Share-based compensation

The Company granted stock options to officers, executives, directors, advisory board members and consultants. The expense recognized in a period fluctuates based on the number of underlying stock options with respect to their vesting schedules, net of options forfeited.

Listing expense is a non-cash expense totaling $2,422,483 that was incurred on the RTO.

Depreciation and Finance Costs

Depreciation expense consists of depreciation on capital expenditures and depreciation on the right of use assets.

Finance costs are made up of accretion expense recorded on lease liabilities, CEBA loans and convertible debt. Cash expenditures on bank charges and interest are also included.

General and Administrative Expenses

All increases in general and administrative costs compared to the prior year can be attributed to 2022 being the first year of operations. The breakdown of these expenses is shown below with a brief description of the categories following.

	2022 Cost of Sales	2022 General and administration	2021 General and administration
Personnel	$ 115,549	$ 461,198	$ -
Travel	-	57,256	-
Office	20,652	250,341	-
Raw Materials	376,099		
Depreciation	100,339	-	-
Consulting	-	-	-
Accounting & legal	-	559,231	133,194
Totals	$612,249	$ 1,328,026	$ 133,194

Personnel includes administrative wages that have not been allocated to cost of sales.

Office expenses are made up of non-capital expenditures incurred on creating a new office space at the Burnaby production facility.

Accounting and legal fees primarily consist of fees paid to internal legal counsel and payment to external counsel for facilitating the VGAN Transaction and Ghetto Transaction.

Sales and marketing

All increases in sales and marketing compared to the prior year can be attributed to 2022 being the first year of operations. The breakdown of these expenses is shown below with a brief description of the categories following

	2022 Sales and marketing	2021 Sales and marketing
Consulting	$ 297,879	$ -
Accounting & legal	-	-
Advertising and marketing fees	77,183	-
Totals	$ 375,062	$ -

Consulting expenses include amounts paid to various sales consultants in Canada and the United States.

Other items

Impairment of goodwill and intangible Assets

Intangible assets and goodwill are tested annually for impairment by comparing the carrying value of the cash generating unit ("CGU") to the estimated recoverable amount, where the recoverable amount is the higher of the fair value less costs of disposal and value in use. Management has prepared an assessment of goodwill and intangibles since the time of the acquisition and assessed that there is impairment to the estimated recovery amount. Consequently, $610,598 of goodwill and intangible assets recognized on the acquisition of Ghetto was written off.

Loss on settlement of convertible debentures

This was a non-cash accounting loss on convertible debentures that were acquired as a part of the reverse takeover. The debentures were settled during the quarter ended December 31, 2021

<u>Results for the quarter-ended June 30, 2022 and 2021 are as follows:</u>

Revenue

Revenue for the quarter-ended June 30, 2022 was $182,027 which was derived predominantly from the sale of Good Flour dry mix products

Revenues decreased by $3,169 from the prior quarter. The decrease in revenue from the prior quarter is due to a change in the accounting for certain marketing rebates. In prior quarters, these rebates were included advertising and promotion. They were netted against sales in the fourth quarter of 2022.

Revenue for the year-ended June 30, 2022 was derived 100% from North America

Expenses

The Company recognized total expenses & other items of $356,751 for the quarter ended June 30, 2022. This was down from $590,986 in the previous quarter this was due to the non-cash revaluations of listing expense, share-based compensation and goodwill during the most recent quarter.

Share-based compensation decreased $837,343 during the 3 month period ending June 30, 2022. These are non-cash expenditures which are the result of changes to the valuation model.

Listing expense decreased $145,194 during the 3 month period ending June 30, 2022. The decrease is due to changes of the valuation of certain assets and liabilities on the reverse takeover that were calculated in the fourth quarter of 2022.

General and administrative

General and administrative costs increased by $408,271 in the current period. This increase is net of $60,928 of general and administrative consulting costs were reallocated to sales and marketing during the quarter ended June 30, 2022 to better reflect the nature of the expenses. The increase to general and administrative costs is due to the increase in personnel costs during the quarter.

Personnel consists of non-production wages. $461,198 of non-production wages were incurred during the period ending June 30, 2022. The increase in these wages over the prior quarter were due to increased hiring to keep pace with production increases. Additionally, certain wages not related to production activities were reclassified from cost of sales to personnel in the quarter ending June 30, 2022.

Office expenses mainly consist of non-capital expenses incurred to create the office space in at the new Burnaby facility. $125,139 of office related expenses were incurred during the quarter ending June 30, 2022.

Sales and marketing

Sales and marketing expenses increased by $246,246 in the current quarter. The increase was the result of payments to sales consultants and the reclassification of consulting fees from general and administration. In addition, marketing costs totaling $77,183 were reallocated from cost of sales.

Consulting fees are made up of fees paid to external sales and marketing staff. Amounts paid to consultants are consistent from month to month. Fluctuations from the prior quarter reflect a reclassification of $60,928 of certain payments from administrative consulting to sales consulting.

Depreciation expense consists of depreciation on capital expenditures and depreciation on the right of use assets. The slight decrease in depreciation expense was the result of a change in accounting estimates.

Liquidity and capital resources

The statements of financial position as of June 30, 2022, indicated a cash position of $1,393,681 (June 30, 2021 - $754,802), and total current assets of $1,735,708 (June 30, 2021 - $836,372). The change in current assets can be attributed to an in cash due from the issuance of common shares during the year. To a lesser degree, inventory and accounts receivable are also a part of the increase.

The total assets of the Company totaled $2,756,508 (June 30, 2021 - $836,372) and primarily consists of property and equipment purchased during the year. Specifically, the Company purchased an automated bagging line for the production of its dry mixes and additional production equipment to supplement its line of frozen products. Additionally, the Company incurred leasehold improvement costs bringing the Burnaby production facility online.

The Company's total liabilities amounted to $1,828,563 (June 30, 2021 - $120,066) that mainly consisted of $975,614 in accounts payable and accrued liabilities, and $475,365 in convertible debt that was issued on the acquisition of Ghetto.

The breakdown of accounts payable is as follows:

		June 30, 2022		June 30, 2021
Accounts payable	$	854,838	$	-
Accrued liabilities		120.776		120,066
	$	**975,614**	**$**	**120,066**

Included in accounts payable is $708,604 of trade payables that were acquired on the RTO transaction. The Company does not expect to ever repay these amounts as they are beyond the basic limitation period for debt claims in British Columbia.

At June 30, 2022, the Company had a working capital surplus of $555,912 (June 30, 2021 – working capital of $716,306). The decrease in its working capital is due to cash being used to fund investment in property and equipment plus the addition of accounts payable on the RTO.

Total shareholders’ equity was comprised of share capital of $3,615,291 (June 30, 2021 – 474,000), reserves of $3,609,102 (June 30, 2021 - $376,000) and accumulated deficit of $6,244,711 (June 30, 2021 -133,694).

The Company’s forecasted fixed operating expenditures for the next 12 months are $2,501,048 detailed as follows:

Marketing & Sales	$904,000
Wages and Salaries	$1,086,360
Rent	$231,688
Other General and Administrative Expenses	$279,000
Total	$2,501,048

The Company believes that the current capital resources and expected are revenues are not sufficient to pay the fixed operating expenditures for the next twelve months and is in the process of raising additional funding to fund its operating expenses and its development of its products. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company’s liquidity and future prospects.

Since the Company may not be able to generate enough cash from its operations in the foreseeable future, the Company will have to rely on loans from external or related parties and the issuance of equity, to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders’ equity (deficit) and working capital as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company’s primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

This MD&A has been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at June 30, 2022, the Company has accumulated losses of $5,678,878 since inception and expects to incur further losses in the development of its business, all of which are material uncertainties that cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business.

The Company only recently started generating revenue and cash flows used in its operations are still negative; as such, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There was no change to the Company's management of capital during the period ended June 30, 2022. The Company is not subject to any externally imposed capital requirements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The recoverability of receivables, prepayments and deposits that are included in the consolidated statements of financial position.

(b) The fair value of stock options, warrants and compensation options which requires the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments.

(c) The fair value of restricted share units which requires the estimation of the number of awards likely to vest on grant and at each reporting date up to the vesting date.

(d) The fair value of the investment for which a quoted market price in an active market is not available.

(e) The recoverability of deferred tax assets based on the assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions.

(f) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

These estimates and assumptions are disclosed further in Note 4 of the financial statements.

Financial and Other Instruments

A fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

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

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the statements of financial position.

Accounts receivable consists of trade receivables of $95,347 and $113,489 of sales tax receivable. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period. The aging analysis of accounts receivable is as follows:

	June 30, 2022	**June 30, 2021**
Current to 3 months	$ 85811	$ -
Over 3 months	9,536	-
Trade receivables	**$ 95,347**	**$ -**

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at June 30, 2022, the Company had a cash balance of $1,343,681 (June 30, 2021 - $754,802) to settle current liabilities of $1,179,796 (June 30, 2021 - $120,066).

(c) 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: interest rate risk, foreign currency risk and other price risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is not subject to interest rate risk. The loan payable and convertible debentures are not subject to interest rate risk as they are a fixed rate. The Company is not exposed to other significant interest rate risk due to the short-term maturity of its monetary assets and liabilities and amounts owing being non-interest bearing or bearing fixed rates of interest.

(e) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's sales are in US dollars and the Company's manufacturing costs are largely denominated in US dollars, providing a natural hedge against the risk of foreign exchange fluctuations. However due to long lead times for parts used in manufacturing the Company's products, the Company is exposed to the risk of foreign currency fluctuations over time. The Company is also exposed to fluctuations in foreign currencies through its operations in Japan. The Company monitors this exposure but has entered into no formal hedge agreements.

As at June 30, 2022, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies.

	June 30, 2022		**June 30, 2021**	
	US Dollar	Japanese Yen	US Dollar	Japanese Yen
Cash	$ 6,345	$ 58,968	-	-
Accounts receivable	28,440	-	-	-
Accounts payable	52,662	18,078,247	-	-
Total	$ 87,447	$ 18,137,215	-	-

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

Related Party Transactions

Key Management Compensation

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company. These amounts are unsecured, are non-interest bearing and have no fixed terms of repayment.

	For the year ended June 30,	
	2022	**2021**
Salary & management fees	$ 378,250	$ -
Legal fees	110,543	-
Share-based compensation expensed	275,121	-
	$ 763,914	**$ -**

The following amounts are payable and due to/from related parties:

	June 30, 2022	**June 30, 2021**
Due to directors and officers	$ 32,767	$ -
Due from related parties	-	(81,500)
Convertible debentures	313,800	0
	$ 346,567	**$ (81,500)**

a) During the period related party loans totaling $81,500 were repaid.
b) Included in legal fees is $110,543 paid to a law firm in which the director has a partnership interest and is included in accounting and legal in the financial statements.
c) Included in share-based compensation is the fair value of the vesting for the issuance of 5,750,000 stock options granted to directors and officers of the Company.

The fees for related party services are made on terms equivalent to those that the related parties charges to arm's length parties.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Outstanding Share Data

	June 30, 2022	Date of Report
Common shares	63,284,468	63,721,968
Share purchase warrants	60,108,453	60,108,453
Stock options outstanding	7,007,550	7,007,550
Convertible Debt	2,500,000	1,843,750
	132,900,471	**132,681,721**

Risk Factors

The Company's business is subject to significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Please refer to the Company's Listing Statement dated October 29, 2021 available on SEDAR at www.sedar.com for disclosure of the risk factors that may materially affect the Company's future performance, in addition to those referred to above.

Accounting Policies

The accounting policies followed by the Company are set out in Note 3 to the accompanying audited financial statements for the year-ended June 30, 2022.

Subsequent Events

On August 4, 2022, three tranches of convertible debt that was issued to certain related parties on the share acquisition on November 4, 2021 were settled by the Company. The related parties were paid $43,750 cash and exercised the conversion option to receive $87,500 of common shares for an issuance price of $0.20 as per convertible debt agreement.