

COVER TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

This Management Discussion and Analysis (“MD&A”) of Cover Technologies Inc. (“Cover” or the “Company”) should be read in conjunction with the Company’s the audited consolidated financial statements for the years ended September 30, 2021 and 2020, together with the notes thereto (“Financial Statements”). The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

All financial information in this MD&A have been prepared in accordance with IFRS. All dollar amounts included therein and in this MD&A are in Canadian dollars, the reporting and functional currency of the Company, except where noted. The MD&A contains information up to and including January 28, 2022 (the “Report Date”).

FORWARD-LOOKING STATEMENT

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “projected”, “sustain”, “continues”, “strategy”, “potential”, “projects”, “grow”, “take advantage”, “estimate”, “well positioned” or similar words suggesting future outcomes. In particular, this MD&A may contain forward-looking statements relating to future opportunities, business strategies, mineral exploration, development and production plans and competitive advantages.

The forward-looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, the actual results of exploration and development projects being equivalent to or better than estimated results in technical reports or prior activities, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect and such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including among other things: inability of the Company to continue meeting the listing requirements of stock exchanges and other regulatory requirements, general economic and market factors, including business competition, changes in government regulations or in tax laws; general political and social uncertainties; commodity prices; the actual results of exploration, development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of, or estimates contained in, feasibility studies, pre-feasibility studies or other economic evaluations; and lack of qualified, skilled labour or loss of key individuals; as well as those factors detailed from time to time in the Company’s interim and annual consolidated financial statements and management’s discussion and analysis of those statements, along with the Company’s annual information form, if any, all of which are filed and available for review on SEDAR at www.sedar.com. Readers are cautioned that the foregoing list is not exhaustive.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A

and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

OVERVIEW

Cover was incorporated on June 18, 2007 in British Columbia, Canada and is currently active in BC and Québec. Activities in Québec are carried out through Cover's wholly-owned subsidiary, Mag One Operations Inc. ("MOOI"). The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "COVE" and are also listed on the Börse Frankfurt stock exchange ("Frankfurt") with the ticker symbol "304" and on the OTCBB symbol, "MGPRF". Cover is a technology research & development company with a focus on emerging technologies and solutions. In addition to the current research and development on its magnesium processing technology, Cover is in pursuit of identifying opportunities in emerging technologies. Cover has expanded its lines of business to include a decentralized finance blockchain technology software application designed to facilitate tracking, trading, transacting and borrowing against digital assets in a secured and transparent manner, which complements its magnesium technology by vertically integrating the various levels of the resource sector from initial production to processing, and then up the supply chain, logistics, and finance. Using its game-changing technology, Cover aims to be the most environmentally friendly & sustainable producer of magnesium (Mg) metal, ultrapure Mg compounds, by-products and vertically integrated coproducts. Cover is in pursuit of identifying opportunities in emerging technologies.

OVERALL PERFORMANCE

Subsequent to the year ended September 30, 2021, the Company consolidated the issued share capital on the basis of 7 old common shares for one (1) new common share (the "Consolidation"). Outstanding stock options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these MD&A have been retroactively restated to reflect the share consolidation.

During the year ended September 30, 2021, the Company completed the consolidation of its issued and outstanding common shares (each, a "Share") on the basis of one (1) post-consolidation Share for every twenty (20) pre-consolidation Shares (the "Consolidation"). Outstanding stock options were adjusted by the Consolidation ratio. All common shares and per common share amounts in these MD&A have been retroactively restated to reflect the Consolidation.

During the year ended September 30, 2021, the Company:

- appointed Mr. Dorian Banks as Chief Executive Officer, interim Chief Financial Officer and a Director of Cover. Mr. Banks is a lifelong international entrepreneur with focuses on technology, blockchain and agri-tech. Notably, he has built companies from the ground up in wireless technologies, mobile phone gaming and APPs, large scale plantations, UAV technology, 3D printing and crypto-currency mining. He has served as a senior executive and/or board member of over a dozen publicly traded companies over the past two decades, arranging financings from some of the largest global banks. Concurrent with the appointment of Mr. Banks, Mr. Tony Louie has resigned as the Company's Chief Executive Officer, Chief Financial Officer and Director. Cover wishes to thank Mr. Louie for his services and guiding the Company to this phase of the Company's development.
- appointed Mr. Steven Dryall as Chief Technology Officer ("CTO") of the Company. Mr. Dryall, who was recognized by the Royal Canadian Mint as a contributor to the evolution of currency, has an established legacy in areas of fintech to include blockchain, cryptocurrency, and digitized commodities. Over two decades, Mr. Dryall has held founding or executive roles in firms to include Confluent Technologies, Nikola Tesla Unite, and Incipient Industries. Mr. Dryall was a named

contributor to The WealthTECH Book (Wiley, 2018), and from 2012 to 2014 was the editor of Coiner Magazine (predecessor to NewsBTC Canada). Additionally, Mr. Dryall has been a speaker and panelist at numerous blockchain, fintech, and entrepreneurship events worldwide.

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Global Pandemic

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19), which include the implementation of travel bans, self-imposed quarantine periods and social distancing. COVID-19 has caused material disruption to businesses globally resulting in an economic slowdown. These measures may adversely affect and harm the Company by potentially limiting access to our technologies and preventing the Company from meeting its obligations. Additionally, these measures could affect the ability to complete due diligence on potential transactions by limiting in person meetings and restricting travel. The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. It is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

DeFi Technology

During the year ended September 30, 2021, the Company entered into an agreement to purchase the technology known as Flurbo, for decentralized finance ("DeFi") applications ("Flurbo") from Nifty Technologies Inc. ("Nifty"), an arm's length party. Pursuant to the terms of the agreement, the Company issued 785,714 common shares with a fair value of \$4,400,000. In the event that after twelve (12) months from closing, Flurbo achieves a positive EBITDA within twenty-four (24) months from closing of the transaction, Cover will issue an additional number of shares equal to \$3,500,000 at the time of such achievement (the "Performance Shares"). Each Performance Share will have a deemed value equal to the closing price of the Company's common shares listed on the exchange the trading day prior to the issuance date thereof.

A finders' fees was paid in connection with the acquisition of Flurbo to arm's length finder consisted of an aggregate of 16,125 common shares with a fair value of \$90,300.

Cover views the acquisition of this blockchain technology as a complement to its current business of developing a technology to process magnesium from tailings in an environmentally and sustainable manner. The acquisition of Flurbo will provide the Company with the technology to vertically integrate the various levels of the resource sector from initial production to processing, and then up the supply chain, logistics, and finance. Cover's acquisition of Flurbo is an opportunity to aggregate all participants and transactions at all levels in the resources industry by providing one trusted and transparent digital solution. Flurbo will provide resource producers the ability to capture mineral production statistics to help streamline logistics and financing, and facilitate provenance tracking. The Flurbo solution may be used by a wide variety of participants including producers, purchasers, financial institutions, financiers, streamers, logistics companies, and assayers.

Magnesium Agreements

In 2017, the Company entered into a purchase agreement (“SPA”) with Dundee Sustainable Technologies Inc. (“DST”) to purchase a Technical Report titled “Resource Estimation of the Nickel Content in Asbestos Mines Tailings (the “Tailings”), Thetford Mines, Québec, Canada” prepared by Systèmes Geostat International (the “Technical Report”). The Company paid \$5,000 and issued 40,000 common shares with a value of \$9,000 pursuant to the SPA. The Company was to pay \$20,000 and issue common shares of the Company with a value of \$30,000 at the prevailing 20-day volume weighted average price upon the commencement of commercial production of product(s) by processing the Tailings on or before May 19, 2019. If the Company did not commence commercial production of product(s) by processing the Tailings on or before May 19, 2019, the Company was required to sell back the Technical Report for consideration of \$1.00 to DST.

During the year ended September 30, 2020, the Company and its subsidiary, MOOI, sold back the Technical Report for \$1.00 to DST and entered into a new agreement with DST to re-purchase the Technical Report. Pursuant to the new agreement, the Company must pay \$5,000 or enter into a contract with a minimum value of \$75,000 with DST for piloting the Company’s magnesium oxide production technology at DST’s facility on or before May 29, 2020. As at the Report Date, DST exercised its option to re-purchase the Technical Report.

In connection with the SPA, in 2017, the Company entered into an option agreement (“OA”) with Asbestos Corp. Ltd. (“ACL”). Under the OA, the Company had an option to purchase up to 60 million tonnes of the Tailings (the “Option”) on or before November 19, 2017. Pursuant to the OA, the Company paid \$5,000 and issued 50,000 common shares of the Company with a value of \$11,250. Upon exercise of the Option, the Company will be required to pay \$100,000 and \$1.00/tonne of Tailing used as a royalty and would have access to a minimum of five acres of land for the necessary plant and equipment. The OA was extended until June 30, 2019.

During the year ended September 30, 2020, the Company and its subsidiary, MOOI, entered into a new agreement with ACL whereby, the Company would have access to recover and process up to 60 million tonnes of Tailings located in Québec up to March 1, 2020. The new agreement will automatically be extended until March 1, 2022 if, prior to March 1, 2020, the Company provides ACL with notice in writing that it has completed a technical report on the Normandie Tailings pile in the form required pursuant to National Instrument 43-101. Pursuant to the agreement, the Company will pay ACL \$1.00/tonne for the first 100,000 tonnes per year of Tailings taken by the Company, \$1.50/tonne of Tailings above 100,000 tonnes per year and below 200,000 tonnes per year of Tailings. Payments will be due on or before March 31st for Tailings taken and processed in the preceding calendar year. Upon commencement of production, the Company will pay ACL a non-refundable deposit of \$20,000. The Company provided ACL with the completed technical report of Normandie Tailings; therefore, the agreement has been extended to March 1, 2022.

During the year ended September 30, 2020, the Company terminated an agreement from 2018 between Mine Jeffrey Inc. (“Jeffrey”) and Beausite Metal Inc. (“BMI”) and entered into a processing agreement whereby Jeffrey and BMI have granted the Company and MOOI exclusive access to the Mine Jeffrey Serpentine Tailings project to recover up to 25 million tonnes of serpentine tailings and an option to acquire an additional 25 million tonnes for no additional consideration. The Company will have until November 30, 2024 to exercise the option to acquire the additional 25 million tonnes. The processing agreement acknowledged a \$100,000 prepayment made during the year ended September 30, 2015 for the first 100,000 tonnes of tailings. The Company will pay \$1.00/tonne of Tailings. Upon production being achieved, the per tonne rate will be subject to an annual increase on January 1st of each subsequent calendar year in accordance with the Consumer Price Index published by Statistics Canada.

The Company, through its subsidiary, MOOI, entered into a technology IP acquisition agreement, as amended (the "IP Agreement") with 8200475 Canada Inc. ("Tech Magnesium"), granting the Company an exclusive license to use and an option to acquire a 100% ownership of the aluminothermic and silicothermic technology (the "Tech Mag Technology"), and agreeing to collaborate to finalize the development and commercialization of the Tech Mag Technology (the "Collaboration"). The option is exercisable on or before January 3, 2024. Specific acquisition payments could be triggered upon exercising of the option to acquire the Tech Mag Technology. Due to confidentiality concerns, these specific acquisition payments have been redacted. During the Collaboration, the President of Tech Magnesium will provide services to MOOI to further de-risk the Mg metal processing technology. The significant terms of the IP Agreement are as follows:

- The Company must finance phase 1 which includes a lab-scale proof-of concept testing with thermodynamic modelling of the Tech Magnesium Technology on or before February 3, 2020 in order to retain the exclusive license option for this technology.
- The Company must finance phase 2 which includes design, construction and operation of a small-scale pilot test facility of the Tech Magnesium technology on or before January 29, 2023 in order to retain the exclusive license option for this technology.
- The Company must finance phase 3 which includes design, construction and operation of the first magnesium metal commercial module with a minimum of 5,000 tpa production capacity using Tech Mag Technology on or before January 3, 2024 in order to retain the exclusive license option for this technology.

During the year ended September 30, 2020, the Company provided confirmation that phase 1 has been completed and the intention to proceed with phase 2. The Company is presently pursuing the development of a technology through Tech Magnesium which constitutes expenses towards research and development. While it is the intention of the Company to develop an intangible asset, the intangible asset shall be created only after the completion of the technical pre-feasibility study. At this point in time it is not known how the intended intangible asset shall be in a position to generate probable future economic benefits. The development of the intangible asset shall depend upon the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. The Company has yet to exercise the Option.

On January 6, 2020 the Company and its subsidiary, MOOI, entered into a definitive earn-in and operating agreement (the "BLR Agreement") with Blue Lagoon Resources Inc. ("BLR"). Pursuant to the BLR Agreement, BLR may acquire up to a 70% equity interest in the Company by purchasing up to \$5.25 million of shares of the Company.

BLR may acquire an additional 20% interest in the Company, subject to the Company obtaining shareholder approval, by making an additional payment of \$1.5 million within 24 months of the closing date. Closing of the transaction is subject to various conditions, including completion of due diligence investigations, receipt of all necessary corporate and regulatory approvals, and compliance with stock exchange requirements.

During the year ended September 30, 2020, the Company received a deposit of \$50,474 from BLR. On April 15, 2020, the Company and BLR signed a mutual termination and release agreement ("MTRA") to terminate the BLR Agreement between the parties. A term of the MTRA specifies that the Company has no obligations to BLR. The Company recognized a gain on contract cancellation of \$50,474.

Disinfectant and Cleaning Solution Agreements

During the year ended September 30, 2020, the Company signed a license and commercialization Agreement ("License Agreement") with Vera CLS Pty Ltd. ("Vera") whereby the Company will receive an

exclusive license for the manufacturing, commercialization and distribution of all products (“Vera Products”). The Vera Products are an all natural, plant-based disinfectant and cleaning solutions. The Company’s exclusivity encompasses the United States of America, including the District of Columbia and all territories and possessions of the United States of America, including Puerto Rico and the U.S. Virgin Islands, Canada and all of its provinces and territories, and the European Union (“the Territory”).

The Agreement provides the Company with exclusive licensing and commercialization rights in this Territory to August 18, 2025 with 2 subsequent 5-year exclusive renewal terms.

The Company’s obligations are a one-time payment of \$100,000 and an ongoing royalty of gross sales for the five-year period of the agreement. The one-time payment will be paid out on the following schedule:

- \$25,000 within 14 days from the signing of the agreement (paid);
- \$25,000 within 14 days after the initial payment;
- \$25,000 within 90 days of the last payment; and
- \$25,000 within 90 days of the last payment

There is no obligation to pay the total unpaid part of the one-time payment if the License Agreement is terminated prior to the due date for a particular unpaid payment related thereto. Year one of the agreement provides for a royalty of 8% of the gross sales. Year two of the agreement provides a guaranteed royalty to Vera of \$120,000 or 8% of gross sales – whichever is the greater of the two. Years three to five require a minimum growth of 10% year over year in royalty payments. The royalty payments will be paid within 30 days at the end of each quarter. As at September 30, 2020, the Company recognized an impairment of intangible asset of \$25,000.

In connection with the Licensing Agreement the Company signed a business development agreement with VEMO Biotech Limited (the “VEMO”). VEMO will be leading the management, marketing, operations, staffing, sales and channel development for the Vera Products that the Company has secured for Canada, United States, Italy, Spain, Portugal and Austria. The term of the business development agreement is twenty-four months with automatic annual renewal unless otherwise stated in writing 30 days prior to anniversary date. The agreement specifies a monthly retainer of \$10,000 as well as Gross Over-Ride Royalty (GORR) / commission on the sales of the Company’s Vera Products to be determined shortly. The GORR / commission will be in line with industry standards.

The execution of the contract and engagement is subject to (a) the completion of the Company’s due diligence and signing of the Master Licensing / Distribution Agreement with Vera Products, and (b) the completion of regulatory approvals for the sale and distribution of Vera Products as an all natural, green product in its contracted territories. The VEMO agreement was terminated on October 1, 2020 with no amounts owing or accrued.

Investissement Québec (“IQ”)

The Company entered into an agreement with IQ on November 11, 2016, whereby IQ had agreed to provide a non-refundable contribution of \$495,000 (the “Grant”) to the Company (The “Agreement”). The conditions governing the Grant were as follows:

- a) The Company would have to incur expenditures of \$627,750 on the development of the Pilot Plant for processing of Magnesium (the “Project”);
- b) The Company was to complete the Project by March 31, 2017 (the “Project Completion Date”);
- c) The Company must establish itself within the MRC des Sources region for a minimum period of two (2) years from the date of receipt of the last payment from IQ;

- d) The Company was to carry out and maintain its operations related to the Project, including significant development or improvement work on the design, development activities of the product/process, and not move this work outside the municipality of the MRC des Sources, for a period of 36 months from the date of receipt of the last payment from IQ;
- e) IQ reserved its rights to call back the entire grant up until the Project is completed in the event of the following:
- The Project not being completed by the Project Completion Date;
 - The Company abandoning the Project; - The Company divests of the Project or commits any act that leads to insolvency or bankruptcy or creditor protection;
 - The Company defaults under any loans, if any;
 - The Company makes material changes to the disbursement plans for the Company without consent of IQ; - Commit a fraud or false statement; and
 - Default in any other provision of the Agreement.

As at September 30, 2020 the Company has met all the requirements noted above except for Point (c). The Company was granted an extension to February 28, 2018 to complete the Project and received the last installment of the Grant on February 14, 2018. IQ has therefore accepted that the Project has been completed including the compliance of points (a), (b) and (e) above.

According to the Agreement, as per Point (c) above, the Company was required to operate out of the municipality of MRC des Sources for a period of at least 2 years following the last installment from IQ. However, the Company has yet to set up an establishment in MRC des Sources. In this regard, the Company received a notice on October 5, 2018, from IQ informing the Company on its failure to establish a place of business in MRC des Sources. Due to the default in meeting the Agreement requirements, the grants have been reflected as a demand liability incurring interest at 4% per annum. During the year ended September 30, 2021, the Company accrued \$19,552 (2020 - \$19,606) in interest on the Grant from the date of notice of default.

National Research Council Canada (“NRC”)

On January 31, 2019, the Company entered into a contribution agreement with NRC whereby NRC will pay the Company 50% of the eligible expenditures incurred by the Company for its feasibility project related to magnesium production up to a maximum of \$98,400, with a maximum claim amount of \$30,000 for the period from April 1, 2018 to March 31, 2019 and \$68,400 for the period from April 1, 2019 – March 31, 2020. The funds received for this grant represent compensation for costs already incurred, and as such have been recognized in profit or loss on a systematic basis based on the related expenses. During the year ended September 30, 2021, the Company incurred a total of \$Nil (2020 - \$90,237) of eligible expenditures related to the project. A total of \$Nil (2020 - \$32,400) has been recognized into profit or loss as an offset to research expense.

Government of Canada via Natural Resources Canada - Clean Growth Program (the “CGP”)

On April 20, 2020, the Company entered into a contribution agreement whereby CGP will pay the Company 50% of eligible expenditures incurred by the Company for its front-end engineering design study for a high purity magnesium oxide demonstration plant using serpentinite tailings, up to a maximum claim amount of \$1,666,500 (\$12,246 claimed). Pursuant to the agreement, the CGP will withhold 10% from each payment until the Company has completed the project to the satisfaction of the Minister and has submitted all reports of which \$1,225 was recorded in other receivables. The funds received for this grant represent

compensation for costs already incurred, and as such have been recognized in profit or loss on a systematic basis based on the related expenses. During the year ended September 30, 2021, the Company incurred a total of Nil (2020 - \$31,482) of eligible expenditures related to this project. A total of \$Nil (2020 - \$12,246) has been recognized into profit or loss as an offset to research expense, of which \$Nil (2020 - \$1,225) was recorded in other receivables. During the year ended September 30, 2021, the Company provided notification to the Minister of not proceeding; therefore the Minister released \$1,225, representing the 10% holdback.

Convertible Debentures

During the year ended September 30, 2018, the Company received proceeds from a non-brokered private placement offering of convertible debentures (each a "Convertible Debenture") of the Company totaling \$150,000. The term of each Convertible Debenture matures 3 years from the date of issuance, carries an interest rate of 6% per annum, (interest paid upfront in advance) and is convertible to common shares of the Company at a conversion price of \$10.00 per common share, (or at 10% below the market price, whichever is less, subject to exchange approval). The Convertible Debentures will be issued subject to regulatory approval.

During the year ended September 30, 2021, the Company repaid \$100,000 plus interest totalling \$116,569 of the Convertible Debenture. During the year ended September 30, 2021, the Company accrued \$7,632 (2020 – \$11,030) of interest related to the Convertible Debentures.

Notes Payable

During the year ended September 30, 2021, the Company received unsecured loan proceeds of \$26,000 (September 30, 2020 - \$215,000) from arms-length parties. During the year ended September 30, 2021 the Company issued 71,429 commons shares in settlement of notes payable amounting to \$210,000 and reduced the interest owing by \$7,993 to arms-length parties.

Principal	Interest		Principal and	Principal and
\$	Rate	Due Date	interest owing as at	interest owing as at
\$	%		September 30, 2021	September 30, 2020
			\$	\$
1,000	8	On demand	1,000	-
5,000	8	November 18, 2020	5,000	5,347
50,000	8	November 22, 2020	50,000	53,430
30,000	8	January 30, 2021	33,304	30,905
20,000	5	February 18, 2021	-	20,591
10,000	5	February 18, 2021	-	10,308
50,000	5	September 7, 2021	-	50,151
75,000	5	September 14, 2021	-	50,110
240,000			89,304	220,842

During the year ended September 30, 2020, a former director and former chairman, and a family member assigned amounts outstanding of \$293,294 to an arms-length party. During the year ended September 30, 2021 the Company issued 80,952 commons shares in settlement of notes payable amounting to \$238,000. As at September 30, 2021, the Company had arms-length loans outstanding of \$57,941 (September 30, 2020 - \$296,014). These loans are unsecured, non-interest bearing and due on demand.

Technology

Québec Pilot Plant Study

The Company, through its subsidiary, MOOI, is in the process of implementing two flagship projects which we believe will position the Company and the Danville Québec region as an emerging player in the global Mg metal, high purity magnesium oxide (HP MgO) and high purity amorphous silica (HP Silica) marketplace. The first project involves the development of a modular 30,000 tonnes per annum (tpa) HP MgO & 33,000 tpa HP Silica Production facility using Serpentinite Mine Tailings as the feed source. The second project will transform the HP MgO into primary Mg metal and a high value saleable by-product using 5,000 tpa aluminothermic reduction modules.

The Company's pathway to commercialization involves building a modular 30,000 tpa high purity magnesium oxide (MgO) and amorphous silica production facility followed by 5,000 tpa Mg metal production modules. Subsequent modules will be financed from operating revenues until the Company is producing 1 million tpa of Mg metal.

To get to this stage the Company needs to complete the MgO/Silica pilot plant efforts to garner offtake agreements and begin engineering of this facility. As outlined above, Government support for this work was grant from the Canadian Government's Clean Growth Program. In parallel the Company will advance the Tech Magnesium metal production process.

The Company has already received significant support from both Provincial (Québec) and Federal governments due to its sustainable approach to Mg production, namely low CO₂ footprint, zero waste and rapid commercialization via its modular expansion business strategy. The government recognizes the importance of long term, environmentally sustainable projects that will generate significant jobs and sustainable growth. The Company's modular expansion technology is expected to result in essentially zero waste being produced as it produces Mg metal, Mg products and by-products from above ground, already-mined serpentinite tailings.

In Southern Québec, there are significant amounts of tailings piles as a result of over one hundred years of asbestos mining operations. The Company has, however, secured access to 110 million tonnes of tailings (50M at Jeffrey Mines and 60M at the former Thetford Mines locations).

In 2017, the Company commissioned an NI 43-101 "Summary of Current and Scientific Technical information" report entitled "Magnesium Bearing Waste Dumps Recycling Project". The Jeffrey Mine extracted more than 100M tonnes of chrysotile fibre from 1886 to 2012. Historical data further indicate that 188M tonnes of tailings were produced from the Jeffrey Mine and about 25% of that quantity has been made available under contract for the Company's project. The available tailings, as a result of this historical production, are ready for production in their present state and are not toxic. Using the available data, it is not possible to calculate a Mineral Resource nor a Mineral Reserve for this project. The two independent authors, namely Jacques Marchand, a Québec Ingénieur Géologue Conseil and Qualified Person per NI 43-101 and Christian Derosier a Professional Geologist, MSc, DSc and Qualified Person per NI 43-101, are however able to disclose a potential quantity and grade, expressed as ranges, of a target for further exploration. Specifically, the northern part of the Company's Jeffrey tailings averages 38.5% +/-0.3% MgO (23.2% +/-0.3% Mg) and is considered representative of the 81,000 m³ sampled in 2015. The volume of tailings that are therefore available to the Company range from 0.08 to 18M cubic meters of chrysotile with a grade range of 26 to 41% MgO. Considering the compositional homogeneity of the tailings that were generated from the mine production rejects along with the historical tailings testing that was carried out by the Centre de Recherche Minérale (CRM), the independent authors believe that the average compositional grades might be representative of the 3M m³ of the shallower part of the tailings but caution that this is not a mineral resource estimate. The authors confirm that the potential quantity and grade discussed above is conceptual as there has been insufficient exploration to define a mineral resource and that it is uncertain if

further exploration will result in the target being delineated as a mineral resource. The basis for the determination of the potential volume is based on surveying done in 2015 and before. A resource/reserve calculation might be useful but in the authors' opinion will not add material value to the project.

The historical NI 43-101 Technical Report prepared by Systèmes Geostat International Inc. on October 15, 2007 called: Resources Estimation of the Nickel Content in Asbestos Mines Tailings, Thetford Mines, Québec, Canada estimated 162.7M of Measured and Inferred tailings containing 37% MgO and 246.3M tonnes of inferred resources containing 38.6% MgO. Given that a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, The Company cannot treat the historical estimate as current mineral resources or mineral reserves. For this reason, Blue Lagoon Resources (BLR) engaged JPL GeoServices, a Val-d'Or-based, independent geological consulting firm to author a National Instrument 43-101 (NI 43-101) Technical Report (the "Report") on the Normandie Tailings Project (the "Project") that was mandated to include a Mineral Resource Estimate ("MRE") for the Normandie tailings site, situated on the Property. As of the Report Date, the Company and its subsidiary, MOOI, sold back the 2007 Technical Report to DST.

JPL GeoServices issued an NI 43-101 Technical report issued on February 7, 2020 in the name of BLR and the Company on a portion of the Normandie tailings with the result being in line with what the Company had anticipated. Specifically, these tailings have a measured and indicated Mineral Resource Estimate (MRE) of 26.6M tonnes and a grade of 37.1% MgO. The Company could ultimately use its novel modular high purity MgO technology to build 10 plants, each producing 30,000 tonnes per year (TPY) of MgO and 33,000 TPY of amorphous silica for 30 years without having to seek another stockpile. The intended plant site is ideally located in a mining friendly jurisdiction that is close to road, rails, skilled labour and markets and boasts one of the lowest electricity costs in North America.

Research And Development

The Company has already demonstrated that its MgO manufacturing processes has the potential to produce greater than 98 weight percent pure MgO, as well as a saleable byproduct. It was also shown that the silicon contained within the serpentinite tailings that the Company is using, can be transformed into high-value amorphous silica (SiO₂), which has potential commercial applications in the construction industry as a replacement for silica fume in concrete and in the rubber tire industry as a replacement for carbon black. Not only does the high-purity MgO have a significant commercial market, it will also serve as a feedstock for the Company's innovative aluminothermic reduction process to produce magnesium metal. Furthermore, the iron residue from the magnesium recovery process contains nickel, which has potential value for existing nickel recovery operations. Therefore, the Company's chlorine-free approach to transform serpentinite tailings into high purity MgO and SiO₂ is targeted to be essentially a near 'zero discharge' operation.

In November 2018, the Company's subsidiary, MOOI, entered into a new contract with the University of Sherbrooke (UdS) for \$12,500 to continue to advance and optimize the Company's novel hydrometallurgical process for producing high purity MgO, high-value amorphous silica and extract value from the iron-nickel residue.

Also, during this period, MOOI entered into a new contract with the Centre d'Innovation Minière de la MRC des Sources (CIMMS) for \$102,300 to further optimize the pilot plant operating conditions to achieve maximum purity, minimize operating costs and better understand the parameters around Mg salt evaporation.

As previously mentioned, the purpose of the pilot plant, designed to process 100 kg/hr of serpentinite tailings, is two-fold: (1) to gather engineering data in order to design, build and operate a commercial 30,000 metric tonne per year MgO production facility in Southeastern Québec; and, (2) to generate MgO and

amorphous silica for qualification purposes by third parties, including potential customers, for establishing offtake agreements.

In March 2019, the Company announced that the National Research Council of Canada (NRC), under its Industrial Research Assistance Program (IRAP) will support, on a cost-sharing basis MOOI project entitled “Feasibility – Magnesium Production using Aluminothermic Reduction Process” (the “Project”). Specifically, the NRC contract is supporting work done by Thermfact (Arthur Pelton, a thermodynamic expert), Kingston Process Metallurgy (KPM) and Glencore XPS (both metallurgical testing labs) in which NRC would cover 50% of eligible costs up to an amount of \$98,400 (received). The goal of the project is to demonstrate the feasibility of producing Mg metal via aluminothermic reduction (Tech Magnesium process). The project completed at the end of January 2020 and consists of thermodynamic modelling, bench-scale experiments, process optimization and techno-economic analysis. Magnesium yields, along with by-product quality will be monitored at various processing conditions. With positive results stemming from the Project, the Company began work towards the pilot-scale demonstration phase in February 2020. The final phase of development will be the design, construction and start-up of the Company’s first 5,000 tpa primary Mg metal module. Additional modules will then be brought online to coincide with market demand. As part of this effort, MOOI has entered into contracts with Thermfact on an hourly basis, while contracts with KPM and Glencore XPS are for a fixed fee. As an aside, the Company chose to move the work to Glencore XPS after it was deemed that the KPM furnace was too small to adequately demonstrate the Mg metal production process.

The Company, through its wholly owned subsidiary, MOOI, has commenced its next phase to demonstrate the feasibility of producing magnesium metal using Tech Magnesium’s novel Aluminothermic Reduction Process. The test work will be divided into three (3) technical stages with the overarching goals of obtaining quality Mg metal product at high yields and final aluminum products that have value in use or in recycle.

Blockchain-based Technology and Platform

The Company has commenced development of ElectrumX, a blockchain-based platform for tracking and transacting commodity minerals with features to include a spot market and integrations with third-party DeFi solutions. Cover expects that ElectrumX will launch in approximately Q2 2022, and will complement its existing activities in the minerals space. The ElectrumX platform features will include mineral data recording and indexing, spot market for minerals and DeFi integrations.

Mineral Data Recording and Indexing

Stakeholders throughout the mineral supply chain (e.g., miners, processors, refiners, etc.) will have the ability to seamlessly enter provenance data, recorded on an immutable distributed ledger (blockchain) to enhance visibility into the origins of a given unit/allotment of minerals, as well as the sourcing practices used to obtain it. This data will be accessible on the ElectrumX spot market and can be used as criteria for placing trade orders (e.g., a market order for magnesium produced specifically in a given region, or by an artisanal miner whose sourcing practices have been verified as sustainable).

Spot Market for Minerals:

Users of the ElectrumX spot market will have the ability to trade various minerals represented through digitized cryptographic instruments with near-instant delivery. The ElectrumX spot market will offer several advantages compared to incumbent spot markets for mineral commodities to include lower fees, faster transaction speeds, and greater visibility into the minerals being transacted with the ability to automatically filter transactions or searches based on verified provenance data.

DeFi Integrations

Various DeFi solutions allow for standalone tools or technologies to be added on a modular basis to enhance the functionality of the base solution (e.g., a DeFi lending protocol can integrate a third-party tool to ensure loan collateral is free of encumbrances). These ancillary features are commonly referred to as “Legos”, an analogy to the popular interlocking plastic brick toy collection. For DeFi solutions which handle or facilitate transactions of minerals, it will be possible to integrate data feeds from ElectrumX to allow mineral traders and investors to benefit from in-depth insights collected and held by ElectrumX.

Nifty Division

Cover is launching a dedicated division titled Nifty for nonfungible tokens (“NFTs”) as well as related technologies in the DeFi category. The business activities of the Company’s Nifty division could add value to its existing magnesium operations as well as its metals spot market ElectrumX. Using the intellectual property that comprises the Flurbo Technology acquired by Cover from Nifty, the Company intends to create solutions under its NFT division for issuing and transacting NFTs for various purposes to include data-oriented representation of commodity ownership. Cover also intends to explore NFT opportunities outside of commodity minerals such as magnesium as part of the activities of its NFT division.

Disinfectant and Cleaning Solutions

During the year ended September 30, 2020, the Company partnered with Vera to distribute the Vera Products into Canadian, US and various European union markets. The Vera Products are safe, multi-purpose highly potent plant-based disinfectants, sanitizers, concentrates and other solution formulations with a unique paramagnetic efficacy that both cleans and starves bacteria from multiplying on surfaces. The partnership with Vera was terminated on October 1, 2020.

During the year ended September 30, 2020, the Company was negotiating the final terms of a lease agreement whereby they would pay \$5,000.00 per month in lease payments for a bottling and manufacturing facility. During the year ended September 30, 2021, the Company terminated the letter of intent to negotiate the lease agreement.

The Company has entered into an agreement with COVEX Solutions Inc. (“COVEX”) whereby Cover and COVEX would negotiate a 50/50 joint venture agreement. COVEX has developed, and is continuing to develop, a number of science backed, trade-secret formulations that are ready for commercialization and in accordance with Health Canada’s monograph for hard surface disinfectants. Pursuant the agreement, Cover will pay \$1,200,000 (\$75,000 paid) to earn 50% equity ownership of COVEX. During the year ended September 30, 2021, the Company terminated negotiations with COVEX and all costs were written-off to operations.

PROPOSED TRANSACTIONS

In the normal course of business, management actively targets sources of additional financing through alliances with financial entities or other business and financial transactions which would assure continuation of the Company’s operations and technology programs. As of the Report Date the Company has no proposed transactions other than what has been outlined in the md&aMD&A.

SUMMARY OF ANNUAL AND QUARTERLY RESULTS

The following table sets out selected historical financial information of Cover. Such information is derived from the audited consolidated financial statements of the Company. The Company's annual consolidated financial statements are prepared in accordance with IFRS and expressed in Canadian dollars.

	September 30, 2021	September 30, 2020	September 30, 2019
	\$	\$	\$
Total revenue	-	-	-
Loss and comprehensive loss for the year	(8,621,698)	(473,346)	(1,284,015)
Net loss per share, basic and fully diluted	(4.02)	(1.20)	(3.85)
Total assets	2,121,883	73,781	137,763
Total liabilities	1,138,450	1,777,864	1,368,500
Shareholders' Equity (Deficiency)	983,433	(1,704,083)	(1,230,737)

The following table sets out selected quarterly financial information derived from the Company's unaudited condensed consolidated interim financial statements, for each of the eight recently completed quarters, which have been prepared in accordance with IFRS.

Period	Total revenue \$	Loss and comprehensive loss for the period \$	Net loss per share, basic and fully diluted \$
September 30, 2021	-	(6,708,504)	(1.98)
June 30, 2021	-	(434,121)	(0.13)
March 31, 2021	-	(1,343,490)	(0.87)
December 31, 2020	-	(135,583)	(0.35)
September 30, 2020	-	(162,491)	(0.35)
June 30, 2020	-	(101,834)	(0.28)
March ,31 2020	-	(132,019)	(0.35)
December 31, 2019	-	(77,002)	(0.21)

FOURTH QUARTER

The Company's performance for the three months ended September 30, 2021 and September 30, 2020 was as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Change
	\$	\$	\$
Cash used in operating activities	(1,241,909)	(330,125)	(911,784)
Cash used in investment activities	(25,000)	(25,000)	-
Cash provided by financing activities	60,829	350,164	(289,335)

Key changes in the primary components of the loss and comprehensive loss for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 were as follows:

1. General and Administration increased by \$331,197 due to the following fluctuations:
 - Management fees are related to the executive officers of Cover and MOOI. The decrease of \$84,200 was due to a change in executive officers during the quarter.
 - Professional and consulting fees increased by \$78,106 resulted from the hiring of external consultants for the oversight of regulatory compliance.
 - Investor communication increased by \$288,132 due to the Company increasing promotional activities during the quarter.
 - Office and administration, transfer agent and filing fees, and travel increased by \$5,883, \$11,938 and 515 respectively due to increase of activities.
 - Research and development activities in Québec that cannot be capitalized and are expensed. There was no research and development activity during the quarter ended September 30, 2021 that was expensed. During the quarter ended September 30, 2020, the Company was in receipt of government grant funds that saw a recovery of \$30,823.
2. A non-cash stock-based compensation charge of \$1,676,936 (2020 - \$Nil) was incurred to reflect the fair value of stock options during the period.
3. Interest expense decreased by \$7,180 due to the repayment of \$100,000 Convertible Debenture and the repayment of certain notes payable during the year ended September 30, 2021.
4. During the fourth quarter ended September 30, 2020, the Company recognized an impairment of the intangible asset of \$25,000 pursuant to the Vera License Agreement.
5. During the fourth quarter ended September 30, 2021, the Company terminated negotiations with COVEX and \$75,000 was written-off to operations.
6. During the fourth quarter ended September 30, 2021, the Company recorded a loss on debt settlement of \$7,000.
7. During the fourth quarter ended September 30, 2021, the Company issued 801,839 common shares with a value of \$4,490,300 in connection with the acquisition of the Flurbo technology.

Cash flows during the three months ended September 30, 2021 and September 30, 2020.

Cash used in operating activities between 2021 and 2020 increased as a result of increased activities due to the completion of a private placement for net proceeds of \$4,505,808.

Cash used in investing activities were consistent between 2021 and 2020 periods.

Cash provided by financing activities changed during the 2021 period due to the Company receiving proceeds from the exercise of warrants during the three months ended September 30, 2021 compared to proceeds from notes payable during the three months ended September 30, 2020.

DISCUSSION OF OPERATIONS

The Company's performance for the year ended September 30, 2021 and September 30, 2020 was as follows:

	September 30, 2021	September 30, 2020	Change
	\$	\$	\$
Revenue	-	-	-
Loss from operating expenses	(8,622,985)	(473,381)	8,149,604
Loss and comprehensive loss	(8,621,698)	(473,346)	8,148,352
Cash used in operating activities	(3,134,365)	(260,381)	(2,873,984)
Cash used in investing activities	(25,000)	(25,000)	-
Cash provided by financing activities	4,475,068	255,000	4,220,068

Key changes in the primary components of the loss and comprehensive loss for the year ended September 30, 2021 compared to the year ended September 30, 2020 were as follows:

1. General and Administration increased by \$1,792,159 due to the increase in business operations resulting from the completion of the private placement in February 2021.
 - Management fees are related to the executive officers of Cover and MOOI. The decreased of \$43,000 was due to the hiring of external consultants as executive officers, the change in executive officers and a credit received by a Company controlled by the President of MOOI for consulting fees.
 - Investor communication increased by \$999,754 due to the Company increasing promotional activities and receiving a credit during the year ending September 30, 2020.
 - Professional and consulting fees increased by \$903,436 due to the engagement of additional consultants to support the increase in business operations.
 - Research and development activities in Québec that cannot be capitalized and expensed which decreased by \$118,457 due to decreased activities resulting from the COVID-19 pandemic travel restrictions and social distancing measures implemented.
2. A non-cash stock-based compensation charge of \$1,676,936 (2020 - \$Nil) was incurred to reflect the fair value of stock options during the year.
3. Interest expense decreased by \$4,128 due to the repayment of \$100,000 Convertible Debenture and the repayment of certain notes payable during the year ended September 30, 2021.
4. The Company recognized an impairment of the intangible asset of \$25,000 pursuant to the Vera License Agreement.
5. The Company terminated negotiations with COVEX and \$75,000 was written-off to operations.
6. The Company recorded a loss on debt settlement of \$7,000.
7. The Company issued 801,839 common shares with a value of \$4,490,300 in connection with the acquisition of the Flurbo technology.

Cash flows during the year ended September 30, 2021 and September 30, 2020 increased due to the following fluctuations:

- On October 23, 2019, the Company was repaid \$94,613 (US\$71,100) pursuant to an agreement signed with Mag Board LLC in July 2016 whereby the Company entered into a Convertible Debenture (“CD”) and loaned Mag Board LLC US\$150,000 (the loan receivable had been considered impaired). The Company is considering converting the unpaid balance of the CD into shares of GDR Global, the firm who recently acquired controlling interest in MagBoard LLC. The paperwork for this transaction is currently under review by management.
- On February 26, 2021, the Company completed a private placement for net proceeds of \$4,505,808.
- The Company issue 6,429 common shares for gross proceeds of \$33,750 for warrants exercised
- The Company issued 1,811 common shares for gross proceeds of \$9,510 for finders’ warrants exercised. Accordingly, \$10,745 was transferred from reserves to share capital.

Research expenses:

	Three months ended		Year Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Technical retainership	-	3,600	-	101,602
Technical consulting	-	-	6,000	3,763
Pilot plant testing	-	-	-	-
Analytical services	-	-	-	63,738
Government assistance	-	(12,247)	-	(44,646)
Other	-	-	-	-
	-	(8,647)	-	124,457

The Company has been incurring research expense in relation to laboratory testing and thermodynamic modelling work with the goal of proving the economic viability of producing Mg metal from high purity MgO via aluminothermic reduction. In addition, the Company has continued its development efforts to further optimize and demonstrate its ability to produce high purity MgO and amorphous silica. As part of this work, the Company engages technical consultants. During the year ended September 30, 2021 and 2020, the Company cut back on the research expenses due to the travel bans and social distancing measures put in place resulting from the Covid-19 pandemic. The Company, however, has been able to retain key technical personnel to provide continuity to the various activities.

LIQUIDITY

The Company started the 2021 fiscal year with a working deficiency of \$1,754,083, as at September 30, 2021, the Company had a working capital of \$983,433. The change in the working capital of \$2,737,516 was primarily due to the closing of the private placement for gross proceeds of \$4,800,000, gross proceeds from the exercise of warrants of \$43,260 and general and administrative costs of \$2,341,133.

Recent developments in the capital markets have restricted access to debt and equity financing for many companies. As the Company has no significant income, cash balances will continue to decline as the Company utilizes these funds to conduct its operations, unless replenished by capital fundraising or debt.

	September 30, 2021	September 30, 2020
Working capital (deficiency)	\$ 983,433	\$ (1,754,083)
Deficit	\$ (22,073,018)	\$ (13,686,270)

CAPITAL RESOURCES

The Company has not yet realized profitable operations and it has relied on non-operational sources of financing to fund operations. The ability of the Company to achieve its objectives, meet its ongoing obligations and recover its investments in granted and pending patents, and other assets will depend on management's ability to successfully execute its business plan, achieve profitable operations and obtain additional financing, if or when required. There is no assurance that these initiatives will be successful.

RELATED PARTY DISCLOSURES

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

Compensation paid to key management and directors

The following are the remuneration of the Company's related parties:

	September 30, 2021	September 30, 2020
	\$	\$
Dorian Banks, Executive Director, CEO and interim CFO	7,500	-
Tony Louie, former Executive Director and CEO	135,000	70,000
Drew Brass, Non-executive Director for consulting fees	36,000	18,000
Company controlled by Gillian Holcroft, President of MOOI for consulting fees and research expenses	-	164,000
A company controlled by a Rob Burylo, former Director for consulting fees	-	5,000
A company controlled by Arnab Kumar De, former CFO for professional fees	-	7,500
Share-based compensation	2,316	-
	180,816	264,500

Due to related parties

	September 30, 2021	September 30, 2020
	\$	\$
Tony Louie, Executive Director and CEO	34,806	70,000
Company related to Tony Louie, Executive Director and CEO	10,000	6,000
Drew Brass, non-executive Director	36,000	18,000
Frank Vlastelic, non-executive Directors	-	18,840
Company controlled by, Gillian Holcroft, President of MOOI	-	76,000
	80,806	188,840

Included in accounts payable and accrued liabilities as at September 30, 2021 is \$4,725 (September 30, 2020 - \$4,725) owing to a company controlled by Arnab Kumar De, the former CFO.

Except for the notes payable to related parties below, all amounts owing to related parties do not bear any interest, are unsecured and due on demand.

During the year ended September 30, 2020, Nelson Skalbania, former director and former chairman, and a family member assigned the collective amounts outstanding of \$293,294 to an arms-length party. This included the \$100,000 subscriptions received in advance from the former director and former chairman in connection with the units at \$0.20 per unit that had not yet been issued. The balance was recorded as a current liability during the year ended September 30, 2020.

During the year ended September 30, 2020, the Company entered into a loan agreement with Frank Vlastelic, director of the Company whereby the director agreed to lend \$16,000. The loan is unsecured, due on January 29, 2021 and bears interest at 8% per annum. During the year ended September 30, 2021, the Company issued 47,404 common shares in settlement of the loan agreement amounting to \$19,910. As of June 30, 2021, the Company had a balance payable including principal and interest of \$Nil (September 30, 2020 - \$18,840).

During the year ended September 30, 2021, the Company repaid \$118,000 to the Director and CEO, and Director as follows:

- a) issued 238,095 common shares of the Company to Tony Louie, Director and CEO of the Company amounting to \$100,000.
- b) issued 42,857 common shares of the Company to Drew Brass, Director of the Company amounting to \$18,000.

OUTSTANDING SHARE DATA

(a) Authorized

Unlimited number of Class A shares without par value.
 Unlimited number of non-voting Class B preferred without par value.

(b) Common Shares - issued and outstanding

Changes in issued share capital and equity reserves for the period ended September 30, 2021 were as follows:

1. A total of 201,669 common shares were issued at \$2.94 to settle \$585,910 debt owing.
2. The Company completed a non-brokered private placement of 2,587,601 units (the "Units") at a price of \$1.855 per Unit for gross proceeds of \$4,800,000. Each Unit consists of one common share (a "Share") in the capital of the Company and one share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional Share at a price of \$5.25 until February 26, 2023, subject to an acceleration provision whereby if the Shares trade at a price of \$5.00 or greater per Share for a period of 10 consecutive trading days after four months and one day from the closing of the private placement, the Company may accelerate the expiry of the Warrants by giving notice to the holders thereof, and, in such case, the Warrants will expire on the 30th day after the Company issues such notice. Finder's fees were paid in connection with the private placement to arm's length finders that consisted of cash commission in the total amount of \$294,042. In addition, an aggregate of 75,456 Shares and 86,057 broker warrants (the "Broker Warrants") have been issued to finders. The terms of the Broker Warrants are identical to the terms of the Warrants. The fair value of the Broker Warrants was determined to be \$456,760 calculated using the Black-Scholes Option Pricing Model with the following assumptions: expected life of warrants – 2 years; expected volatility – 152.33%; expected dividend yield – 0%; and risk-free rate – 0.30%.
3. The Company issue 6,429 common shares for gross proceeds of \$33,750 for warrants exercised
4. The Company issued 1,811 common shares for gross proceeds of \$9,510 for finders' warrants exercised. Accordingly, \$10,745 was transferred from reserves to share capital.
5. the Company issued a total of 801,839 common shares at a price of \$0.80 for consideration of \$4,490,300 to Nifty and an arm's length finder for the acquisition of Flurbo.

The table below presents the Company's common share data:

	Number as at the Report Date	Number as at September 30, 2021
Common Shares, issued and outstanding	4,067,878	4,067,878
Stock options convertible into common shares	404,286	404,286
Warrants	2,665,418	2,665,418

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its intangible assets and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company currently has no source of revenues, though it raises capital by obtaining equity financing, selling assets and/or incurring debt. The Company is primarily dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the markets and by the status of the Company's intangible asset progress in relation to these markets, and its ability to compete for investor support of its technical capability.

FINANCIAL INSTRUMENTS

Fair values

The company's financial instruments consist of cash, accounts payable, due to related parties, notes payable and proceeds from convertible debentures.

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: - Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: - Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: - Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of the Company's cash is classified as a Level 1 fair value measurement. The Company does not have any Level 2 or 3 fair value measurements.

As at September 30, 2021, the fair values of the Company's financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash which is held in bank accounts. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is low and is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments. The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consists primarily of refundable government goods and services taxes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Currency 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 is not exposed to foreign exchange risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its ability to meet its short-term research and administrative expenditures by raising additional funds through share issuance when required. All the Company's financial liabilities have contractual maturities of less than a year or due on demand and are subject to normal trade terms. Working capital deficiency poses a liquidity risk unless the Company can monetize its intangible assets or acquire further equity or debt funding. The Company is exploring all opportunities for monetization of its assets and in acquiring further funding.

RISK AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. Our goal is to enable the Company's business processes and opportunities by ensuring that the risks arising from our business activities, the markets and political environments in which we operate is mitigated. The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties described are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

Global Pandemic

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19), which include the implementation of travel bans, self imposed quarantine periods and social distancing. COVID-19 has caused material disruption to businesses globally resulting in an economic slowdown. These measures may adversely affect and harm the Company by potentially limiting access to our technologies and preventing the Company from meeting its obligations. Additionally, these measures could affect the ability to complete due diligence on potential transactions by limiting in person meetings and restricting travel. The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. It is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

Competition

Magnesium Metal is a competitive market and the ability to secure offtake agreements with magnesium metal clients and customers is critical. The key to success is to ensure that a stable, low-cost ultrapure magnesium metal (and Mg-related byproducts and compounds) is produced at a price less than its competitors while the sale of products from its other related operations assists in revenue flow. The Company's other assets are its technology, process and innovative modular plant expansion design.

New Business

The Company currently does not have any contractual customers. To mitigate this risk, the Company is actively in discussion with several large companies who have shown great interest in purchasing the Company's magnesium-based products. However, there is a risk that the Company may not be able to find sufficient customers at the early stages.

Market

The profitability of the Company's operations is significantly affected by changes in the market prices of the products. The level of interest rates, the rate of inflation, and the stability of exchange rates can all cause

significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Project Execution Risk

The business is based on a novel, low-cost modular method for producing magnesium metal and magnesium oxide. Although the majority of the unit operations are commercially proven, several key processing steps need to undergo a technical and economic review and possible testing prior to engineering and construction. To mitigate this risk, this capital and operating cost review will be carried out by an independent engineering firm prior to detailed engineering design and construction of the facility.

Once the detailed engineering design is complete, there are no guarantee that the processing facility will be built on time and on budget. Any delays in receiving the appropriate environmental and construction permits, construction delays, as well as ramp up to full capacity may materially impact the Company's financial performance and cash flow. This risk, however, is being mitigated through the design and construction of a modular facility. This approach limits the financial exposure and helps to ensure adequate cash flow prior to expanding production through additional modular units.

Key Personnel

The success of the Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

This risk is mitigated through the engagement of technology experts, consultants in the field, etc. who can intervene in such an instance. Once the final design, equipment procurement and construction of the pilot-plant and other operations is complete, this risk is further mitigated.

The facilities' location in an industrial community gives it the ability to engage qualified personnel to operate the facility, create local jobs and renovate an industrial wasteland to an environmentally friendly business hub is deemed to be a very low risk.

Product Quality

The unique Magnesium process is designed to produce 99.9% wt. magnesium metal ingots. If the processing steps result in inconsistent product quality, then the Company may not be able to fulfill its contractual agreements to its customers which could adversely impact its financial performance, if the Company's other products sales are not high enough to compensate.

In addition to producing Magnesium ingots, the process is also designed to produce significant quantities of secondary Mg-related byproducts, co-products and compounds for sale to customers as well as its Mg-based panels for the construction industry and Mg-Air Fuel Cell development as commercial viability is determined. The Company is determined to create a solid, stable, Canadian source of Mg and its other products to enable both Canada and the USA to rely less on other foreign imports.

Consumable and Raw Material costs

The process is based on processing on grade, already-mined, serpentinite tailings to produce magnesium metal and other related Mg byproducts. The Company has secured a long-term option agreement for the raw material supply of 50M tonnes at a very low (\$1.00/tonne as it is used) price. The Company has an option for an additional 60M tonnes in Thetford Mines Québec. These two option contracts ensures a long-term raw material supply and as such this risk has been mitigated.

Property Damage

The facility will be insured against loss of property as well as other insurances to protect against certain risks. The Company, however, cannot insure against operator error, improper maintenance, and general equipment failure. As such these events may increase the overall operational costs of the facility and thus impact the profitability of the Company.

Environmental and Safety Compliance

The processing facility will be designed and constructed to meet all required environmental, health and safety standards. Although best practices will be used to design, construct and operate the facility, there is always a risk that operator error or equipment failure will result in environmental and/or safety non-compliance.

Intellectual Property

The Company has significant know-how which will be protected through the filing of patents as well as the issuance of non-disclosure agreements for specific know-how and business confidential information. Although every effort will be made to ensure that the Company's IP and know-how are protected, there is a risk that the competition and/or employees will not respect their legal obligations and the Company may be forced to take legal action.

Legal Risk

In the normal course of the Company's business, the Company may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to the personal injuries, property damage, property tax, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for the accounting periods commencing on or after January 2, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis. Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. Management will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional personnel in order to provide greater segregation of duties. Since there is insufficient work at this time to warrant the additional costs, management has chosen to disclose the potential risk in its filings and proceed with increased personnel only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses,

through a combination of extensive and detailed review by management of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.