COVER TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

This Management Discussion and Analysis ("MD&A") of Cover Technologies Inc. ("Cover" or the "Company") should be read in conjunction with the Company's audited consolidated financial statements for the years ended September 30, 2022 and 2021, 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 30, 2023 (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; 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". The Company's head office is located at Suite 2380 - 1055 West Hastings Street, Vancouver, V6E 2E9. Cover is a technology research and development company with a focus on emerging technologies and solutions. Cover is in pursuit of identifying opportunities in emerging technologies. As at the Report Date, in connection with the magnesium processing, the Company terminated a technology acquisition agreement and is currently uncertain whether to continue with the magnesium processing business. As the Investissement Québec grant relates to magnesium processing, it is uncertain whether the Quebec government will demand repayment if the Company decides to discontinue its operations in magnesium processing. Cover will focus its efforts on completing of the Transaction relating to the patent-pending and proprietary process enabling true plastic waste removal in a scalable, systematic and profitable way.

OVERALL PERFORMANCE

During the year ended September 30, 2022, 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, 2022, the Company completed a non-brokered private placement and issued 1,453,431 common shares at a price of $0.255 per share for gross proceeds of $370,625.

Subsequent to the year ended September 30, 2022, the Company paid $125,000 to an arm's length party pursuant to a settlement agreement.

PlasCred Transaction

As of the Report Date, the Company entered into an assignment agreement (the "Agreement") with 1346487 B.C. Ltd. ("NumberCo") and PlasCred Inc. ("PlasCred"), pursuant to which the Company has agreed to enter into an assignment agreement (the "Assignment") of a securities exchange agreement dated August 2, 2022 among NumberCo and PlasCred Inc. ("PlasCred") and the shareholders of PlasCred (collectively, the "PlasCred Shareholders"). In connection with the Agreement, the Company has also agreed by way of novation and assumption agreement to take assignment of the monies that have been advanced by NumberCo to Plascred, which are expected to be $800,000 by the time of closing of the

Assignment and secured by a general security agreement over all the assets of PlasCred (the "Loan Assignment").

PlasCred is a private green technology company incorporated in Alberta, whose patent-pending and proprietary process enables true plastic waste removal in a scalable, systematic and profitable way. The PlasCred "process" hopes to deliver a commercially viable plastic recycling process, providing immediate economic benefit for industry, communities and government organizations for handling waste plastic. PlasCred is also developing strategic partnerships with CN Rail, providing PlasCred with unparalleled logistics support across North America for transportation and handling of plastic waste. Further information on PlasCred, see their website located at www.plascred.com.

In consideration for the Assignment, the Company will issue to NumberCo 12,000,000 units (each, a "Unit") of the Company, as adjusted after the completion of any consolidation or subdivision, with each Unit consisting of one common share in the capital of the Company and one Share purchase warrant, exercisable for a period of two years at an exercise price of $0.25 per Share. The Assignment will allow the Company to acquire all of the outstanding securities of PlasCred from the securityholders of PlasCred (the "Transaction").

In connection with the completion of the Transaction (the "Closing"), the Company will issue up to an aggregate of 35,000,000 Shares on a pro rata basis to the securityholders of PlasCred. Except for the Loan Assignment, the Company is not assuming any long-term debt as part of the Transaction and no finders fees are anticipated to be paid. Concurrent to the entry into of the Assignment Agreement, the Company, PlasCred and the PlasCred Shareholders entered into an amended and restated securities exchange agreement to, among other things, bring forward certain dates with respect to the Closing of the Transaction as well as to replace the representations and warranties of NumberCo with that of the Company. Completion of the Transaction remains subject to a number of conditions, including satisfactory due diligence by the parties, receipt of all requisite approvals, including the conditional approval of the Canadian Securities Exchange (the "CSE"), and other conditions customary for transactions of this nature. The Transaction is a Fundamental Change under the Policies of the CSE, requiring the CSE to review and approve the Transaction and the Company to obtain shareholder approval for the Transaction.

Prior to the closing of the Transaction, the Company intends to consolidate its outstanding Shares on the basis of 2 pre-consolidation Shares for every one post-consolidation Share (the "Consolidation").

In addition to the Assignment, the Company will complete a non-brokered private placement consisting of the issuance of up to 13,333,333 post-Consolidation Shares at a price of $0.30 per post-Consolidation Share for gross aggregate proceeds of up to $4,000,000 (the "Financing"). The Company intends to use the proceeds from the Financing for general working capital purposes as well as to help fund the closing of the Transaction. Finders' fees in cash and securities may be payable in connection with the Financing in accordance with the policies of the CSE and applicable securities laws.

Investor Relations and Communication Services

As of the Report Date, the Company entered into an agreement with Adelaide Capital Markets Inc. ("Adelaide"), pursuant to which Adelaide has agreed to provide investor relations and communications services to the Company in exchange for an aggregate amount of $60,000, payable in monthly instalments of $10,000 until March 19, 2023. Pursuant to the agreement between Adelaide and the Company, the Company granted stock options to Adelaide to purchase up to 150,000 common shares of the Company at an exercise price of $0.25 per share. Of these Options, 37,500 shall vest on December 19, 2022, 37,500 shall vest on March 19, 2023, 37,500 shall vest on June 19, 2023 and 37,500 shall vest on September 19, 2023.

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 commons 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.

At the time of the acquisition, the Company viewed 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. As of the date of this report, the Company is no longer pursuing the development of this technology.

Magnesium Agreements

During the year ended September 30, 2020, the Company and its subsidiary, MOOI, entered into an agreement with Asbestos Corp. Ltd. (“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 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 was extended to March 1, 2022. The agreement lapsed during the year ended September 30, 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 did not acquire any tailings during the years ended September 30, 2022 and 2021.

On January 3, 2019, 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 has received notice of the termination, effective November 12, 2022, of its technology acquisition agreement which was entered into in January 2019 with Tech Magnesium. As of September 30, 2022, the Company owed $118,650 to Tech Magnesium.

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&A.

SUMMARY OF ANNUAL AND QUARTERY 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, 2022 $	**September 30, 2021 $**	**September 30, 2020 $**
Total revenue	-	-	-
Loss and comprehensive loss for the year	(2,361,523)	(8,621,698)	(473,346)
Net loss per share, basic and fully diluted	(0.44)	(4.02)	(1.20)
Total assets	314,429	2,121,883	73,781
Total liabilities	1,163,227	1,138,450	1,777,864
Shareholders' Equity (Deficiency)	(848,798)	983,433	(1,704,083)

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, 2022	-	(528,870)	(0.10)
June 30, 2022	-	(260,384)	(0.05)
March 31, 2022	-	(673,696)	(0.14)
December 31, 2021	-	(898,573)	(0.22)
September 30, 2021	-	(6,708,504)	(1.98)
June 30, 2021	-	(434,121)	(0.13)
March 31, 2021	-	(1,343,490)	(0.89)
December 31, 2020	-	(135,583)	(0.35)

The Company's performance for the year ended September 30, 2022 and 2021 was as follows:

	Year ended September 30, 2022 $	Year ended September 30, 2021 $	Change $
Revenue	-	-	-
Loss for the year	(2,360,025)	(8,622,985)	6,262,960
Loss and comprehensive loss	(2,361,523)	(8,621,698)	6,260,175

Key changes in the primary components of the loss and comprehensive loss for the year ended September 30, 2022 compared to the year ended September 30, 2021 were as follows:

1. General and Administration of $1,970,267 decreased by $370,866 due to the following fluctuations:
   - Management fees are related to the executive officers of Cover and MOOI. The decrease of $39,000 was due to a change in executive officers during the quarter ending September 30, 2021.
   - Professional and consulting fees decreased by $377,802. During the year ending September 30, 2021, the Company engaged additional consultants to support the increase in business operations. During the year ended September 30, 2022, the Company engaged external consultants for the oversight of regulatory compliance.
   - Investor communication decreased by $52,132 due a decreased in promotional activities.
   - Office and administration decreased by $9,999 due to cost cutting measures.
   - Transfer agent and filing fees increased $18,294 due to the acquisition of Flurbo and general corporate compliance increase.
   - Research are development activities in Québec that cannot be capitalized and are expensed. Research expense increased by $44,000 due to the Company continuing the next phase to demonstrate the feasibility of producing magnesium metal during the year ended September 30, 2022, compared to minimal research activity during the year ended September 30, 2021.
   - Sales tax provisions of $45,773 relates to the write off of historical input tax credits. The Company plans to continue pursuing these input tax credits in future tax filings.

2. A non-cash stock-based compensation charge of $158,667 (September 30, 2021 - $1,676,936) was incurred to reflect the fair value of stock options during the period.

3. Due to the uncertainty surrounding the collection of the short-term loan, the Company recorded a secured loan receivable provision of $200,000 in connection with the PlasCred Transaction.

The Company's performance for the three months ended September 30, 2022 and 2021 was as follows:

	Three months ended September 30, 2022 $	Three months ended September 30, 2021 $	Change $
Revenue	-	-	-
Loss for the year	(527,703)	(6,707,455)	6,179,752
Loss and comprehensive loss	(528,870)	(6,708,504)	6,179,634

Key changes in the primary components of the loss and comprehensive loss for the three months ended September 30, 2022 compared to the three months ended September 30, 2021 were as follows:

General and Administration of $347,236 decreased by $104,601 due to the following fluctuations:

- Management fees are related to the executive officers of Cover and MOOI. The increased of $35,000 was due to an executive officer of MOOI providing a discount on the management fees from past services during the year ended September 30, 2021.
- Professional and consulting fees increased by $38,847. During the period ending September 30, 2021, the Company engaged additional consultants to support the increase in business operations. During the period ended September 30, 2022, the Company engaged external consultants for the oversight of regulatory compliance.
- Investor communication decreased by $272,129 due to the Company decreasing promotional activities.
- Office and administration increased by $2,046.
- Transfer agent and filing fees increased by $2,304. The change in fees resulted from the change in general corporate compliance requirements.
- Sales tax provisions of $45,773 relates to the write off of historical input tax credits. The Company plans to continue pursuing these input tax credits in future tax filings.

A non-cash stock-based compensation charge of $19,097 (September 30, 2021 - $1,676,936) was incurred to reflect the fair value of stock options during the period.

Interest expense decreased by $1,454 due to the repayment of $100,000 Convertible Debenture during the year ended September 30, 2022 and the repayment of certain notes payable during the year ended September 30, 2021.

Due to the uncertainty surrounding the collection of the short-term loan, the Company recorded a secured loan receivable provision of $200,000 in connection with the Plascred Transaction during the quarter ended September 30, 2022.

During the quarter ended September 30, 2021, the Company terminated negotiations with COVEX and $75,000 was written-off to operations.

During the quarter ended September 30, 2021, the Company recorded a loss on debt settlement of $7,000.

During the 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 year ended September 30, 2022 and September 30, 2021

	September 30, 2022 $	September 30, 2021 $	Change $
Cash used in operating activities	(1,127,059)	(3,134,365)	2,007,306
Cash provided by financing activities	223,728	4,475,068	(4,251,340)
Cash used in investing activities	(200,000)	(25,000)	(175,000)

Cash used in operating activities between 2022 and 2021 decreased primarily as a result of the Company prepaying for certain management and consulting fee services during the year ended September 30, 2021.

Cash provided by financing activities decreased primarily due to the Company completing a private placement of $370,625 during the year ended September 30, 2022 compared to $4,505,808 during the year ended September 30, 2021 and the repayment of $89,304 notes payable and $57,593 (2021 - $100,000) convertible debentures during the year ended September 30, 2022.

Cash used in investing activities increased due to the Company advancing a short-term loan of $200,000 (“Secured Loan”) to PlasCred, in connection with the PlasCred Loan Assignment as outlined above. The Secured Loan bears interest of 10% per annum, compounded monthly, and matures on the earlier of June 2, 2023 or 90 days after the Assignment is terminated.

DISCUSSION OF OPERATIONS

Research expenses:

	Year ended		Three months ended	
	September 30, 2022 $	September 30, 2021 $	September 30, 2022 $	September 30, 2021 $
Technical consulting	50,000	6,000	-	-
	50,000	6,000	-	-

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, 2022, the Company continued the next phase to demonstrate the feasibility of producing Mg metal. During the year ended September 30, 2021, 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.

LIQUIDITY

	September 30, 2022	September 30, 2021
Working capital (deficiency)	$ (848,798)	$ 983,433
Deficit	$ (21,768,080)	$ (19,408,055)

The change in the working capital of $1,832,231 was primarily due to:

- General and administrative costs of $1,970,267 and interest expense of $31,091.
- The repayment of $50,000 plus interest totalling $57,593 of the convertible debenture.
- The repayment of $86,000 plus interest totalling $100,843 of the notes payable.
- The closing a non-brokered private placement and issuing 1,453,431 common shares at a price of $0.255 per share for gross proceeds of $370,625.
- The advancing the Secured Loan of $200,000 to PlasCred, in connection with the PlasCred Loan Assignment as outlined above.

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.

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.

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

	September 30, 2022	**September 30, 2021**
	$	$
Dorian Banks, Executive Director and CEO and interim CFO	60,000	7,500
Tony Louie, former Executive Director and CEO	-	135,000
Drew Brass, non-executive Director for consulting fees	36,000	36,000
Share-based compensation	158,667	2,306
	254,667	180,816

Due to related parties

	September 30, 2022	**September 30, 2021**
	$	$
Tony Louie, former Executive Director and CEO	-	34,806
Company related to Tony Louie, former Executive Director and CEO	-	10,000
Drew Brass, non-executive Director	72,000	36,000
	72,000	80,806

The current year balance owing to former executive director and CEO has been included in accounts payable. Included in accounts payable and accrued liabilities as at September 30, 2022 is $44,806 (September 30, 2021 - $4,725) owing to former executive director and CEO and a company controlled by the former CEO.

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, the Company entered into a loan agreement with a director of the Company whereby the director agreed to lend $16,000. The loan was unsecured, due on January 29, 2021 and bears interest at 8% per annum. During the year ended September 30, 2022, the Company issued Nil common shares (September 30, 2021 - 6,772 common shares) in settlement of the loan agreement amounting to $Nil (September 30, 2021 - $19,910).

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.

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

	Number as at the Report Date	Number as at September 30, 2022
Common Shares, issued and outstanding	5,521,309	5,521,309
Stock options convertible into common shares	554,286	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.

The Company does not currently have adequate sources of capital to complete its current obligations and ultimately the development of its business, and will need to raise capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near term to meet its obligations. 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.

There were no changes in the Company's approach to capital management during the period and the Company is not subject to any externally imposed capital requirements.

FINANCIAL INSTRUMENTS

Fair values

The company's financial instruments consist of cash, accounts payable, due to related parties, notes payable, advance from Investissement Québec 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, 2022, 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 advance from Investissement Québec is exposed to changes in prime rate. As at September 30, 2022, a 1% increase/decrease in prime rate would increase/decrease the net loss by $5,730 (September 30, 2021 - $5,534).

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 exposed to minimal 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.

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 International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretation Committee ("IFRIC") that are not yet effective. Many are not applicable or do not have significant impact to the Company and have been excluded.

On October 1, 2021, the Company amended its significant accounting policy to state that upon settlement of convertible debentures, the Company reclassifies the carrying value of equity portion from loan reserve to deficit in order to provide more relevant information on the Company's financial position. This change was applied retrospectively; therefore, the opening balances of each affected component of financial position for the earliest period presented and other comparative amounts disclosed for each prior period have been presented as if this method has always been applied.

Retrospective application of this change in accounting policy results in the following impact on the October 1, 2020 opening statement of financial position:

	As at October 1, 2020		
	Reported at October 1, 2020	Impact of changes	Restated at October 1, 2020
Reserves	2,918,987	(2,664,963)	254,024
Deficit	(13,686,270)	2,664,963	11,021,307

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 MD&A. 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.