

BEYOND OIL LTD.

(Formerly FTC Cards Inc.)

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

THREE AND SIX MONTHS ENDED JUNE 30, 2022

OVERVIEW

This management's discussion and analysis ("**MD&A**") is management's interpretation of the financial condition and results of the operations of Beyond Oil Ltd. (formerly FTC Cards Inc.) ("**FTC**" or the "**Company**") for the three and six month period ended June 30, 2022 and includes events up to August 14, 2022 (the "**2022 Q2 Period**").

This MD&A should be read in conjunction with the audited annual financial statements of the Company and of Beyond Oil Israel (as defined below) for the years ended December 31, 2020, and 2021 (the "**Annual Financial Statements**") as well as the interim financial statements of the Company for the three and six-month period ended June 30, 2022 (the "**Interim Financial Statements**"), together with the notes thereto. All amounts in this MD&A are reported in U.S dollars, unless otherwise noted.

The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with IFRS as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

This MD&A contains forward-looking information. Please see the section "Note Regarding Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop our forward-looking information.

DESCRIPTION OF THE BUSINESS

The Company was incorporated under the name 0934977 B.C. Ltd. under the laws of the Province of British Columbia on March 9, 2021. On May 16, 2021, its name was changed to "FTC Cards Inc.". The Company was incorporated by CTF Technologies Inc. ("**CTF**") for the purposes of completing a reorganization whereby, pursuant to the terms of an Arrangement Agreement (the "**Arrangement Agreement**") between CTF, and FleetCor Technologies Inc. ("**FleetCor**"), FleetCor would acquire all of the shares of CTF from its existing shareholders and FTC Cards Inc. would be spun out from CTF. Such transaction completed on July 3, 2021, and the Company became a reporting issuer, not listed on any exchange for trading in Canada or elsewhere.

Pursuant to the terms of the Arrangement Agreement, FTC acquired 90.5% of the equity of FTC Cards Processamento e Servicos de Fidelizacao Ltda. The minority 9.5% interest was subsequently cancelled, and the entity became a wholly owned Brazilian subsidiary engaged in the payment card processing business.

On June 22, 2021, the Company completed a non-brokered private placement of 12,000,000 common shares at a price of C\$0.05 per common share that closed on June 22, 2021, for gross proceeds of C\$600,000 (the "**Seed Financing**").

On September 26, 2021, the Company entered into a share purchase agreement (the "**Share Purchase Agreement**") with Beyond Oil Ltd., a company incorporated under the laws of the Country of Israel on November 25, 2018 ("**Beyond Oil Israel**") and the shareholders of Beyond Oil Israel for the acquisition of all of the issued and outstanding shares of Beyond Oil Israel (the "**Transaction**"). The consideration payable by the Company for the acquisition of Beyond Oil Israel consisted of common shares, common share purchase warrants and contingent value rights of the Company.

In connection with the Transaction, the Company completed a non-brokered private placement of 2,500,000 common shares at a price of C\$0.50 per common share that closed in two tranches on November 5, 2021 and November 26, 2021, for gross proceeds of C\$1,250,000 (the "**Bridge Financing**").

Also in connection with the Transaction, the Company completed a non-brokered private placement of 4,666,667 special warrants for gross proceeds of C\$3,500,000. The special warrant offering was completed in three tranches: February 4, 2022, February 14, 2022 and April 7, 2022. Each special warrant entitled the holder thereof to acquire automatically upon completion of the Transaction, for no additional consideration, one unit. Each "unit" consisted of one common share and one half of one warrant, issuable upon the deemed exercise of the special warrants, with each whole warrant entitling the holder to acquire, one common share at a price of C\$1.25 per common share until the date that is 12 months from the conversion of the special warrants (the "**Special Warrant Financing**").

The Transaction was completed on May 13, 2022, whereupon Beyond Oil Israel became a wholly-owned subsidiary of the Company and the Company changed its name to Beyond Oil Ltd., and the Special Warrants automatically converted into units.

The Transaction constitutes a reverse takeover of the Company. As Beyond Oil Israel was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations are included in the consolidated financial statements and FTC's results of operations have been included from May 13, 2022.

Further details regarding the Transaction can be found in the Company's listing statement dated May 19, 2022 filed under the Company's profile on SEDAR at www.sedar.com.

The head office of the Company is located at 33157 Tunbridge Avenue, Mission, British Columbia, V2V 6X9 and the registered and records office of the Company is located at 1208 Rosewood Crescent, North Vancouver, BC V7P 1H4, Canada.

Beyond Oil Israel is a food-tech innovation company that has developed a product that extensive testing indicates extends the usable life of frying oil, improves product quality, and reduces frying oil costs. As a preferential adsorbent, the product reduces soluble impurities formed during the frying process that causes damaging free fatty acids ("FFA") and polar compound formation, undesirable odors, off-flavors, and off-colors. The Beyond Oil Israel solution integrates with food services and restaurants' existing oil filtrations processes as a filter aid. The process includes passive microfiltration designed to remove unwanted components, that degrade oil quality, through a combination of active filtration by the powder and passive filtration by a microfiltration paper. This process ensures no residue is left in the oil while maximizing the efficiency of removing other degradation particles.

To the Company's knowledge, Beyond Oil Israel has developed a unique solution that can eliminate FFA almost completely without damaging oil quality. This unique solution outperforms magnesium-based filter powders that have existed for years that only marginally reduce FFA levels.

Beyond Oil Israel's unique value proposition is that it could dramatically lower costs for quick service restaurants by extending the life use of the oil significantly while retaining the original taste and texture profile.

Beyond Oil Israel received a non-objection letter from the FDA in March 2022, on the basis that all the Beyond Oil product ingredients meet food-grade specifications of the FDA. In May 2022, Beyond Oil Israel received a non-objection letter from Health Canada and a National Sanitation Foundation certification.

Final patents and proof of concept have been established in respect of vegetable oil and patent applications and initial testing has begun for the application of Beyond Oil Israel's solution to olive oil, palm oil and avocado oil. The Company is however currently focused on commercializing its product in the food service industry followed by the refining and premium oil industries.

OPERATIONAL HIGHLIGHTS

On May 30, 2022, the Company received clearance from Health Canada for the Canadian Market and Product Certification from the National Sanitation Foundation in the United States.

On June 8, 2022, the Company entered into a commercial distribution agreement with ARB Tech Gida for the food service market in Turkey. ARB Tech Gida's minimum purchase in the first 12 months is expected to be at least US\$2 million, with a 50% increase in purchases in subsequent years.

On June 22, 2002, the Company entered into a commercial distribution agreement with TEJA Food Group following a successful testing and pilot program with Joey's Franchising Ltd. from June 1 to June 14, 2022. TEJA Food Group's minimum purchase in the first 12 months is expected to be at least US\$3 million, with a 50% increase in purchases in subsequent years.

SELECTED FINANCIAL INFORMATION

The following is selected financial data derived from the Interim Financial Statements of the Company.

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Total revenues	\$ -	\$ (42,918)
Loss for the period	(13,017,655)	(831,791)
Loss per share (basic and diluted)	(0.42)	(0.02)
Total assets	6,342,256	4,584,617
Total non-current financial liabilities	195,605	480,547
Dividends	\$ Nil	\$ Nil

DISCUSSION OF OPERATIONS

Three Months Ended June 30, 2022:

During the three months ended June 30, 2022, the Company had \$nil income and on June 30, 2021 the Company had a loss of \$42,918.

During the three months ended June 30, 2022, the Company incurred research and development expenses of \$174,696 compared to \$101,402 for the three months ended June 30, 2021. The increase is mainly due to an increase in labor expenses and sub-contractors.

Research and development expenses	Three months ended June 30, 2022	Three months ended June 30, 2021
Labor expenses	\$ 46,978	\$ -
Professional fees	18,462	18,900
Sub-contractor	89,603	67,440
Raw materials	308	7,222
Others	19,345	28,532
Less- proceeds from Israel Innovation Authority	-	<u>(20,692)</u>
	\$ 174,696	\$ 101,402

During the three months ended June 30, 2022, the Company incurred general and administration expenses of \$574,708 compared to \$307,123 for the three months ended June 30, 2021. The increase is mainly due to an increase in labor expenses, professional fees related to the Share Purchase Agreement and share based compensation expenses as offset by a decrease of special termination expenses (for additional information, please see the Annual Financial Statements).

General and administration expenses	Three months ended June 30,		Three months ended June 30,	
	2022		2021	
Labor expenses	\$	158,153	\$	30,503
		96,225		75,983
Professional fees				
Share-based compensation expenses		192,250		12,403
Special termination expenses		-		95,798
Depreciation		73,015		61,293
Others		<u>55,065</u>		<u>31,143</u>
	\$	574,708	\$	307,123

Also, the Company incurred listing expenses of \$10,306,856 for the three months ended June 30, 2002, arising from the completion of the Transaction.

During the three months ended June 30, 2022, the Company incurred finance expenses of \$1,283,383 compared to finance expenses, of \$1,918 for the three months ended June 30, 2021. The increase is mainly due to an increase in the fair value adjustments of derivative liability – warrants and from a loss from remeasurements of preferred share liability at fair value.

Finance expenses	Three months ended June 30,		Three months ended June 30,	
	2022		2021	
Fair value adjustments of derivative liability - warrants	\$	811,182	\$	-
Fair value adjustments royalties liability at fair value		363,844		-
Currency exchange		106,470		(1,153)
Commissions and interest expenses		<u>1,887</u>		<u>3,071</u>
	\$	1,283,383	\$	1,918

As a result, the Company incurred a net loss in the amount of \$12,417,081 for the three months ended June 30, 2022, compared to a net loss of \$403,459 for the three months ended June 30, 2021.

During the three months ended June 30, 2022, the Company had a net decrease in cash from operating activities after adjustments for non-cash items and changes in other working capital accounts of \$556,267 (June 30, 2021: \$90,110). During the three months ended June 30, 2022, the Company received \$6,409 from investment activity (June 30, 2021: \$8,721). For the three months ended June 30, 2022, the Company received \$2,392,709 from the cash balances held by FTC at closing of the Transaction (June 30, 2021: \$nil), and \$88,582 from exercise of warrants (June 30, 2021: \$nil). As of June 30, 2022, net proceeds from financing activities were \$2,471,329 (June 30, 2021: used of \$5,335). Consequently, the Company's cash position increased from \$127,118 on March 31, 2022, to \$1,966,635 as of June 30, 2022, compared to a decrease from \$312,310 at March 31, 2021 to \$215,197 as of June 30, 2021.

Six Months Ended June 30, 2022:

During the six months ended June 30, 2022, the Company had \$nil income and on June 30, 2021, the Company had a loss of \$42,918.

During the six months ended June 30, 2022, the Company incurred research and development expenses of \$305,634 compared to \$173,430 for the six months ended June 30, 2021. The increase derives mainly from increase of labor expenses, sub-contractors and from a decrease in the proceeds from the Israel Innovation Authority grant in the six months ended on June 30, 2022, compared to the six months ended June 30, 2021.

Research and development expenses	Six months ended June 30, 2022	Six months ended June 30, 2021
Labor expenses	\$ 69,012	\$ -
	31,061	31,327
Professional fees		
Sub-contractor	164,934	134,160
Raw materials	6,614	32,217
Others	34,013	22,087
Less- proceeds from Israel Innovation Authority	=	<u>(26,361)</u>
	\$ 305,634	\$ 173,430

During the six months ended June 30, 2022, the Company incurred general and administration expenses of \$903,686 compared to \$628,056 for the six months ended June 30, 2021. The increase is mainly due to an increase in labor expenses, professional fees related to the completion of the Transaction and in share-based compensation expenses.

General and administration expenses	Six months ended June 30, 2022	Six months ended June 30, 2021
Salary expenses	\$ 290,893	\$ 128,454
	171,958	78,400
Professional fees		
Share based compensation expenses	213,499	12,403
Special termination expenses	-	210,508
Depreciation	148,347	134,049
Others	<u>78,899</u>	<u>64,242</u>
	\$ 903,686	\$ 628,056

Also, the Company incurred listing expenses of \$10,355,052 in the six months ended June 30, 2022, arising from the completion of the Transaction.

During the six months ended June 30, 2022 the Company incurred finance expenses, net of \$1,341,955 compared to finance income of \$12,613 for the three months ended June 30, 2021. The increase is mainly from increase of fair value adjustments of derivative liability – warrants and from loss from remeasurements of preferred share liability at fair value.

Finance expenses	Six months ended June 30, 2022	Six months ended June 30, 2021
Fair value adjustments of derivative liability - warrants	\$ 811,182	\$ -
Fair value adjustments royalties liability at fair value	363,844	-
Currency exchange	138,203	-
Commissions and interest expenses	<u>28,726</u>	<u>6,644</u>
	\$ 1,341,955	\$ 6,644

As a result, the Company incurred a net loss in the amount of \$13,017,655 for the six months ended June 30, 2022, compared to a loss of \$831,791 for the six months ended June 30, 2021.

During the six months ended June 30, 2022, the Company had a net decrease in cash from operating activities after adjustments for non-cash items and changes in other working capital balances, of \$918,494 (June 30, 2021: \$244,675).

During the six months ended June 30, 2022, the Company used \$1,254 in investment activities (June 30, 2021: - \$8,721) for the purchase of property and equipment which was offset from restricted deposits. For the six months ended June 30, 2022, the Company received \$2,392,709 by way of the cash balances held by FTC at closing of the Transaction (June 30, 2021: \$nil), \$125,000 by way of a bridge loan from FTC to Beyond Oil Israel in contemplation of the Transaction (June 30, 2021: \$nil) and \$88,582 from the exercise of outstanding warrants (June 30, 2021: \$nil). As of June 30, 2022, net proceeds from financing activities were \$2,589,901 (June 30, 2021: \$10,250). Consequently, the Company's cash position increased from \$388,154 at the beginning of the year to \$1,966,635 as of June 30, 2022, compared to a decrease from \$486,032 at the beginning of the year ended December 31, 2021 to \$215,197 as of June 30, 2021.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the financial results of operations for the eight most recent fiscal quarters⁽¹⁾:

	Revenues	Income (Loss) for the period	Income (Loss) per share
June 30, 2022 (Q2)	Nil	(13,017,655)	(0.42)
March 31, 2022 (Q1)	Nil	(95,244)	(0.01)
December 31, 2021 (Q4)	Nil	(417,358)	(0.02)
September 30, 2021 (Q3)	Nil	(130,315)	(0.01)
June 30, 2021 (Q2)	Nil	(113,596)	(0.02)
March 31, 2021 (Q1)	Nil	(18,636)	(0.01)
December 31, 2020 (Q4)	Nil	512,476	0.15
September 31, 2020 (Q3)	Nil	6,005	0.00

Notes:

- ⁽¹⁾ The quarterly results presented for the quarters prior to and including December 31, 2021, represent the financial results of FTC and do not reflect the acquisition of Beyond Oil Israel.

LIQUIDITY AND CAPITAL RESOURCES

General

The Company does not currently generate any revenue. As at June 30, 2022, the Company's cash balance was \$1,966,635 (December 31, 2021 - \$388,154) with a working capital of \$123,182 (December 31, 2021 - a negative working capital of \$1,016,977). The increase in working capital was due to the proceeds of \$3,500,000 received from the Special Warrant Financing.

The Company's operations used \$918,494 during the six months ended June 30, 2022 (2021 - \$244,675), all financed with the proceeds of non-brokered private placements.

The Company intends to use its available cash on hand to complete proposed research and development activities (\$550,000), marketing activities (\$385,000), pay accrued liabilities of Beyond Oil Israel (\$400,000) and the balance finance manufacturing expenses and general and administrative expenses for the near term and until revenue from the sale of its products are collected.

In addition, the Company has the following contractual obligations (which are reflected in its general and administrative expenses) as of June 30, 2022 (\$):

Contractual Obligation	Total	Less than 1 year	1 – 3 Years	4 – 5 Years	After 5 Years
Finance Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Leases ⁽¹⁾	(178,812)	(67,574)	(111,238)	Nil	Nil
Purchase Obligations	Nil	Nil	Nil	Nil	Nil
Other Obligations ⁽²⁾	(2,346,674)	(2,307,693)	(38,981)	Nil	Nil
Total	(2,525,486)	(2,375,267)	(150,219)	Nil	Nil

Notes:

- (1) The Company's operating leases consist of (i) a lease arrangement for office space in Kibbutz Yifat, Israel the term of which ends in March 2023, subject to an option to extend for six additional years; and (ii) a lease arrangement for factory space in Migdal Haemek, Israel the term of which ends in March 2023, subject to an option to extend option for two additional years;(iii) and a lease arrangements for vehicles in which ends in May 2025.
- (2) Other obligations consist of trade and other accounts payables, related party transactions, advance payments and royalties.

The Company's business currently does not generate revenue or positive cash flows from operations and until such time as it is cash flow positive it will be reliant on equity and debt financing and government grants/awards to provide it with the necessary cash to finance ongoing operations.

The Company's cash flow forecasts are continually updated to reflect actual cash inflows and outflows so to monitor the requirements and timing for additional financial resources. Further, the Company continues to monitor additional opportunities to raise equity capital and/or secure additional funding through non-dilutive sources such as government grants. However, it is possible that its cash and working capital position may not be enough to meet its business objectives in the event of unforeseen circumstances (including a delay in generating cash from sales of its products)..

There has been volatility in the stock markets, which may raise questions about the Company's ability to raise new capital and thereby sustain its operations. There is no certainty that the Company will be cash flow positive in the near term or that it will continue to be successful in its efforts to raise new capital, which would cause the Company to reconsider its viability as a going concern at that time and how best to sustain a reduced level of operations, pending the receipt of cash from the sale of its product or a return to better market conditions when a financing can be completed.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

Use of Proceeds

The following table sets out a comparison of disclosure in the Prospectus (as defined below) about how the Company expected to use proceeds (other than working capital), including the net proceeds from the Special Warrant Financing, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones:

Principal purpose	Estimated amount to be expended per Prospectus	Approximate amount expended as of June 30, 2022
Production facility ⁽¹⁾	\$975,000	\$(¹)
Research and development ⁽²⁾	\$850,000	\$300,000
Company Transaction expenses	\$150,000	\$250,000 ⁽⁵⁾
Marketing and sales ⁽³⁾	\$500,000	\$115,000
General and administrative expenses	\$600,000	\$800,000 ⁽⁶⁾
Manufacturing expenses ⁽⁴⁾	\$200,000	\$200,000
Accrued expenses of Beyond Oil Israel	\$400,000	\$. ⁽⁷⁾
Unallocated working capital	\$25,000	\$25,000
TOTAL:	\$3,700,000	\$1,690,000

Notes:

- (1) Consists primarily of the purchase of new equipment and the cost of modifying existing equipment to commence commercial production of 9kg boxes. Since the date of the Prospectus the Company has elected to outsource the manufacture of its product for commercial sales, thereby eliminating this cost.
- (2) Consists of the product development activities described under “Status of Product Development” above. The Company will continue these research and development activities.
- (3) Consists of the costs of engaging marketing and sales personnel, creating and initiating a sales and marketing program and related business development activities. The Company will continue to incur the balance of this estimated expense.
- (4) Consists of manufacturing expenses, such as labor cost, raw material purchases, electricity, rent of the facility, and other related expenses. Additional expenses will be financed with cash on hand and thereafter, cash from the sale of its product.
- (5) The Company’s transaction related expenses were higher than initial estimated due to some unanticipated logistical issues arising at the time of closing which caused in an increase the legal fees.
- (6) General and administrative expenses have increased due to general inflationary pressures and due to increased legal fees arising from the negotiation of the various distribution agreements described above.
- (7) These amounts will be paid in due course from the Company’s cash resources.

OFF-BALANCE-SHEET ARRANGEMENTS

During the six months ended June 30, 2022, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

The Company’s related parties consist of its key management personnel, including its directors and officers. During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm’s length transactions and made at normal market prices and on normal commercial terms.

	Six months ended June 30, 2022	Six months ended June 30, 2021
Compensation of key management personnel of the Company:		
CRDO (former CEO of Beyond Oil Israel) Management	\$ 106,941	\$ 96,678
CEO Management fees	131,233	123,345
CMO Management fees	69,053	46,928
A company controlled by a director	6,962	-
Other related party transactions:		
Share base payments	167,444	-
CEO (former CEO of Beyond Oil Israel) defined benefit plan	-	210,506

Balance with related parties:

	June 30, 2022	June 30, 2021
Loan to related party	\$ 355,841	\$ 316,441
A company controlled by a director	3,068	3,068

- 1) On April 1, 2022, Beyond Oil Israel signed a service agreement with Mr. Pinhas Or to provide him a management service for NIS4,000 per month.
- 2) On April 1, 2022, the Company signed a service agreement with a company controlled 50% by a director of the Company to provide the Company with corporate secretary services for C\$3,000 per month, which fee will increase to C\$4,250 upon the Company completing an equity financing of at least C\$10 million.

OUTSTANDING SHARE DATA:

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. On May 10, 2022, as a condition to completing the Transaction, the Company completed a consolidation of its common Shares on a 16.5:1 basis. As of the date hereof, there are 48,913,010 common shares issued and outstanding, and no preferred shares issued and outstanding.

As of the date hereof, the Company has 5,151,458 warrants outstanding and 19,528,404 contingent value rights (the “**Contingent Rights**”). The Contingent Rights will convert into common shares (the “**Deferred Payment Shares**”) on the occurrence of the following milestones:

- (i) 4,882,101 Deferred Payment Shares upon the Company or Beyond Oil Israel obtaining an order for at least US\$3 million from customers within twelve (12) months of the closing of the Transaction;
- (ii) 4,882,101 Deferred Payment Shares upon the Company or Beyond Oil Israel achieving US\$6 million in cumulative sales within 18 months of the closing of the Transaction;
- (iii) 4,882,101 Deferred Payment Shares upon the Company or Beyond Oil Israel achieving US\$13 million in cumulative sales within 30 months of the closing of the Transaction; and
- (iv) 4,882,101 Deferred Payment Shares upon the Company or Beyond Oil Israel reaching positive EBITDA by the end of its fiscal year ended December 31, 2023, and such amount is confirmed by the audited annual financial statements for the year ended December 31, 2023.

Subject to the approval of the Canadian Securities Exchange, upon the Company or Beyond Oil Israel signing a definitive agreement with a major investor or oil producer on or before December 31, 2023 that results in the Company or Beyond Oil Israel receiving US\$10 million in revenues over a 24 month period, such milestone may be used as a replacement for any one milestone in (i), (ii), (iii) or (iv) above.

As of the date hereof, the Company has 4,836,576 stock options outstanding as follows:

Number of options	Exercise price	Expiry Date	Exercisable
975,000	C\$0.5	November 8, 2031	975,000
2,938,139	C\$0.75	May 12, 2032	979,380
967,376	C\$0.0004712125	June 24, 2031	449,139
4,880,515			2,403,519

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In January 2020, the IASB issued amendments to IAS 1, which clarifies the criteria used to determine whether liabilities are classified as current or non-current. These amendments provide that whether a liability is classified as current or non-current is based on whether an entity has a right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Company is currently evaluating the impact of IAS 1 amendment and at this stage it is unable to assess such impact.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash and other receivables, trade payables and other liabilities. The main purpose of these financial instruments is to raise capital for the Company's operations.

Risk Management

The Company is exposed to risks that arise from its use of financial instruments. The Company’s exposures to financial risk and how the Company manages each of those risks is described in the Company’s MD&A for the year ended December 31, 2021. There were no significant changes to the Company’s exposure to those risks or to the Company’s management of its risk exposures during the three months ended June 30, 2022.

Determination of Fair Value

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized at fair value through profit or loss or fair value through other comprehensive income (“FVTOCI”).

The Company classifies its financial assets based on the business model for managing the financial asset and its contractual cash flow characteristics. These assets arise principally from the provision of goods (e.g., trade accounts receivable), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are

initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

The Company's financial assets and financial liabilities are classified as follows:

	Amortized cost					Total	
	Book value	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years		> 5 years
	\$						
Other receivables	112,267	112,267	-	-	-	-	112,267
Lease Liability	(156,624)	(67,574)	(68,430)	(42,808)	-	-	(178,812)
Preferred shares liability	(360,963)	(321,982)	(38,981)	-	-	-	(360,963)
Related Party transactions	(335,841)	(335,841)	-	-	-	-	(335,841)
Accounts payable and accrued liabilities	(688,698)	(688,698)	-	-	-	-	(688,698)
Total	(1,499,859)	(1,321,828)	(107,411)	(42,808)	-	-	(1,472,047)

The Company measures financial instruments at fair value, grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

Liabilities such as accounts payable, accrued liabilities, are initially recognized at fair value plus transaction costs that are directly attributable to the issue of the instrument and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss (preferred shares liability) and derivatives (derivative liability – warrants and options).

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The

proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

RISK FACTORS

Refer to the Company's prospectus, dated May 19, 2022 available at www.sedar.com under the Company's profile, for risk factors relating to the Company and Beyond Oil Israel.

NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains forward-looking statements and information that reflect the Company's current expectations and views of future events. Statements or information which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as "anticipate", "objective", "may", "will", "might", "should", "could", "can", "intend", "expect", "believe", "estimate", "predict", "potential", "plan", "is designed to", "project", "continue" or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements and information may include, among other things: statements or information relating to the Company's business strategy (including expected growth rate); any estimate of potential earnings; the completion of any transaction including contracts with potential customers; expected growth in the global market for its products; market growth and market penetration; timing of product development (both for future products and enhancements of existing products); expectations regarding expenses, sales and operations; estimates regarding capital requirements and need for and ability to obtain additional financing; expectations for the cost and timing of achieving business objectives; competitive position; and anticipated trends and challenges in the markets in which it operates including the regulatory environment.

Forward-looking statements and information have been prepared by management to provide information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. While management believes that the forward-looking statements have been prepared on a reasonable basis, reflecting management's best estimates and judgments, the Company is an early-stage company with a short operating history and it may not actually achieve its plans, projections, or expectations. Readers should read this press release with the understanding that our actual future results may be materially different from what we expect. Given these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements.

Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including: general business and economic conditions; the demand for our products; anticipated costs; the ability to achieve its goals, business plan, and growth strategy; the availability of financing on reasonable terms as needed; its ability to attract and retain skilled staff; its ability to complete any contemplated transactions; and that there will be no regulation or law that will prevent it from operating our business. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: business, economic and capital market conditions; the ability to expand our business internationally; the ability to manage operating expenses, which may adversely affect its financial condition; ability to obtain additional financing as needed; ability to remain competitive as other better financed competitors develop and release competitive products; legal and regulatory uncertainties; market conditions and the demand and pricing for its products; its relationships with customers, distributors, suppliers and business partners; its ability to successfully define, design and release new products in a timely manner that meet its customers' needs; its ability to

attract, retain and motivate qualified personnel; competition in our industry; our ability to maintain technological leadership; the impact of technology changes on our products and industry; failure to develop new and innovative products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect its business; its ability to manage working capital; and its dependence on key personnel, the risk that consumer interest in and sentiment towards the Company's products adversely changes; the impact of COVID-19 or other viruses and diseases on the Company's ability to operate; equipment failures; unanticipated increases in operating costs; security threats; government regulations; and failure of counterparties to perform their contractual obligations. In addition, Beyond Oil Israel's products have yet to be produced on a large scale and its products have yet to be shown to be effective and reliable when used by a broad range of consumers.

The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. The Company cautions that the foregoing lists of assumptions, risks and uncertainties is not exhaustive. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

ADDITIONAL INFORMATION:

Additional information relating to the Company may be accessed under its profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.