GLOBAL COMPLIANCE APPLICATIONS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS
For the six months ended December 31, 2023

1.1 Date of Report: February 29, 2024

The following Management Discussion and Analysis ("MD&A") of Global Compliance Applications Corp. (formerly Global Cannabis Applications Corp.), (the "Company" or "Global Compliance" or "GCAC") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the six months ended December 31, 2023 and 2022.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the consolidated financial statements and MD&A, is complete and reliable. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Forward-Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company's plans to acquire users for its products;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and
- the timing, pricing, completion, and regulatory approvals of proposed financings if applicable.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company's ability to roll out is business plan which includes new product launches and associated planning in production, sales, distribution and marketing; and,
- the Company's ability to secure and retain employees and contractors to carry out its business plans.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

1.2 Overall Performance

Nature of Business and Overall Performance

The Company was incorporated on July 14, 2014, under the *Business Corporation Act* (British Columbia) under the name Kluster Technologies Inc. On August 1, 2014, the Company changed its name to Antisocial Holdings Ltd. and later changed its name to Fundamental Applications Corp. (“Fundamental”) on September 2, 2014. On April 10, 2017, the Company changed its name to Global Cannabis Applications Corp. and on July 11, 2022, the Company changed its name from Global Cannabis Applications Corp. to Global Compliance Applications Corp.

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “FUN”. On April 18, 2017, in connection with the Company’s change of name, the Company commenced trading on the CSE under the trading symbol “APP”.

The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

GCAC is a global leader in designing and developing innovative blockchain technologies and machine learning solutions to improve real-world businesses.

GCAC's leading solution is Efixii, an Ethereum Layer 2 blockchain and EVM programming functionality that is on par with other Layer-2's, such as Polygon. GCAC can quickly connect each participant from product producers, distributors, manufacturers and retailers through a series of value chain Apps that allows for data connectivity to drive better consumer experiences and sales.

GCAC created clearESG to assist businesses in communicating their sustainability goals and earned attributes on the blockchain through a series of ESG (Environmental, Social & Governance) merit badges. As an interconnected supply chain solution, the Efixii solution pays tokens for attesting to a product's value, or truthness, through a reward program.

GCAC works in many agricultural industries providing a value-added blockchain offering through a cost-effective SaaS licensing model.

<u>About Efixii</u>

The Efixii platform is designed to improve the capabilities of Ethereum smart contracts by boosting their speed and scalability while adding privacy and KYC features. The platform allows developers to easily run unmodified Ethereum Virtual Machine (EVM) contracts and Ethereum transactions on a second layer while benefiting from Ethereum’s excellent Layer 1 security. In addition, it addresses some of the shortcomings of current Ethereum-based smart contracts, such as their ecological impact, poor throughput and high transaction costs. Efixii uses a technique known as transaction rollups to record batches of Layer-2 submitted transactions on the Ethereum main net and execute them on its Layer-2 blockchain while leveraging Ethereum to ensure correct, truthful results.

While not the first to overcome Ethereum’s limitations, what separates Efixii from the rest is:

- It is easy to develop on since Solidity developers do not need to learn a new language before building smart contracts on Efixii.
- Efficient rollup technology means Efixii can cut transaction fees down to zero. This is because its carbon-neutral solar mining of ETH is used to pay for its Ethereum rollup ETH gas fees.
- Native tokens are earned by our users, the truth-tellers; they are not pre-mined by some organization and sold to an unsuspecting public speculating on a ‘boom’.

Efixii is carbon-neutral; it was created from electricity generated using a solar array.

1.3 Selected Annual Information

N/A – annual requirement

1.4 Results of Operations

Six months ended December 31, 2023, compared to 2022

The Company incurred a net loss of $760,939 for the six months ended December 31, 2023, (the "Current Period") compared to a net loss of $1,018,610 for the six months ended December 31, 2022 (the "Comparative Period").

The difference in net and comprehensive loss incurred during the Current Period, compared to the loss incurred during the Comparative Period was largely a result of the following:

- Development costs decreased by $40,108 to $95,675 (Comparative Period: $135,783) as the Company further developed its software during both Periods.
- Consulting fees decreased by $246,064 to $370,829 (Comparative Period: $616,893) as the Company reduced consultants during the Current Period.
- Professional fees, Transfer agent, listing, and filing fees, IT Costs, Marketing, Travel and Office and miscellaneous decreased by aggregate amount of $77,962 to $130,189 (Comparative Period: $208,151) as a result of Company's efforts to reserve cash.
- Share based compensation during the Current Period was $175,341 (Comparative Period: $17,291) as a result of the issuance of restrictive stock units and grant of stock options.
- The foreign exchange loss of $182 in the Current Period (Comparative Period: gain of $18,555) arose from the restating of the US dollar-denominated balances due to the fluctuation of the Canadian dollar.
- The Company recorded amortization of $nil in the Current Period (Comparative Period: $40,153) in relation to the amortization of the Tracelocker intangible asset.
- The Company recognized $29,721 as gain of debt settlement in the Current Period (Comparative Period: $17,642).

Three months ended December 31, 2023, compared to 2022

The Company incurred a net loss of $340,145 for the three months ended December 31, 2023, (the "Current Quarter") compared to a net loss of $552,556 for the three months ended December 31, 2022 (the "Comparative Quarter").

The difference in net and comprehensive loss incurred during the Current Quarter, compared to the loss incurred during the Comparative Quarter was largely a result of the following:

- Development costs decreased by $54,539 to $nil (Comparative Quarter: $54,539) as the Company further developed its software during the Comparative Quarter.
- Consulting fees decreased by $184,404 to $209,005 (Comparative Quarter: $393,409) as the Company reduced consultants during the Current Quarter.
- Professional fees, Transfer agent, listing, and filing fees, IT Costs, Marketing, Travel and Office and miscellaneous increased by aggregate amount of $23,171 to $112,110 (Comparative Quarter: $88,939).
- The foreign exchange loss of $179 in the Current Quarter (Comparative Quarter: $3,678) arose from the restating of the US dollar-denominated balances due to the fluctuation of the Canadian dollar.
- The Company recorded amortization of $nil in the Current Quarter (Comparative Quarter: $20,076) in relation to the amortization of the Tracelocker intangible asset.
- The Company recognized $29,721 as gain of debt settlement in the Current Quarter (Comparative Quarter: $15,142).

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

Three Months Ended	Total Revenues	Net (Loss) gain	Loss Per Share (basic and diluted)
December 31, 2023	$2,389	(308,035)	$0.00
September 30, 2023	$1,873	(452,904)	$0.00
June 30, 2023	$2,411	(823,203)	$0.00
March 31, 2023	$1,974	(328,403)	$0.00
December 31, 2022	$1,846	(552,556)	$0.00
September 30, 2022	$2,101	(466,054)	$0.00
June 30, 2022	$1,840	(872,729)	$0.01
March 31, 2022	$1,840	(377,327)	$0.00

The quarters ended March 31, 2022 to June 30, 2023 saw continued marketing of the Company's product and development expenditures for the digital applications. The quarter ended June 30, 2023, included an impairment of intangible asset of $170,276, a gain on write-off of accrued liability of $329,083, a gain on write-off of subsidiary of $8,862, an impairment of digital currencies token of $32,804, and share-based payment on acquisition of $116,537. The Company continued to market and develop its product offering during the quarters ended September 30, 2023 and December 31, 2023.

1.6 Liquidity

As at December 31, 2023, the Company had a working capital deficit of $2,496,071 ($987 in cash, $24 in prepaid expenses, $23,455 in GST and other receivables, $550,414 in loans payable, $27,276 in convertible debenture, $1,388,609 in accounts payable, $550,998 of accruals, and $3,240 of deferred revenue) compared to a working capital deficit of $2,124,432 ($48,929 in cash, $95,699 in prepaid expenses, $23,778 in GST and other receivables, $535,860 in loans payable, $26,646 in convertible debenture, $1,261,517 in accounts payable, $411,895 of accruals, $50,000 in advances received, and $6,920 of deferred revenue) at June 30, 2023.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is insufficient to meet its expected ongoing obligations for the coming year.

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options or warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

1.7 Capital Resources

As at December 31, 2023, the capital of the Company consists of cash in the bank and GST/HST and other receivables totaling $24,442. The Company will have to generate additional cash from either debt or equity raised through the Canadian public markets to meet its commitments.

As at December 31, 2023, the Company had 13,535,000 stock options with exercise prices between $0.05 and $0.15, and 50,401,482 warrants with exercise prices between $0.05 and $0.17 which, if all exercised, would generate cash proceeds of $6,087,066. There is no assurance that these exercises will occur.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. During the six months ended December 31, 2023 and 2022, the Company entered into the following transactions with key management personnel:

	Six months ended December 31,	
	2023	**2022**
Fees paid or accrued to the CEO (B. Moore)	**$ 120,000**	$ 64,550
Fees paid or accrued to companies controlled by the CFO (A. Helmel)	**45,000**	45,000
Fees paid or accrued to the president of a subsidiary (S. Peterson)	**33,793**	-

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended June 30, 2023, the Company entered into a loan agreement with a company controlled by the CFO to borrow $2,500, repayable on demand with no interest. The loan was repaid during the six months ended December 31, 2023.

During the year ended June 30, 2023, the Company entered into loan agreements with the President of a subsidiary to borrow USD $8,000 (CAD $10,592), repayable on demand with 6% per annum (Note 9). During the six months ended December 31, 2023, the company repaid USD $1,000 (CAD $1,323). As at December 31, 2023, the balance of the principal and interest is USD $7,271 (CAD $9,617) (June 30, 2023: USD $8,144 (CAD $10,783)).

At December 31, 2023, a balance of $430,914 (June 30, 2023: $286,721) was owing to related parties and included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and due on demand.

1.10 Highlights (Second Quarter)

The Company continued to enhance its product offering, market the products, and identify key strategic relationships during the quarter. Highlights from the second quarter include:

• On October 19, 2023, the Company announced that it has included BigBudz and Backroad Wellness in its network of companies offering discounts to the U.S. veteran community through the Citizen Green project. Both companies will leverage the Company's unique blockchain solution to create a better customer buying experience while enhancing sales. As part of the Efixii blockchain, the Uplift dApp (decentralized application) functionality is proven to increase consumer LTV (lifetime value) while reducing CAC (customer acquisition cost)..

• On December 19, 2023, the Company announced that it has completed a non-brokered private placement of 2,133,333 units of the Company at a price of three cents per unit for aggregate gross proceeds of $64,000. Each unit consist of one common share in the capital of the company and one-half of one share purchase warrant. Each warrant entitles the holder thereof to acquire one share at a price of 6.5 cents per warrant share for a period of 24 months from the closing date of the offering. The Company intends to use the proceeds raised from the offering for product sales, technology improvements and general operations.

1.11 Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those which have been disclosed in the Company’s news releases.

1.12 Critical Accounting Estimates

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, impairment of intangible assets, expected life of intangible assets, and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12 of the accompanying financial statements.

Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial policies in the accompanying financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its data technologies and applications meet the criteria for capitalizing as intangible assets. Management determined that as at December 31, 2023 and June 30, 2023, it was not able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.
- Evaluating whether or not there are indicators of impairment relating to the costs capitalized as intangibles by the Company for its data technologies and applications are assessed for indicators of impairment.
- Judgement and estimation is involved with respect to the assessment of whether digital currencies that are not traded in active markets are impaired. Management uses all possible evidence in determining if the digital currencies are impaired. Judgement is also required in determining if a digital currency is traded in an active market.
- Management applies judgment in assessing revenue recognition related to software licenses, subscriptions, support and maintenance, and other services and involves an assessment of whether the deliverable is a distinct performance obligation that provides a benefit to the customer that is not dependent upon other components of the arrangement.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

1.13 Changes in Accounting Policies

There are no changes in accounting policies during this year other than those disclosed within the accompanying financial statements.

1.14 Financial Instruments and Risk Management

As at December 31, 2023, the Company's financial instruments consist of cash, accounts payable and loan payable.

Fair value

The carrying value of cash, accounts payable, accrued liabilities, and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed to varying degrees to a variety of risks:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk in respect to its cash. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution. The Company is exposed to credit risk in respect to accounts receivable. Management believes that the credit risk with respect to accounts receivables is moderate.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as cash is non-interest bearing and liabilities bear interest at a fixed rate as at December 31, 2023.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Fair value
The carrying value of cash, accounts payable and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

Capital Risk Management
The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

1.15 Other MD&A Requirements

This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2023 and the unaudited consolidated interim financial statements for the six months ended December 31, 2023. This MD&A is intended to assist the reader's understanding of the Company and its operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR+ website at www.sedarplus.ca.

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors throughout the year.

Summary of Outstanding Share Data

The following table outlines common shares, stock options, and warrants issued and outstanding as at December 31, 2023, and the date of this report:

	December 31, 2023	**Date of this report**
Common shares	267,911,059	270,911,059
Stock options	13,535,000	12,960,000
Warrants	50,401,482	45,289,055
Fully Diluted	**331,847,541**	**329,160,114**

1.16 Subsequent Events

Subsequent to the six months ended December 31, 2023, 5,112,427 share purchase warrants with an exercise price of $0.17 and 575,000 stock options exercisable at an average exercise price of $0.12 expired unexercised.

On February 5, 2024, the Company extended the expiry date of 7,272,108 warrants exercisable at $0.17 until February 22, 2026.

On January 4, 2024, the Company granted 3,000,000 restricted stock units ("RSUs") to a director and an officer of the Company to acquire 3,000,000 common shares of the Company. The RSUs vested immediately.