SpotLite360 IOT Solutions, Inc.

Management Discussion and Analysis

For the three months ended March 31, 2022

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended March 31, 2022, compared to the period ended March 31, 2021. This report prepared as at May 30, 2022 intends to complement and supplement our unaudited condensed interim consolidated financial statements (the "financial statements") as at March 31, 2022 which have been prepared in accordance with International Financial Reporting Standards.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Spotlite360", we mean SpotLite360 IOT Solutions Inc., as it may apply.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the development of the Company's business. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation include certain transactions; rapid technological change in the industry in which the Company operates; managing growth in a high-tech environment; a highly competitive industry; failure to obtain or maintain required regulatory approvals; possibility of data breaches and inadequacy of consumer protection and data privacy policies; and increased research and development costs and reduced profitability as a result. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumptions that any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors, the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and exposure to information systems security threats.

The Company cannot assure you that any of these assumptions will prove to be correct.

The words "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," "target," "budget," "plan," "projection" and similar expressions are intended to identify forward-looking statements. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

BACKGROUND

The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The Company is a logistics technologies solutions provider unlocking value, opportunities, and efficiencies for all participants in a supply chain. Building upon existing applications of IoT technologies, distributed ledgers, and machine learning. The Company endeavours to set new standards of transparency, integrity, and sustainability in the pharmaceutical, healthcare, and agriculture industries. As regulators across the globe begin to impose new tracing and accountability requirements for the protection of consumers (e.g., DSCSA and FSMA from the U.S. Food and Drug Administration), the need for reliable, cost-effective, and versatile tracking technology is expected to grow considerably. SpotLite360's flagship SaaS solution has been engineered to seamlessly track the movement of a product by integrating with systems of all major stakeholders in a supply chain ranging from the raw materials to the hands of the end consumer. With a primary objective of onboarding new clients in 2022, SpotLite360 plans to explore innovative use cases for its proprietary stack of technologies which could transform logistics workflows in some of the world's largest industries

Effective June 4, 2021, the Company changed its name from 1014379 B.C. Ltd. to Spotlite360 Technologies Inc. Effective August 24, 2021, the Company changed its name from Spotlite360 Technologies Inc. to SpotLite360 IOT Solutions Inc. The address of its head office is 810 - 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

BUSINESS COMBINATION - CAPTIOS

On June 21, 2020, the Company entered into a share exchange agreement (the "Share Exchange Agreement") with Captios, LLC. ("Captios"). Captios is a United States based technology company that provides logistics technologies solutions for all participants in a supply chain. On June 4, 2021, the Company completed the acquisition of all the issued and outstanding ordinary shares in the capital of Captios. As consideration, the Company issued 20,100,000 common shares of the Company.

The acquisition of Captios constituted a business combination as Captios met the definition of a business under IFRS 3 - Business Combinations.

Purchase price:	**$**
20,100,000 common shares	5,025,000
Total consideration paid	**5,025,000**
Cash	111,202
Investments	158,995
Loan receivable	18,031
Intangible asset – software platform	5,000,000
Accounts payable and accrued liabilities	(312,016)
Loan liabilities	(393,813)
Deferred income tax liability	(998,000)
Net assets assumed	3,584,399
Goodwill	1,440,601
Total	**5,025,000**

The business of Captios is primarily the Spotlite360 Software, a SaaS-based supply chain execution and sustainability platform for enterprise customers in the pharmaceutical, healthcare and agricultural industries. By leveraging IoT technologies, blockchain, machine learning and analytics, the Spotlite360 Software is uniquely positioned to meet customer needs for supply chain execution, tracing, tracking, and sustainability. The Spotlite360 Software is owned by and operated through Spotlite360 Inc., a wholly-owned subsidiary of Captios.

In connection with the acquisition, Mr. Peter Nguyen resigned as the Chief Financial Officer and Corporate Secretary of the Company; Mr. Gene McConnell, the CFO of Captios was appointed the new CFO of the Company; and Mr. James Greenwell was appointed as the Company's President. The primary business objective for the Company over the next 12 months is to develop Captios' business.

BUSINESS COMBINATION – E3 SERVICES GROUP LLC.

On March 9, 2022, the Company acquired 51% equity interest in E3 Services Group, LLC ("E3"). E3 is an arm's length engineering firm operating in the agricultural and cannabis industry. The terms of the consideration is described below:

- Cash of US $500,000 upon closing of the transaction (Paid);
- Cash of US $500,000 one year from date of closing (Consideration payable); and,
- Issue 20,000,000 common shares with a fair value of $1,764,968 ("Consideration Shares") (Issued).

The Consideration Shares are subject to a statutory four-month and one day hold period and a concurrent 12-month lock-up whereby the initial 25% of the Consideration Shares will be released on closing with the remaining 75% of the Consideration Shares released in equal tranches on the 6th, 9th and 12th month from closing. E3 also has the opportunity to earn up to 3,000,000 warrants (each a "Warrant") to purchase a common share of the Company upon achieving performance-based milestones over the successive 12 months following the closing. Each Warrant is exercisable for a period of 36 months from closing to purchase one additional common share at $0.20 per common share.

In connection with the closing of the acquisition, the Company issued 1,320,525 common shares with a fair value of $184,875 as a finder's fee to an arm's length party, which has been expensed to the statement of loss and comprehensive loss.

The purchase price allocation is still preliminary and subject to change as management has not fully determined the fair values of the net assets acquired. E3 had inputs, as well as substantial processes in place to generate outputs. As a result, the acquisition of E3 constituted a business combination as E3 met the definition of a business under IFRS 3 - Business Combinations.

Purchase price:	**$**
Cash	644,175
Consideration payable	614,920
Consideration shares	1,764,968
Total consideration paid to acquire 51% interest	**3,024,063**
Net assets acquired	
Cash	268,369
Accounts receivable	81,542
Advances	78,509
Prepaids	918,731
Property plant and equipment	355,707
Intangible assets	2,692,410
Right-of-use asset	71,930
Accounts payable	(28,073)
Deferred revenue	(1,767,699)
Lease liability	(71,930)
Net assets acquired	2,599,496
Net assets acquired attributable to the Company	1,325,743
Non-controlling interest (Note 10)	1,273,753
	2,599,496
Goodwill attributable to the Company	1,698,320

The Company determined that E3's business objectives were synergistic with the Company's business plans and objectives. Goodwill consists of certain key individuals and the future economic potential of E3.

During the period ended from March 9, 2022 to March 31, 2022, the Company recorded a net income of $840,373 in the Consolidated Statement of Loss and Comprehensive Loss in connection with the financial performance of E3.

HIGHLIGHTS

April 21, 2022, the Company announced a contract to provide design services, equipment and technology for an indoor cannabis cultivation and environmental control operation. The contract value is approximately USD $10 million and is expected to be fully recognized within fiscal year 2022. Implementation has already commenced and the SpotLite360 technology solution will monitor and manage many environmental controls including air flow, humidity, temperature, lighting and process automation. Installed sensors and Internet of Things (IoT) connected devices will provide critical real-time data to efficiently control and monitor environmental conditions and drive process efficiencies.

On April 20, 2022, the Company has granted an aggregate of 3,250,000 restricted share units ("RSUs") under the Company's shareholder-approved restricted share unit plan (the "RSU Plan") to consultants and an officer of the Company. The RSUs vest four months and one day from issuance. The RSUs entitle each holder to acquire one common share ("Share") of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan. In accordance with the RSU Plan, the RSUs were priced at $0.12 based on the closing price of the Shares on the Canadian Securities Exchange ("CSE") on April 20, 2022.

On April 7, 2022, the Company announced that its expansion plans will include the opening of branch offices in multiple U.S. States in order to more effectively support local customer opportunities within those states. With this announcement, offices will be opened in Oklahoma and Arizona in the near future with offices in at least three more states anticipated to be opened within fiscal year 2022. Each office will be scaled as current customer opportunities within these target states materialize into signed engagements with the Company.

On March 10, 2022, the Company announced the addition of Shawn Phillips as Senior Vice President of Operations. Mr. Phillips has a distinguished twenty plus year career in finance and operations. He has served as a C-level executive (CFO, CEO, GM) of a number of companies with national and international operations. His experience includes start-ups, acquisitions, strategy, operations, fund raising and public companies. The Company also announced that it has granted an aggregate of 500,000 stock options (each, an "Option") to Mr. Phillips in accordance with the Company's stock option plan. Each Option is exercisable to acquire one common share in the capital of the Company (each a "Share") at the price of $0.15 per Share, being the closing price of the shares on the Canadian Securities Exchange on March 4, 2022 for a period of ten years from grant. The Company also announces that the Mr. Peter Nguyen has resigned as a director of the Company as of March 10, 2022.

On February 22, 2022, the Company completed a non-brokered private placement of 17,640,725 units at a price of $0.10 per share, for gross proceeds of $1,764,073. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant (with two half warrants being a "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.15 per share for a period of three years. In connection with the Private Placement, the Company paid finder's fees consisting of $85,350 cash commission, 853,800 warrants with the same terms as the Warrants described above.

On March 2, 2022, the Company entered into a binding definitive agreement with E3 pursuant to which the Company will acquire a majority equity interest in E3. The transaction is subject to applicable filings with the Canadian Securities Exchange. Consideration for the acquisition will be USD$1,000,000 cash and 20,000,000 shares of the Company's stock. The Company paid US$500,000 upon closing of the transaction and the remaining US$500,000 will be paid on or before the one-year anniversary of the closing. E3 also has the opportunity to earn up to 3,000,000 warrants (each a "Warrant") to purchase a common share of the Company upon achieving performance-based milestones over the successive 12 months following the closing. Each Warrant is exercisable for a period of 36 months from closing to purchase one additional common share at $0.20 per common share. The acquisition was completed on March 9, 2022.

HIGHLIGHTS (CONTINUED)

On November 10, 2021, the Company announced that it has been contracted by E3 Service Group LLC (“E3”) to provide professional services relating to the development and integration of technologies including Internet-of-Things (“IoT”) sensors as well as corresponding software applications to gather and leverage data collected on a continuous basis. Established in 2012, E3 develops, designs, and builds cannabis cultivation facilities with a focus on optimally configuring heating, ventilation, and air conditioning (“HVAC”) infrastructure to create an ideal environment for growing cannabis plants. E3’s primary business objective in working with SpotLite360 is to harvest a wide range of data from cultivation facilities through IoT sensors, and incorporate such metrics into supply chain workflows which could be used for making business decisions. Following initial execution of this approach, SpotLite360 and E3 intend to expand the use of IoT sensors into more granular aspects of cannabis cultivation (e.g., irrigation effectiveness, seed performance, etc.).

On October 18, 2021, the Company announced that it has appointed Mr. James Greenwell, SpotLite360's current President, as its new Chief Executive Officer and Dr. Billy Joe Page to the board of directors of SpotLite360. Dr. Page is a hand surgery specialist in Castle Rock, Colorado. He is a board certified and fellowship trained orthopedic hand surgeon practicing at Castle Rock Adventist Hospital. He has over 35 years of experience treating patients with a variety of orthopedic conditions relating to the hand and wrist. Bill has a number of affiliations with professional organizations including the American Osteopathic Academy of Orthopedic Hand Surgery Section and the American Osteopathic Association. The experience that Dr. Page brings to the Company's board will enhance SpotLite360's in-house knowledge of the medical and health industry, which will be beneficial to the Company's development of its SaaS solution offerings in that particular industry. The Company also announces that Mr. Eugene Beukman has resigned as the Company's Chief Executive Officer and Director.

On September 16, 2021, the Company announced that it has entered into a one-year agreement with Denver-based Sewald Hanfling LLC (“Sewald Hanfling”) to create and execute business development strategies for the commercialization of the Company’s SaaS-based supply chain solution in the healthcare, pharmaceutical, and cannabis categories. Founded in 2012, Sewald Hanfling is a public affairs firm with specialties to include government affairs, lobbying (local/state/federal), and business development. With a primary focus on markets in the state of Colorado, Sewald Hanfling has recognized opportunities for major players in both government and industry to leverage blockchain and Internet-of-Things (“IoT”) technologies to unlock new business value, optimize workflows, improve visibility, and facilitate compliance with new and emerging government and regulatory mandates.

On August 24, 2021, the Company’s name changed from Spotlite360 Technologies Inc. to SpotLite IOT Solutions Inc.

On July 5, 2021, the Company issued 700,000 restricted shares units of the Company (“RSUs”) under the Company’s restricted share unit plan (the “RSU Plan”) to the President of the Company, as compensation and an incentive for the President to drive the growth of the Company. An initial 70,000 RSUs will vest on the date of shareholder approval, and the remaining six tranches of 105,000 RSUs per tranche will vest every six months over a period of 36 months from June 15, 2021. Once vested, each RSU shall entitle the holder to acquire one common share of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of 5 years.

On April 20, 2021, the Company completed a non-brokered private placement of 10,460,000 units at a price of $0.25 per unit, for gross proceeds of $2,615,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder thereof to purchase one additional common share a price of $0.75 per common share for a period of two years. In connection with the private placement, the Company paid finder’s fees consisting of $116,100 cash commission, 332,400 warrants (the “Brokers Warrants”) and 190,400 shares to arm’s-length finders. Each Brokers Warrant is exercisable into one common share at a price of $0.75 per common share for a period of two years.

On February 26, 2021, the Company completed a non-brokered private placement of 2,600,337 common shares at a price of $0.15 per share, for gross proceeds of $390,050. No finder’s fees were paid in connection with the Private Placement.

OUTLOOK

SpotLite360 is focused on three target markets: pharmaceuticals, healthcare and agriculture. All three markets represent significant opportunity to improve supply chain tracing, tracking, visibility, and proof of sustainability. In 2021 the Company primarily focused on the development of the team, its technology offerings and its go to market strategy. In 2022 the Company will leverage the development and progress generated in 2021 to focus much more on the onboarding of additional customers and scaling revenue growth.

Ongoing efforts across all three targeted markets will continue to generate sales traction which is anticipated to result in additional contracts and revenue growth in 2022. Spotlite360's technology poses significant value within these markets and the acquisition of the majority interest in E3 Service Group has already resulted in a customer contract for nearly $10 million. This project will include technology, equipment and services for the installation, monitoring, and management of the cultivations' indoor environmental controls. With this as a known basis of business, Spotlite360 will build on that start to expand in-state operations with the opening of at least five branch offices in 2022.

RESULTS OF OPERATIONS

Three months ended March 31, 2022 and 2021

During the three months ended March 31, 2022, the Company had revenue of $944,203 (2021 - $Nil), reported a net loss of $548,164 (2021 - $21,050). The Company incurred consulting fees of $461,049 (2021 - $9,765), filing fees of $103,247 (2021 - $Nil), office expenses of $72,832 (2021 - $101), and professional fees of $52,300 (2021 - $10,450), share-based compensation of $101,794 (2021 - $Nil). The increase in expenses and revenue was due to the increased activity, mainly as a result of the acquisition of Captios in the second quarter of the previous fiscal year and the acquisition of E3 during the current reporting period.

Some of the significant charges to operations are as follows:

- Consulting fees of $461,049 (2021 - $9,765) were charged as the Company engaged consultants to assist in the execution of the Company's business plan. This increased during 2022 as a result of the acquisition of Captios in the second quarter of the previous fiscal year and E3 during the current reporting period. This increased operations associated with the new business.
- Amortization of $248,590 (2021 - $Nil) was recorded as the Company acquired equipment and intangible assets in 2021. In the current fiscal period, the Company acquired certain customer relationships, contracts and back log from the acquisition of E3. Collectively, amortization of intangible assets totaled $241,438. The Company had no such assets during the first quarter of 2021.
- Office expenses of $72,832 (2021 - $101) was paid mainly for administration costs, travel, internet and technology costs, and bank charges. This increased in 2022 as the Company increased operations as the result of the Captios and E3 acquisitions.
- Professional fees of $52,300 (2021 - $10,450) increased as legal and accounting fees increased as a result of the additional accounting and legal costs associated with the acquisition of E3 and the increased operations associated with it.
- Salaries of $219,673 (2021 - $Nil) as the Company hired employees in 2021 to advance its business operations. The Company had no employees in the first quarter of 2021.
- Share-based compensation of $101,794 (2021 - $Nil) increased as a result of the grant of 700,000 restricted stock options on July 5, 2021 and the issuance of 500,000 stock options on March 4, 2022.
- The Company issued 1,320,525 finder common shares for the acquisition of E3 with a fair value of $184,875.

Non-IFRS Measures

The accompanying non-IFRS measures do not have any standardized meaning as it relates to performance measures and may not be comparable to other Company or issuer disclosures of similar performance measures. The Company has provided a reconciliation of Adjusted EBITDA to IFRS loss in the following table. Adjusted EBITDA is defined as earnings before interest income, taxes, depreciation and amortization, share-based compensation, and other non-recurring gains and losses. Management believes that adjusted EBITDA is a useful measure that facilitates period to period operating comparisons. Adjusted EBITDA should not be considered a measure superior to IFRS net income (loss).

Adjusted EBITDA	**For the Three Months Ended March 31, 2022**	**For the Three Months Ended March 31, 2021**
	$	**$**
Net loss for the period	(548,164)	(21,050)
Amortization	248,590	-
Interest expense	3,421	-
Share-based compensation	101,794	-
Transaction costs	184,875	-
Adjusted EBITDA	**(9,484)**	**(21,050)**

Cash flow analysis

Operating Activities

During the period ended March 31, 2022 and 2021, cash used in operating activities was $683,716 and (2021 – $26,848) respectively for activities as described above. The increase in cash used in operating activities was the result of an increase in net loss as well as an increase in accounts receivable. This was offset by an increase in accounts payables and prepaid expenses during the period ended March 31, 2022.

Investing activities

During the period ended March 31, 2022, cash used in investing activities was $375,806. The Company acquired cash of $268,369 from the business combination with E3 and paid $644,175 to acquire a majority stake in E3. During the period ended March 31, 2021, the Company did not use or generate any cash from investing activities.

Financing activities

During the March 31, 2022, the Company received $1,770,333 (2021 - $249,769) from financing activities. The amount received from financing activities, comprised of $1,625,333 net received from private placements (2021 - $350,500, $145,000 from the exercise of stock options, (2021 - $Nil) and advanced loans of $Nil (2021 - $100,731).

SUMMARY OF QUARTERLY RESULTS

	March 31, 2022	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**
	$	$	$	$
Revenue	994,203	198,995	5,635	Nil
Net loss	(548,164)	(1,085,935)	(867,293)	(2,035,399)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)	(0.06)

	March 31, 2021	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Net loss	(21,050)	(568,625)	(43,343)	(29,505)
Basic and diluted loss per share	(0.00)	(0.03)	(0.00)	(0.00)

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

During the three months ended March 31, 2022, the Company recorded a loss of $548,164. The overall decrease in losses is primarily attributed to the acquisition of E3, which was completed on March 9, 2022. The acquisition of E3 resulted in a net income of $840,373 from March 9, 2022 to March 31, 2022. Revenues from the acquisition of E3 totaled $994,203.

During the three months ended December 31, 2021, the Company recorded a loss of $1,085,935. The increase over prior quarters other than that ending June 30, 2021, was the result of a general increase in operations as the Company increased activities after the acquisition of Captios as well as additional stock-based compensation and amortization. During the three months ended September 30, 2021, the Company recorded a loss of $867,293. The increase over prior quarters other than that ending June 30, 2021, was the result of a general increase in operations as the Company increased activities after the acquisition of Captios. During the three months period ended June 30, 2021 the Company recorded a loss of $2,035,399. The increase during this quarter was the result of increased operations as a result of the acquisition of Captios and share-based compensation of $1,113,005 as a result of the grant of 6,000,000 stock options to consultants. During the three months period ended March 31, 2021 the Company recorded a loss of $21,050 compared to $28,080 for the same quarter during the prior your due to conservative spending.

As at December 31, 2020, the Company recorded a net loss of $568,625 compared to a net loss of $30,760 in the same quarter the prior year, mainly because of the issuance of non-cash stock-based compensation of $515,940 (2019 - $Nil) during the fourth quarter of 2020.

EQUITY

At March 31, 2022, there were 96,674,851 (December 31, 2021 – 54,813,601) issued and fully paid common shares outstanding.

On March 9, 2022, the Company issued 20,000,000 common shares with a fair value of $1,764,968 pursuant to the acquisition of E3. In conjunction with the acquisition of E3, the Company issued 1,320,525 finder common shares with a fair value of $184,875.

On February 22, 2022, the Company completed a non-brokered private placement of 17,640,725 units at a price of $0.10 per share, for gross proceeds of $1,764,073. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant (with two half warrants being a "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.15 per share for a period of three years. In connection with the private placement, the Company paid finder's fees consisting of $85,380 cash commission, $53,360 in accounting and legal fees and 853,800 finder warrants with the same terms as the Warrants described above. The fair value of the finder warrant was measured using a the Black-Scholes option pricing model with a fair value of $93,829 with the following assumptions: stock price - $0.17; exercise price - $0.15; expected life – 3 years; volatility – 100%; dividend yield – Nil; and risk-free rate – 1.61%.

During the period ended March 31, 2022, the Company issued 2,900,000 common shares pursuant to option exercises for gross proceeds of $145,000. The Company transferred $374,056 from reserves to share capital.

During the year ended December 31, 2021:

On August 27, 2021, the Company issued 1,100,000 common shares pursuant to option exercises for gross proceeds of $55,000.

On June 4, 2021, the Company issued 20,100,000 shares of common stock as part of the acquisition of Captios.

On April 20, 2021, the Company completed a non-brokered private placement of 10,460,000 units at a price of $0.25 per unit, for gross proceeds of $2,615,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder thereof to purchase one additional common share a price of $0.75 per common share for a period of two years.

EQUITY (CONTINUED)

During the year ended December 31, 2021 (Continued):

On February 26, 2021, the Company completed a non-brokered private placement of 2,600,337 common shares at a price of $0.15 per share, for gross proceeds of $390,050. No finder's fees were paid in connection with the private placement.

On September 3, 2020, the Company completed a non-brokered private placement consisting of 4,090,506 common shares at $0.15 per share, for gross proceeds of $613,576. In connection with the private placement, the Company issued 286,335 finder's fee common shares, to arm's-length finders, with a fair value of $42,950.

On May 8, 2020, the Company completed a non-brokered private placement consisting of 2,040,000 common shares at $0.025 per share, for gross proceeds of $51,000. In connection with the private placement, the Company paid a cash finder's fee of $1,455 to PI Financial Corp.

Share Purchase Options

The Company has 6,950,000 stock options outstanding at March 31, 2022 (December 31, 2021 – 9,350,000).

Warrants

The Company has 23,466,563 share purchase warrants outstanding at March 31, 2022 (December 31, 2021 - 10,792,400).

Restricted Stock Units

The Company has 700,000 restricted stock units outstanding at March 31, 2022 (December 31, 2021 - 700,000).

LIQUIDITY AND CAPITAL RESOURCES

The consolidated financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at March 31, 2022, the Company had a working capital deficit of $297,777 (December 31, 2021 –$325,869) which primarily consisted of cash of $944,151 (December 31, 2021 - $268,460) and prepaid expenses of $1,085,250 (2021 - $234,934). Current liabilities, being accounts payable and accrued liabilities, deferred revenue, consideration payable, loan payable, and software liability of $3,450,526 (December 31, 2021 – $1,029,798).

Cash used in operating activities were $683,716 compared to cash used of $26,848 for the same period in the prior year.

Cash used in investing activities were $375,806 compared to no investing activities for the same period in the prior period. During the three months ended March 31, 2022, the Company acquired cash of $268,369 from the business combination with E3 and spent $644,175 to acquire E3.

During the three-month periods ended March 31, 2022 and 2021, the Company received $1,770,333 from financing activities compared to $249,769 during the same period in the prior year. The amount received from financing activities comprised of $1,625,333 net received from private placements (2021 - $350,500), $145,000 from the exercise of stock options, (2021 - $Nil), and advanced loans of $Nil (2021 - $100,731).

Other than the above-mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has no assets and has no pledges as security for loans, or otherwise and is not subject to any debt covenants.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

DIRECTORS AND OFFICERS

The Directors and Executive Officers of the Company are as follows:

Alexander Somjen - Director, member of the audit committee.
Joel Dumaresq - Director, member of the audit committee.
Gene McConnell - Chief Financial Officer, Corporate Secretary
James Greenwell - President, Chief Executive Officer
Shawn Phillips - Senior Vice President of Operations
Billy Joe Page - Director

TRANSACTIONS WITH RELATED PARTIES

The Company considers its related parties to comprise directors, officers, companies controlled by directors and officers and companies with common directors. The key management compensation and fees consist of the following for the period ended March 31, 2022 and 2021:

	March 31, 2022	March 31, 2021
Professional, corporate and interest charged by a company controlled by a former director	$ 225,963	$ 19,510
Rent incurred to a company with common management	58,641	-
Management compensation	134,801	-
	$ 419,405	$ 19,510

Included in professional fees are $154,642 (2021 – $9,765) corporate services and $71,025 (2021 - $9,450) for accounting services by a company controlled by a former director of the Company.

At March 31, 2022, the Company owed a principal loan of $15,000 (December 31, 2021 - $15,000) obtained from a company controlled by a director of the Company to cover ongoing operational expenses. The loan is unsecured, bearing interest at 8% per annum and is due on demand. During the three months ended March 31, 2022, the Company accrued interest of $295 (2021 - $295).

As at March 31, 2022, there was $40,000 (December 31, 2021 - $117,404) included in accounts payable and accrued liabilities owing to a former officer and director and companies controlled by the former director. The balances are unsecured, payable on demand and non-interest bearing.

At March 31, 2022, the Company had advanced $51,135 (December 31, 2021 - $56,951) to TrackX a related company through common management. The loan was non-interest-bearing and due on demand. The Company had and recorded a software license liability of $Nil (December 31, 2021 - $250,431), and accounts payables and accrued liabilities $687,280 (December 31, 2021 - $469,086) of unpaid amounts owing pursuant to the license agreement described in Note 7. These amounts are non-interest bearing and due on demand.

On March 4, 2022, the Company granted an aggregate of 500,000 stock options to an officer with a fair value of $67,313. Each option is exercisable to acquire one common share of the Company at the price of $0.15 per share for a period of ten years from grant. An initial 71,500 Options vest immediately, and the remaining options will vest in five equal tranches every six month period thereafter.

PROPOSED TRANSACTIONS

None.

CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed interim consolidated 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 condensed interim consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the determination if acquisitions represent business combinations;
- the determination of the fair value of assets and liabilities acquired in a business combination;
- the determination of functional currencies;
- the recoverability of long-lived assets;
- the estimated useful life of long-lived assets; and
- the fair value of stock-based compensation.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISKS

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

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and accounts receivable. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company has funds of $944,151 (December 31, 2021 – $268,460) to satisfy its current financial obligations of $3,450,526 (December 31, 2021 - $1,064,298). All of the financial liabilities of the Company are due within 12 months of March 31, 2022. The Company will be required to raise additional financing to settle its financial obligations and to continue further execution of its business plan.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

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 has assessed its foreign exchange risk as low as at March 31, 2022.

Interest rate risk

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

Management of capital

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

OUTSTANDING SHARE DATA

As at the date of this MD&A the Company had 96,674,850 common shares issued and outstanding. The Company has 6,950,000 Options outstanding, 23,466,563 warrants outstanding and 3,950,000 restricted share units outstanding.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of March 31, 2022 and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its condensed interim consolidated financial statements for the period ended March 31, 2022 and annual financial statements for the period ended March 31, 2022. These statements are available on SEDAR - Site accessed through www.sedar.com.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

CHANGES IN ACCOUNTING POLICIES

See Note 2 "Basis of Presentation and Significant Accounting Policies" of the audited consolidated financial statements for the year ended December 31, 2021.

CRITICAL ACCOUNTING POLICIES

New accounting standards issued but not yet effective

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.