

Looking Glass Labs Ltd.
(formerly BluKnight Aquafarms Inc.)

Management's Discussion and Analysis

For the years ended July 31, 2021 and 2020

October 14, 2021

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended July 31, 2021, compared to the period ended July 31, 2020. This report prepared as October 14, 2021 intends to complement and supplement our financial statements (the "financial statements") as at July 31, 2021 and should be read in conjunction with the financial statements and the accompanying notes.

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 "BluKnight", we mean Looking Glass Labs Ltd. (formerly BluKnight Aquafarms Inc.) as it may apply.

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 the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

OVERVIEW AND DESCRIPTION OF BUSINESS

Description of Business

The Company is a business development services company. It provides business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public. The Company is a reporting issuer in the provinces of British Columbia and Alberta. The Company is investigating new business opportunities.

COMPANY HIGHLIGHTS

During the year ended July 31, 2020, the Company received loans of \$117,500 from a private company controlled by a director. The loans were unsecured, non-interest bearing and due on demand. During the same year, the Company repaid \$12,500.

On August 30, 2021, the Company announced the appointment of Dorian Banks as Chief Executive Officer of the Company and the appointment of Francis Rowe as Chief Financial Officer of the Company. Mr. Gregory Baron resigned as a Director and as the Chief Executive Officer of the Company. Ms. Jessica Ross has resigned as the Chief Financial Officer of the Company.

COMPANY HIGHLIGHTS (CONTINUED)

On September 15, 2021, the Company closed a non-brokered private placement of 7,500,000 units of the Company issued at a price of \$0.02 per unit for gross proceeds of \$150,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one warrant share for a period of 5 years at an exercise price of \$0.10 per share.

On September 15, 2021, the Company announced that it entered into a Binding Letter of Intent (the "LOI") to acquire all the issued and outstanding securities of HOK Technologies Inc. d/b/a House of Kibaa ("HOK"). HOK specializes in the creation of exclusive non-fungible tokens (NFTs) for extended reality (XR). The HOK studio enables users to express their own individual styles within the blockchain via an array of utilities throughout the metaverse.

On September 29, 2021, Company executed a definitive share exchange agreement (the "Agreement") to acquire 100 per-cent of the issued and outstanding securities of HOK in consideration for 45,000,000 of the Company's common shares (each a "Consideration Share") at a deemed price of \$0.10 per share payable to the existing shareholders of HOK (the "Vendors").

The Vendors are eligible to earn additional Consideration Shares (the "Earn-Out Shares") upon realization of certain revenue-related milestones achieved by HOK for the years ending December 31, 2021 and December 31, 2022. If these revenue milestones are achieved, the number of Earn-Out Shares will be determined in accordance with the market value of the Company's common shares at such time. In connection with the acquisition of HOK, the Company has also agreed to issue an aggregate of 200,000 common shares at a deemed price of \$0.10 per share to extinguish certain of HOK's outstanding accounts payable.

The Company paid a finder's fee of 2,250,000 common shares in the capital of BluKnight at a deemed price of \$0.10 per share to certain qualified third parties in connection with the closing of the Acquisition. On September 30, 2021, the Company issued 47,450,000 common shares of the Company in connection with this acquisition.

Also on September 29, 2021, the Company closed a non-brokered private placement of 11,600,000 common share of the Company issued at a price of \$0.10 per common share for gross proceeds of \$1,160,000.

On October 7, 2021, the Company closed a non-brokered private placement of 2,000,000 common shares of the Company issued at a price of \$0.10 per common share for gross proceeds of \$200,000.

On September 15, 2021, the Company announced the appointment of Adam Deffett to the Board of Directors.

On October 14, the Company announced the appointment of Mr. Patrick O'Flaherty to the Board of Directors of the Company. Eugene Beukman resigned from its Board of Directors. The Company also granted an aggregate of 6,000,000 incentive share purchase options to its directors, officer and consultants. Each share purchase option is exercisable for a period of five years at an exercise price of \$0.10 per common share of the Company. The options vest over a period of 18 months, in one-third tranches of equal size, after the passing of each successive six-month period.

OVERALL PERFORMANCE

At July 31, 2021, the Company had not yet achieved profitable operations, had accumulated losses of \$604,212 (2020 - \$602,227) since its inception, and has working capital deficit of \$147,313 (2020 - \$94,805). The Company incurred losses of \$52,508 for the year ending July 31, 2021 (2020 - \$60,458). The company used \$12,218 of cash (2020 - \$90,701) in operating activities and raised a net of \$Nil cash (2020 - \$105,000) in financing activities.

SELECTED ANNUAL INFORMATION FOR THE PAST THREE YEARS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

	Fiscal Years Ended July 31,		
	2021	2020	2019
	\$	\$	\$
Total revenue	-	-	-
Total assets	2,442	14,660	4,433
Total non-current financial liabilities	-	-	-
Total liabilities	149,755	109,465	38,780
Net gain/(loss) for the year	(52,508)	(60,458)	77,366
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)

Total assets decreased in 2021 as a result of expenditures for operations. The losses for 2021 were mainly incurred to maintain activities during the year and losses decreased in 2021 compared to 2020 as a result of an effort to conserve cash. Total assets increased in 2020 as a result of loans obtained during the year. The losses for 2020 were mainly incurred to maintain activities during the year. The activities for the year ending 2019 ended with a gain mainly due to the forgiveness of debts of \$139,297.

RESULTS OF OPERATIONS

For the year ended July 31, 2021, the Company incurred a loss of \$52,508 compared to a loss of \$60,458 in the comparative period. The decreased loss in the prior year is mainly attributable a general effort to conserve cash and to the following items:

- The Company recorded consulting and management fees of \$22,155 (2020 - \$25,447). The expense is attributed to the Company's ongoing search for new business opportunities and consulting activity to develop the business of the Company.
- The Company recorded professional fees of \$29,774 (2020 - \$33,868) which includes accounting and legal fees. During the period, the Company accrued lower accounting costs and lower legal costs associated with audits.
- The Company recorded transfer agent and filing fees of \$494 (2020 - \$1,676) as the Company had recorded filing fees in 2020.
- The Company recorded rent of \$Nil (2020 - \$725) from decreased rental charges.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended	Loss for the period	Loss per Share (Basic & Diluted)	Total Assets
July 31, 2021	\$13,541	\$0.00	\$2,442
April 30, 2021	\$11,043	\$0.00	\$2,460
January 31, 2021	\$15,505	\$0.00	\$2,478
October 31, 2020	\$12,419	\$0.00	\$7,292
July 31, 2020	\$11,309	\$0.00	\$14,660
April 30, 2020	\$12,568	\$0.00	\$850
January 31, 2020	\$13,145	\$0.00	\$12,287
October 31, 2019	\$23,436	\$0.00	\$355

SUMMARY OF QUARTERLY RESULTS - DISCUSSION

The Company incurred a loss of \$13,541 for the quarter ending July 31, 2021 which was comparable to a loss of \$11,309 for the quarter ended July 31, 2020. The Company incurred a loss of \$11,043 for the quarter ending April 30, 2021 compared to a loss of \$12,568 for the comparative period due to higher legal fees accrued for audit and higher accounting fees in the prior period. The Company incurred a loss of \$15,505 for the quarter ending January 31, 2021 compared to a loss of \$13,145 for the comparative period due to higher legal fees accrued for audit and higher accounting fees. The Company incurred lower losses of \$12,419 for the quarter ending October 31, 2020 compared to a loss of \$23,436 for the same quarter the prior year. The main reason was the preservation of resources and cutting back on spending on consultants.

The main reason for the general trend of the Company reducing losses in the past eight quarters is due to the decrease in spending as the Company is focusing on minimizing overhead.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position at July 31, 2021 was a deficiency of \$147,313 (2020 - \$94,805) including cash of \$2,442 (2020 - \$14,660). The Company does not currently have an active business generating positive cash flows. The Company is reliant on equity or debt financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity or debt financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

As at July 31, 2021, the Company owed loans of \$105,000 (July 31, 2020 - \$105,000) to a non-arm's length party. The loans are unsecured, non-interest bearing and due on demand.

RELATED PARTIES

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

Dorian Banks – CEO
Patrick O'Flaherty - Director
Eugene Beukman – Former Director
Troy Grant – Director
Francis Rowe – CFO

Adam Deffett – Director

RELATED PARTIES (CONTINUED)

Recent director resignations:

Shaun Babcock – former Director

Erik Nielson – former Director

Gregory Baron – former Director, President and CEO

Jessica Ross – former CFO

Eugene Beukman – former Director

TRANSACTIONS WITH RELATED PARTIES

Amounts due to related parties

The following amounts due to related parties are included in trade payables and accrued liabilities:

	July 31, 2021	July 31, 2020
Companies controlled by directors of the Company	\$ 36,876	\$ -

The following amounts are included in loans payable by the Company:

	July 31, 2021	July 31, 2020
A private company controlled by a director of the Company	\$ 105,000	\$ 105,000

The loans are unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2021, the Company paid and/or accrued accounting, management and consulting fees of \$42,455 (2020 - \$44,500) to companies controlled by directors of the Company.

FOURTH QUARTER

The Company incurred a loss of \$13,541 in the fourth quarter of 2021, compared to a loss of \$11,309 for the same period in the prior year.

	Quarter ended July 31,	
	2021	2020
	\$	\$
Consulting fees	5,513	5,513
Office & Miscellaneous	17	34
Professional fees	8,012	6,512
Transfer agent and filing fees (recovery)	-	(750)
Net loss for the quarter	(13,541)	(11,309)
Basic and diluted loss per share	(0.00)	(0.00)

The Company's main expenses consisted of consulting and management fees of \$5,513 (2020 - \$5,513) and professional fees of \$8,012 (2020 - \$6,512). The expenses are attributed to keeping the Company's filings current as well as the Company's ongoing search for new business opportunities and consulting activity to develop the business of the Company.

PROPOSED TRANSACTIONS

There is no material proposed transactions to report on.

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 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; and
- The determination of the functional currency of the parent company and its subsidiaries.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In preparing these financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended July 31, 2020, including the new accounting standards adopted by the Company discussed below.

The preparation of financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

FINANCIAL INSTRUMENTS AND RISKS

Fair Values

The fair values of cash and equivalents, accounts payables and loan payable approximate their book values because of the short-term nature of these instruments.

(a) *Financial Risk Management*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(b) Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. 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.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

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 the market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations in exchange rates.

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings.

OTHER INFORMATION (CONTINUED)

Additional share information

Shareholders returned a total of 3,820,000 common shares to treasury and these common shares were subsequently cancelled on November 22, 2020.

At the date of this MD&A the Company had the following number of securities issued and outstanding:

Securities	Number
Common shares	103,095,601
Warrants	7,500,000
Fully diluted share capital	110,595,601

Additional disclosure for venture issuers 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 financial statements for the period ended July 31, 2021. 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. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

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.