

ENDURANCE CAPITAL CORP.
(A Capital Pool Company)

**Management's Discussion and
Analysis of Financial Condition
and Results of Operations**

For the three months ended March 31, 2022
(in Canadian dollars)

Endurance Capital Corp.

(A Capital Pool Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS of the Financial Condition and Results of Operations

For the three months ended March 31, 2022

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Endurance Capital Corp. ("Endurance" or "the Company") has been prepared by management as of May 20, 2022 and is supplementary to, and should be read in conjunction with, the Company's condensed interim financial statements for the three months ended March 31, 2022. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and the Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

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3. OVERVIEW

The Company

Endurance Capital Corp. was incorporated March 29, 2021 pursuant to the provisions of the Business Corporations Act (BC). The Company's corporate and tax year-end is December 31.

Strategy

The Company intends to carry on its business as a Capital Pool Company ("CPC"), as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4"). As at March 31, 2022, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange.

Following the Initial Public Offering ("IPO") described below under "Share Capital", the Company's common shares commenced trading as a Capital Pool Company on Tier 2 of the TSX Venture Exchange on September 13, 2021 under the symbol ECAP.P.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, the health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations and complete a Qualifying Transaction ("QT").

Cash Restriction

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the identification and evaluation of a QT. The Company considers capital to be all accounts in equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Additional funds may be required to finance the Company's QT. In accordance with Policy 2.4 of the Exchange, the proceeds raised from the sale of securities may only be used to identify and evaluate assets or businesses, and obtain shareholder approval for a QT, including reasonable general and administrative expenses that do not exceed an aggregate of \$3,000 per month. These restrictions apply until completion of a QT by the Company as defined under Policy 2.4 of the Exchange.

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4. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding

- **13,600,000 Common Shares**

On April 29 2021, certain directors and officers of the Company subscribed for 3,000,000 common shares of the Company at \$0.05 per share, for total receipts of \$150,000. No costs were incurred in connection with this share issuance. 4,600,000 common shares of the Company at \$0.05 per share were also subscribed for by persons other than directors and officers of the Company for total proceeds of \$230,000. No other costs were incurred in connection with this share issuance.

On September 9, 2021, the Company completed an IPO of 4,000,000 common shares of the Company at \$0.10 per share, for total receipts of \$400,000. 50,000 of these common shares were acquired by a director of the Company, for proceeds of \$5,000. The net proceeds from this IPO were \$284,110, after deducting \$115,890 of share issue costs that consisted of legal and audit fees, a corporate finance fee of \$10,000 and a broker commission of 7% of the gross proceeds and other broker expenses. In addition, \$14,608 of non-cash costs were incurred in connection with the issuance of warrants to the Agent, as described below.

On September 9, 2021, the Company completed a private placement for 2,000,000 common shares of the Company at \$0.10 per share, for total receipts of \$200,000. No costs were incurred in connection with this share issuance.

Stock options issued

The Company issued 1,200,000 stock options to directors and officers of the Company on September 9, 2021, upon the close of the IPO and Private Placement described in Note 3(b). The options vested immediately and are exercisable into common shares of the Company at an exercise price of \$0.10, which was the fair value of the shares at the time that the options were issued.

The fair value of the stock options was estimated at \$0.0738 per option at the grant date using the Black-Scholes option pricing model. The option valuation was based on an average expected option life of 5 years, a risk-free interest rate of 0.25% and an expected volatility of 100%. The Company recognized a share-based payments expense of \$88,571 with respect to these options upon their issuance.

Warrants issued

Upon the close of the IPO described above, the Company granted 280,000 non-transferable warrants to the broker, entitling the broker to purchase that number of common shares equal to 7% of the number of common shares sold under the Offering at a price of \$0.10 for a period of two years from the date the common shares are listed on the TSX-V.

The fair value of the warrants was estimated at \$0.0522 per option at the grant date using the Black-Scholes option pricing model. The valuation was based on an average expected life of the warrants of 2 years, a risk-free interest rate of 0.25% and an expected volatility of 100%. The fair value of the warrants of \$14,608 was recorded upon issuance as a warrant reserve and as a share issue cost deducted from share capital.

Shares subject to escrow

All of the 7,600,000 issued and outstanding seed shares issued on June 30, 2021 will be held in escrow

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pursuant to the requirements of the Exchange to be released as to 25% thereof on completion of the Company's Qualifying Transaction, as defined in the policies of the Exchange, and as to 25% thereof on each of the 6th, 12th and 18th months following the initial release, pursuant to the terms of an Escrow Agreement dated as of July 21, 2021 between the Company, Olympia Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of share options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

5. QUARTERLY FINANCIAL RESULTS

The following table sets out financial information for the quarters commencing from the incorporation date of March 29, 2021 to March 31, 2022.

	Three Months ended March 31, 2021	Three Months ended December 31, 2021	Three Months ended September 30, 2021	Three Months ended June 30, 2021	From Incorporation to March 31, 2021
Revenue	\$ nil	\$ nil	\$ nil	\$ nil	\$ nil
Net loss and comprehensive loss	\$ (12,579)	\$ (22,960)	\$ (105,660)	\$ (16,106)	\$ nil
Net loss per share, basic and diluted ¹	\$ nil	\$ nil	\$ (0.01)	\$ (0.19)	\$ nil
Total assets	\$ 822,146	\$ 832,130	\$ 881,230	\$ 383,894	\$ nil
Total liabilities	\$ 26,770	\$ 24,175	\$ 48,328	\$ 20,000	\$ nil

¹ The basic and diluted loss per share calculation results in the same value due to the net loss and resulting anti-dilutive effect of outstanding options and warrants.

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6. RESULTS OF OPERATIONS

Three months ended March 31, 2022

Professional fees

Professional fees, which are comprised of accounting and legal fees, were \$12,028 in the three months ended March 31, 2022.

Loss and comprehensive loss

The net loss and comprehensive loss for the three months ended March 31, 2022 was \$12,579.

The net loss per common share was \$nil for the three months ended March 31, 2022 based on the loss attributable to common shareholders and the weighted average number of common shares outstanding in each period. The effect of the conversion of stock options and warrants would be anti-dilutive, making the basic and diluted loss per share equal.

7. LIQUIDITY AND CAPITAL RESOURCES

Working capital

As at March 31, 2022, the Company had no debt and working capital totaled \$795,376.

The Company funds its activities through equity financing. To date, the Company raised \$380,000 in initial seed financing, \$400,000 pursuant to the IPO described above and \$200,000 with the concurrent non-brokered private placement through the issuance of common shares. The Company intends to use the proceeds from these financings to fund its operations, which at this time principally consists of identifying and completing a Qualifying Transaction. The cash on hand as at March 31, 2022 of \$815,822 is expected to be sufficient to meet the Company's liquidity requirements. However, upon completion of the Qualifying Transaction, additional capital may be necessary.

The Company does not generate revenue from operations and incurred a net loss of \$12,579 for the three months ended March 31, 2022 and a net loss of \$144,726 for the period from incorporation on March 29, 2021 to December 31, 2021. The net loss in 2021 included non-cash share-based payments of \$88,571. The Company believes that its working capital will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to complete a Qualifying Transaction.

8. RELATED PARTY TRANSACTIONS

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the period from incorporation to March 31, 2022 other than the share-based payments described above.

9. PROPOSED TRANSACTIONS AND OFF-BALANCE SHEET ARRANGEMENTS

There are no proposed transactions or off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

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10. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to remain a reporting issuer and upon successful attainment of its status as a CPC until it completes a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements other than the cash restriction disclosed in the section entitled "Cash restriction". There were no significant changes in the Company's approach to capital management during the three months ended March 31, 2022.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values

As at March 31, 2022, financial instruments consist of cash, prepaid expenses and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the search for a Qualifying Transaction, and to limit exposure to credit and market risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance which is held at a Canadian financial institution. The Company believes its exposure to credit risk is not 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 market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at March 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Risks and uncertainties – Management of capital", in normal

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circumstances. The Company's accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.

Risks and uncertainties

For other risk factors applicable to the Company, please refer to the section entitled "Risk Factors" in the Company's prospectus currently available on SEDAR at www.sedar.com.

11. DISCLOSURE OF CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company has filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three months ended March 31, 2022 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificate filed by the Company on SEDAR at www.sedar.com.

12. INVESTOR RELATIONS

Until completion of a Qualifying Transaction, neither the Company nor any party on behalf of the Company will engage the services of any person to provide investor relation activities or market making services.

13. ADDITIONAL INFORMATION

Information about the Company and its operations can be obtained from its head office located at: Suite 835 – 1100 Melville Street, Vancouver, BC, V6E 4A6, or under the Company's profile at www.SEDAR.com.

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Shareholder Information

Board of Directors and Officers

Darren Seed (Director and
Chief Executive Officer, Chief Financial Officer and Secretary)

David Demers, Director

Issa Nakhleh, Director

Auditors

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place
250 Howe Street, Suite 1400
Vancouver, BC, Canada
V6C 3S7

Transfer agent

Olympia Trust Company
925 West Georgia Street, Suite 1900
Vancouver, BC,
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