ALPHA METAVERSE TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED
December 31, 2022 and 2021

This Management's Discussion and Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the condensed interim consolidated financial statements and notes thereto for the six months ended December 31, 2022 and 2021 of Alpha Metaverse Technologies Inc. (formerly Alpha Esports Tech Inc.) (the "Company"). Such condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian Dollars, the reporting and functional currency of the Company, unless otherwise indicated.

The board of directors of the Company has approved this MD&A on March 1, 2023**.**

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the Company's operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. This MD&A should be read in conjunction with the risk factors described in the *Risk Factors* section of this MD&A. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements.

DESCRIPTION OF BUSINESS

Alpha Metaverse Technologies Inc. was incorporated under the laws of British Columbia on March 1, 2019. The Company's registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8. On May 14, 2021, the Company's shares began trading on the Canadian Securities Exchange ("CSE") under the symbol, "ALPA".

The Company focuses on the use of emerging technologies such as artificial intelligence ("AI") for use in metaverse development and providing services to improve the future of esports and gaming ecosystems for its users.

COVID-19

The COVID-19 pandemic continues to impact the global economic recovery. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

HIGHLIGHTS

On August 17, 2022, the Company entered into a partnership with SPACE Metaverse ("SPACE") to assist in development of ecommerce experiences in the metaverse. SPACE is a leader in metaverse ecommerce world and aims to provide a powerful platform that allow users to design and create their own custom virtual rooms in addition to buying and selling their products and services. SPACE's goal is to create a metaverse that provides consumers with a seamless and straightforward virtual experience for shopping, events, gamification, and other fun social activities without physical borders. The Company's subsidiary, Shape Immersive, will be a preferred vendor of SPACE and will create retail stores and ecommerce experiences on the SPACE platform for leading brands who are entering the metaverse. Since being founded in 2018, Shape has been extremely successful in building award-winning brand and retail experiences in the metaverse and accumulated an impressive portfolio of leading brands, including RedBull, Coca Cola and RTFKT (acquired by Nike).

During September 2022, Alpha's wholly owned web3 and metaverse studio, Shape Immersive, including James Basenett (CEO of Shape) and Dan Burgar (Co-Founder of Shape) featured speakers at the GLOBAL METAVERSE FORUM and ELEVATE FESTIVAL taking place in September of 2022

During December 2022, the Company amended the acquisition agreement with Shape Immersive, deferring the final payment of $500,000, with $100,000 paid on the date of amendment (paid) and the remaining $400,000 to be paid through either, the financial performance of Shape, or a financing within the Company with the balance due no later than September 28, 2023. As a result of the deferred acquisition payment, the common shares issued to the former shareholders of Shape were released from escrow.

On January 25, 2023, the Company launched its Center of Excellence for artificial intelligence ("AI") in 3D and Content Production. The AI center will focus on developing cutting-edge AI technologies to improve the efficiency and quality of 3D modeling, optimization and automated content production. The Company believes that the use of AI in 3D asset production will reduce the costs and time required for asset creation and thus increase profitability of such projects. By automating repetitive tasks and enabling real-time adjustments to assets, the Company expects that AI can be used to streamline the production process and allow for more creativity and innovation in the final product.

The Company plans to staff the center with a team of experts in AI and 3D asset production, who are expected to work closely with other departments within The Company with the aim of integrating AI technologies into the Company's existing production pipelines for its customers in order to drive higher levels of closed sales and profitability in solutions and services.

On February 23, 2023, the Company announced the launch of its AI tool that enables companies to generate concept art to create 3D assets for metaverse experiences at a significantly reduced cost and time.

As companies increasingly experiment with metaverse content production, the cost of creating 3D assets has become a major challenge. To address this challenge, the Company has developed an AI pipeline and automation tool that will enable companies to create concept art for 3D assets quickly and cost-effectively.

The new AI tool is built on advanced machine learning models like OpenAI's products, and the tool's automation capabilities enable the creation of high-quality concept art to develop 3D assets with minimal human intervention. This automation reduces the potential for human error and saves considerable time and cost for businesses.

Soon, the Company will be releasing a Beta version of our AI tool through the Company's website where users can generate 3D art through a written descriptions or an uploaded image.

CORPORATE TRANSACTIONS

There were no corporate transactions in the six months ended December 31, 2022.

OVERALL PERFORMANCE

The Company has began recognizing revenues from its wholly owned subsidiaries and continues pursuing esports and technology related operating activities.

At December 31, 2022, the Company was in a net asset position of $1,888,315. The assets consisted of the following:

As at	September 30, 2022	June 30, 2022
Cash	359,238	1,207,860
Accounts receivable	55,413	72,751
GST receivable	181,199	178,028
Goodwill	2,425,425	2,425,425
TOTAL ASSETS	**3,021,275**	**3,884,064**

The liabilities consisted of the following:

As at	December 31, 2022	June 30, 2021
Accounts payable and accrued liabilities	609,436	723,524
Acquisition payable	400,000	500,000
Government loan	63,439	60,000
TOTAL LIABILITIES	**1,132,960**	**1,283,524**

RESULTS OF OPERATIONS

The following highlights the key operating expenditures for the six months ended December 31, 2022 compared to 2021:

For the Six Months Ended December 31,	2022	2021	Change
	$	$	$
Revenues	275,532	56,079	219,453
Cost of Sales	(86,313)	(25,917)	(60,396)
GROSS MARGIN	**189,219**	**30,162**	**159,057**
EXPENSES			
Advertising and marketing	3,381	1,230,741	(1,227,360)
Consulting	480,331	627,221	(146,890)
Depreciation	-	345,504	(345,504)
Management fees	167,516	167,384	132
Office and miscellaneous	47,454	116,432	(68,978)
Professional fees	90,553	57,970	32,583
Share-based payments	-	1,914,646	(1,914,646)
Tournament prizes	12,437	57,676	(45,239)
Transfer agent and filing fees	31,944	35,316	(3,372)
OPERATING EXPENSES	**(833,616)**	**(4,552,890)**	**3,719,274**
TOTAL OPERATING LOSS	**(644,397)**	**(4,522,728)**	**3,878,331**

- Revenues and cost of sales increased from the prior year from comparable periods as a result of the revenues arising from the business of Shape Immersive Entertainment (“Shape”). The Company continues to focus on operational and revenue growth.

- Advertising and marketing decreased from the prior year comparable periods as the Company completed advertising and marketing campaigns in the prior year and shifted its focus primarily to further building operations.

- Consulting and salary costs decreased from the prior year comparable periods, as the prior year included consulting costs related to the acquisition of Shape and financings.

- Depreciation decreased to $nil during the current period as the Company impaired all of its intangible assets during the prior year.

- Office and miscellaneous decreased from the prior year comparable periods, as a result of the prior year including costs related to the financing and acquisition of Shape.

- Share-based payments were $nil during the current period as there was no vesting of options, warrants or RSRs.

- Tournament prizes decreased from the prior year comparable periods, due to a decreased emphasis on the Company’s GamerzArena subscription model.

The following highlights the key operating expenditures for the three months ended December 31, 2022 compared to 2021:

For the Three Months Ended December 31,	2022	2021	Change
	$	$	$
Revenues	166,958	52,464	114,494
Cost of Sales	(55,306)	(25,917)	(29,389)
GROSS MARGIN	**111,652**	**26,517**	**85,135**
EXPENSES			
Advertising and marketing	-	707,573	(707,573)
Consulting	233,369	284,991	(51,622)
Depreciation	-	180,918	(180,918)
Management fees	90,460	104,188	(13,728)
Office and miscellaneous	14,275	54,031	(39,756)
Professional fees	63,035	44,032	19,003
Share-based payments	-	906,105	(906,105)
Tournament prizes	7,924	35,458	(27,534)
Transfer agent and filing fees	10,878	19,423	(8,545)
OPERATING EXPENSES	**(419,931)**	**(2,336,719)**	**1,916,788**
TOTAL OPERATING LOSS	**(308,279)**	**(2,310,202)**	**2,001,923**

- Revenues and cost of sales increased from the prior year from comparable periods as a result of the revenues arising from the business of Shape Immersive Entertainment (“Shape”). The Company continues to focus on operational and revenue growth.

- Advertising and marketing decreased from the prior year comparable periods as the Company completed advertising and marketing campaigns in the prior year and shifted its focus primarily to further building operations.

- Consulting and salary costs decreased from the prior year comparable periods, as the prior year included consulting costs related to the acquisition of Shape and financings.

- Depreciation decreased to $nil during the current period as the Company impaired all of its intangible assets during the prior year.

- Office and miscellaneous decreased from the prior year comparable periods, as a result of the prior year including costs related to the financing and acquisition of Shape.

- Professional fees increased over the prior year primarily due to the acquisition of Shape and increased costs associated with the Company’s annual financial statement audit due to the increased activities and complexities.

- Share-based payments was $nil during the current peirod as there was no vesting of options, warrants or RSRs.

- Tournament prizes decreased from the prior year comparable periods, due to decreased emphasis on the Company’s GamerzArena subscription model.

SUMMARY OF QUARTERLY RESULTS

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

In Canadian dollars	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Revenue	166,958	108,574	102,242	51,413
Net loss	(308,279)	(336,118)	(2,084,891)	(1,614,804)
Loss per share, basic and diluted	(0.04)	(0.00)	(0.03)	(0.02)

In Canadian dollars	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenue	52,434	3,645	2,103	11,107
Net loss	(2,317,168)	(2,216,431)	(2,646,213)	(824,668)
Loss per share, basic and diluted	(0.04)	(0.04)	(0.05)	(0.01)

On a quarter-by-quarter basis, losses are expected to fluctuate significantly due to a number of factors including timing of operating activities from the date of incorporation due to the nature of a company in its development phase.

An analysis of the quarterly result from inception shows that the Company has incurred mostly expenses as follows:

- During fiscal 2021, the net and comprehensive loss included costs similar to 2020, alongside increased expenditures related to advertising and marketing to improve brand awareness following the launch of GamerzArena;

- During fiscal 2022, the net and comprehensive loss included costs similar to 2021, but decreased significantly due to no equity award issuances and no impairment of intangible assets. The Company has shifted focus to build and focus on Shape operations

- During the first two quarters of 2023, the net and comprehensive loss improved over 2022 due in part to the increased revenues, but also as a result of a decrease in advertising, office, share-based payments and depreciation.

The Company's primary focus is to increase revenues through product development through its Shape operations.

LIQUIDITY

As at December 31, 2022, the Company had cash of $359,238 (June 30, 2022 - $1,207,860) and a working capital deficit is $473,671 (June 30, 2022 – working capital surplus of $235,115).

There were no share transactions during the six months ended December 31, 2022 or 2021.

If additional funds are required, the Company plans to raise capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

Operating Activities

The Company used net cash of $748,622 (December 31, 2021 – $1,479,600) in operating activities during the six months ended December 31, 2022.

Investing Activities

During the six months ended December 31, 2022, the Company paid cash of $100,000 towards the acquisition of Shape.

During the six months ended December 31, 2021 the Company paid $501,297 towards investing activities.

Acquisition of Shape Immersive Entertainment Inc. (“Shape”)

The Company completed the acquisition of Shape on May 5, 2022, pursuant to the following consideration (with acquisition shares subject to certain escrow restrictions):

a) Payment of an aggregate of $500,000 in cash to the Shape shareholders on the closing date of the acquisition (paid);
b) Issuance of an aggregate of 14,000,000 common shares in the capital of the Company to the Shape shareholders on the closing date (Issued);
c) Payment of an aggregate of $500,000 in cash to the Shape shareholders by November 1, 2022; and
d) Issuance of an aggregate of 840,000 common shares to certain individuals for services rendered in connection with the successful completion of the transaction (Issued).

On December 28, 2022, the Company amended the acquisition agreement (“Amended Agreement”), deferring payment of the second $500,000 (“Second Payment”) until the earlier of September 28, 2022, and either:

i) Settlement of the Second Payment using positive net income (adjusted for certain non-cash items) of Shape; or
ii) The Company raises sufficient debt or equity financing to satisfy any remaining amount due;

Pursuant to the Amended Agreement, the Company paid $100,000 towards the Second Payment with $400,000 subject to the deferral terms noted above. Further, all common shares issued for the Shape Acquisition were released from their escrow provisions.

Financing Activities

During the six months ended December 31, 2022, the Company received net cash of $nil (2021 – $510,000) in financing activities.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions relating to key management personal during the six months ended December 31, 2022 and 2021 were as follows:

For the Six Months Ended December 31,	2022	2021
	$	$
Management fees(1)(2)(3)	167,516	148,634
Share-based payments	-	349,331
Total	**167,516**	**497,965**

Notes:
1) For the six months ended December 31, 2022, the Company incurred $99,501 of management fees in provision of CEO services charged by Brian Wilneff, the Company’s CEO.
2) For the six months ended December 31, 2022, the Company incurred $36,000 of management fees in provision of CFO services charged by a company controlled by Eli Dusenbury, the CFO of the Company.
3) For the six months ended December 31, 2022, the Company incurred $32,015 of management fees in provision of director services from Jonathan Anastas, a Director of the Company.

As at December 31, 2022, a balance of $50,015 balance was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS & PROPOSED TRANSACTIONS

There are no subsequent events or proposed transactions.

CHANGES IN ACCOUNTING POLICIES

The management discussion and analysis has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended June 30, 2022.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 4.7 of the Company's consolidated financial statements for the year ended June 30, 2022.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's expenses is disclosed in the "Overall Performance" section above.

DISCLOSURE OF OUTSTANDING SHARE DATA

a) Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

During the six months ended December 31, 2022 and 2021, the Company issued no common shares.

As at December 31, 2022 and the date of this MDA, the Company has 90,823,380 common shares outstanding.

b) Share Purchase Warrants

As at December 31, 2022 and the date of this MDA, the Company had 11,910,140 warrants outstanding with a weighted average exercise price of $0.39, and remaining life of 1.18 years.

Expiry Date	Exercise Price ($)	Number of Warrants
March 7, 2024	0.40	11,020,500
March 7, 2024	0.25	889,640
	0.39	**11,910,140**

On December 22, 2022, 8,797,090 warrants at an exercise price of $0.50 per warrant expired unexercised.

c) Performance Warrants

As at December 31, 2022 and the date of this MDA, the Company had 3,500,000 performance warrants. Each performance warrant is exercisable at a price of $0.05 for one common share until September 1, 2023, and would vest and become exercisable when the Company completes an acquisition of an accretive business or asset having a value of $2,500,000 or greater either in a single or in a series of separate transactions.

d) Options

As at December 31, 2022 and the date of this MDA, the Company had 5,785,000 stock options with a weighted-average outstanding life of 1.14 years as follows:

Expiry date	Options outstanding	Options exercisable		Exercise Price
November 22, 2023	750,000	750,000	$	0.35
December 1, 2023	2,300,000	2,300,000		0.35
May 11, 2024	2,135,000	2,135,000		0.50
May 14, 2024	300,000	300,000		0.92
October 7, 2024	300,000	283,333		0.34
	5,785,000	**5,785,000**	**$**	**0.43**

e) Restricted Share Rights

As at December 31, 2022 and the date of this MDA, the Company had 1,975,000 RSRs outstanding.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

The Company has minimal operating history

The Company has minimal operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of losses

The Company has incurred losses during the six months ended December 31, 2022. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Reliance on management

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

The Company will be an entrant engaging in a new industry

The esports technology industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop, and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the e-gaming industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's shares.

Liquidity

The Company cannot predict at what prices the Company will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Reporting Issuer's shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.