# BIRCHTREE INVESTMENTS LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2023

## (EXPRESSED IN CANADIAN DOLLARS)

## INTRODUCTION

Birchtree Investments Ltd. (previously Greenridez 4.0 Acquisitions Corp.) ("Birchtree" or the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2021. The registered head office of the Company is 2900-550 Burrard Street, Vancouver, BC V6C 0A3, Canada.

The Company filed a notice of alteration of its articles in order to change its name to "Birchtree Investments Inc." on June 23, 2021 in order to coincide with the voluntary dissolution of its subsidiary, Birchtree Investments Limited ("Limited"). Limited was incorporated under the *Business Corporations Act* (British Columbia) on January 29, 2021 and was voluntarily dissolved on June 9, 2021. The Company is an investment company with the long-term goal of divesting its investment assets at a profit.

Birchtree Investments Limited ("Limited") was incorporated under the *Business Corporations Act* (British Columbia) on January 29, 2021. On June 9, 2021, Limited was dissolved.

On May 18, 2021, pursuant to a share exchange agreement, Birchtree issued 54,100,000 common shares as consideration for acquisition of the 54,100,000 outstanding common shares in the capital of Limited. The acquisition was accounted for as a reverse takeover ("RTO") whereby Limited was identified as the acquirer for accounting purposes and the resulting unaudited condensed interim financial statements are presented as a continuance of Limited.

The Canadian Dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts are expressed in Canadian Dollars.

The following interim Management's Discussion and Analysis ("Interim MD&A") of the Company for the three and nine months ended May 31, 2023 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the year ended August 31, 2022. This Interim MD&A does not provide a general update to the Annual MD&A, nor reflect any non-material events since the date of the Annual MD&A.

This discussion should be read in conjunction with the Company's annual financial statements, together with the notes thereto, and Annual MD&A for the year ended August 31, 2022. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim financial statements for the three and nine months ended May 31, 2023 and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of July 31, 2023, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of the Company (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; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if 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.

Further information about the Company and its operations can be obtained from the offices of the Company.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Interim MD&A contains forward-looking information and statements ("forward-looking statements") which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this Interim MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this Interim MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward- looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## BUSINESS OVERVIEW

The Company's business objective is to give its shareholders the opportunity to indirectly participate in investments in (i) the early stages of a target company's development, (ii) technologies that are developed and validated but may be in the early stage of commercialization, or (iii) target companies that require strategic guidance and thus are undervalued, which investments would commonly not be otherwise available to such shareholders.

The Company will provide a solution to pervasive problems associated with angel and/or minority investor investments (such as, but not limited to, return risks, delay in returns, liquidity risks) through its structure as an accessible vehicle for investors that provides liquidity and diversification; the Company provides an alternative to the problems and issues associated with venture capital and/or angel investments (such as overly onerous limitations on management and controls) and an investment by the Company is believed to be quicker, easier and less complicated. Management believes that the Company's shareholders are afforded the opportunity to invest in companies that they would not normally be able to invest in, as these companies are private entities or entities that are in the process of going public, but still in the early stages and therefore not accessible to all investors.

The Company will seek high return investment opportunities by investing in enterprises that have the potential to be commercially viable and have visibility toward high growth. The Company will allow for diversification and will enter investments at an early or strategic stage in the target company’s growth to maximize returns. Risk will be managed by applying the considerable business expertise of its directors and officers to the investments undertaken.

When equity investments will be made, they will often be accompanied by share purchase warrants to enhance the return on account of the increased risk. It is anticipated that debt investments will often include conversion rights and be accompanied by bonus shares or warrants, and will typically be secured by tangible assets of sufficient value to safeguard the investment.

The Company will operate as an investment company, rather than an investment fund. The Company seeks to invest wherever practicable for the purpose of being actively involved in the management of any target company in which it invests, including seeking board representation or board observation rights.

The Company will aim to structure its investments in such a way that the Company is not deemed to be either an investment fund or mutual fund, as defined by applicable securities laws, thereby avoiding the requirement to register as an investment fund manager or investment advisor.

**Investment Strategies**

The Company will seek to invest in early or strategic financing rounds of a target company to take advantage of favourable valuations and larger exit multiples. Early or strategic round financings will add considerably more value to invested funds through risk management rather than the risk avoidance that is characteristic of later-stage financings. Further, early or strategic stage financing will allow later rounds to provide liquidity if need be, thereby lowering risk.

The Company will seek investments in various companies in one or more industries and focus on investments with clear paths to liquidity in a three to five year period. Liquidity events will most likely be in form of acquisitions of the target companies or initial public offerings. As investment issuers need to be managed for cash flow in order to reduce financing risks associated with delayed liquidity events, certain sectors will not be considered by the Company.

Returns are expected to materialize through capital gains based on the growth of both tangible and intangible asset values. Value creation will be achieved through high-interest loans to target companies, acquisition of shares, warrants and other equity of target companies, leading target companies through later-round financings and realizing on significant liquidity events of target companies.

The Company will obtain detailed knowledge of the business of the target companies through its due diligence process prior to investment and through its right to appoint a direct or board observer.

The Company will utilize the services of independent geological consultants, advisors and engineers to gain additional information on target companies where appropriate.

The Company will invest at least 75% of its assets in target companies where one or more of the following factors are present: (i) the Company holds securities representing more than 10% of the outstanding equity or voting securities of such target company; (ii) the Company has the right to appoint a board or board observer seat on such target company; (iii) the Company has the right to place restrictions on the management of the target company, or has approval or veto rights over decisions made by the management of the target company; or (iv) the Company has the right to restrict the transfer of securities by other securityholders of the target company. Notwithstanding the foregoing, from time to time, the Board may authorize such investments outside of these disciplines as it sees fit for the benefit of the Company.

## Operational Highlights

### Corporate Highlights

On February 16, 2023, the Company granted stock options to directors, and officers to purchase 1,550,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years following the date of grant which vest immediately.

On April 28, 2023 the Company announced the appointment of Mr. Ivan Riabov and Mr. Vitali Savitski to the board of directors, and the appointment of Mr. Vitali Savitski as Chief Executive Officer effective immediately. Mr. Savitski is an iBBA graduate from Schulich School of Business with 15 years of experience in capital markets, equity research and analysis, implementation and design of business development strategies and the development of successful business models for a variety of industries and businesses, including his own ventures. Mr. Riabov is a seasoned finance and accounting professional who began his career in 2008 and brings over 15 years of progressive work experience in public accounting, audit, investment management, portfolio management, operations, product structuring and debt financing. Ivan obtained his BBA degree from Schulich School of Business (York University) and holds the Chartered Professional Accountant and Chartered Accountant designations.

Mr. Solomon Elimimian, one of the founders of the Company, has stepped down from the board of directors to continue to focus on his many other professional commitments. We wish to thank Mr. Elimimian for his contributions to the Company. Mr. Jay Vieira also resigned from the board of directors and as an officer of the Company. Mr. Vieira was a founder of the Company and contributed to the successful listing on the CSE.

## Investment Portfolio

The fair value and cost of investments are as follows as at May 31, 2023:

| Name and Type of Security | August 31, 2022 Cost | August 31, 2022 FMV | May 31, 2023 Cost | May 31, 2023 FMV |
|---|---|---|---|---|
| ThreeD Capital Inc. | | | | |
| Common Shares | $ 121,995 | $ 72,136 | $ 121,995 | $ 24,929 |
| Ehave, Inc. | | | | |
| Common Shares | 350,000 | 15,775 | 350,000 | 4,744 |
| Xebra Brands Ltd. | | | | |
| Common Shares | 227,820 | 113,750 | 227,820 | 26,250 |
| Warrants | 54,116 | 5,536 | - | - |
| Bluecorp Capital Corp. | | | | |
| Subscription receipts | 500,000 | 1,000,000 | 500,000 | 500,000 |
| American Aires | | | | |
| Common Shares | 317,640 | 184,500 | 317,640 | 184,500 |
| Warrants | 253,863 | 110,968 | 253,863 | 234,010 |
| Firstpayment Inc. | | | | |
| Common Shares | 116,663 | 150,000 | 116,663 | 150,000 |
| Warrants | 33,337 | 23,230 | 33,337 | 9,825 |
| Somerset Energy Partners | | | | |
| Common Shares | 394,000 | 390,635 | 394,000 | 751,500 |
| Warrants | 107,000 | 81,335 | 107,000 | 112,395 |
| | $ 2,476,434 | $ 2,147,865 | $ 2,422,318 | $ 1,998,154 |

*ThreeD Capital Inc. ("ThreeD")*

As at August 31, 2021, the Company had 359,782 common shares of ThreeD. During three and nine months ended May 31, 2023, the Company did not sell any shares of ThreeD. During the three and nine months ended May 31, 2022 the Company sold 30,000 and 253,700 common shares, respectively for proceeds of $22,275 and $337,998, respectively.

During three and nine months ended May 31, 2023, the Company recognized a realized (loss) gain on sale of gain of $nil compared to $(15,825) and $15,799, respectively for the three and nine months ended May 31, 2022. As at May 31, 2023, the Company had 106,082 common shares of ThreeD.

The investments in common shares are considered a Level 1 in the fair value hierarchy.

As a result of changes in the fair market value of the shares held in ThreeD during the three and nine months ended May 31, 2023, the Company recognized an unrealized (gain) loss of $19,807 and $47,206, respectively compared to $16,155 and $89,639, respectively during the three and nine months ended May 31, 2022.

*Ehave, Inc.*

As at August 31, 2022 and May 31, 2023, the Company had 1,743,861 common shares of Ehave.

The investments in common shares are considered a Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the common shares held in Ehave during the three and nine months ended May 31, 2023, the Company recognized an unrealized loss (gain) of $4,749 and $11,031, respectively, compared to $1,185 and $53,528, respectively, during the three and nine months ended May 31, 2022.

Based on management's assessment the change in the share price during the period was strictly due to market volatility.

*Xebra Brands Ltd.*

As at August 31, 2021 the Company had 1,000,000 subscription receipts of Xebra with a fair value of $581,936. Each subscription receipt entitles the holder to acquire one common share of Xebra, and one-half a common share purchase warrant. Each whole Underlying Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.35 per share until October 4, 2022.

During the year ended August 31, 2022, the subscription receipts were converted into 1,000,000 common shares, and 500,000 at no additional cost. Upon conversion the common shares were categorized as Level 1 in the fair value hierarchy and the warrants were categorized as Level 2 in the fair value hierarchy.

The Company also purchased 125,000 units for $150,500. Each unit entitles the holder to acquire one common share of Xebra, and one-half a common share purchase warrant. Each whole Underlying Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.25 per share until October 4, 2022.

On March 1, 2023, Xebra completed a 5 to 1 share consolidation. All Xebra share numbers have been updated to reflect the consolidation.

During three and nine months ended May 31, 2023, 500,000 warrants with an expiry date of October 4, 2022, and 125,000 with an expiry date of April 11, 2023 expired unexercised.

As at May 31, 2023, the Company had 350,000 common shares and nil warrants of Xebra. As at August 31, 2022, the Company had 350,000 common shares, and 625,000 warrants of Xebra.

During three and nine months ended May 31, 2023, the Company did not sell any common shares of Xebra. During the three and nine months ended May 31, 2022 the Company sold 223,900 and 900,000, respectively for proceeds of $156,837 and $1,337,014, respectively, and recognized a realized gain on sale of $33,692 and $842,014, respectively on the sale of common shares.

The investments in common shares are considered a Level 1 in the fair value hierarchy.

As a result of changes in the fair market value of the common shares held in Xebra, during the three and nine months ended May 31, 2023, the Company recognized an unrealized loss (gain) of $16,350 and $87,500, respectively compared to $63,197 and $(9,680), respectively during the three and nine months ended May 31, 2022.

The investments in warrants are considered a Level 2 in the fair value hierarchy.

As a result of the Xebra warrants expiring during the three and nine months ended May 31, 2023 a loss of expiry of $5,535 and $5,536, respectively. No warrants expired in the comparative three and nine months ended May 31, 2022.

As a result of changes in the fair market value of the warrants held in Xebra during the three and nine months ended May 31, 2023, the Company recognized an unrealized loss (gain) of $nil compared to during the three and nine months ended May 31, 2022 of $87,455 and $(5,489), respectively.

Based on management's assessment the change in the share price during the period was strictly due to market volatility.

*Bluecorp Capital Corp.*

As at August 31, 2021 the Company had 10,000,000 special warrants of Bluecorp. Each special warrant entitles the holder to acquire one common share of Bluecorp for no additional consideration. On November 11, 2021, the special warrants were converted into common shares. As at August 31, 2022 and May 31, 2023, the Company had 10,000,000 common shares of Bluecorp.

The investments in these common shares are considered a Level 3 in the fair value hierarchy. As a result of changes in the fair market value of the warrants held in Bluecorp during the three and nine months ended May 31, 2023, the Company recognized an unrealized loss of $500,000, compared to unrealized gain of $nil and $500,000, respectively during the three and nine months ended May 31, 2022.

*American Aires Inc.*

On September 14, 2021, the Company acquired 2,500,000 units of American Aires Inc., a nanotechnology company incorporated under the laws of the Province of Ontario which has developed proprietary silicon-based microprocessors that reduce the harmful effects of electromagnetic radiation. Each unit consisted of one common share of American Aires Inc. and a one-half common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.15 per common share until September 14, 2023, provided, however, should the closing price at which the common shares trade on the CSE (or any such other stock exchange in Canada as the common shares may trade at the applicable time) exceed $0.30 for 10 consecutive trading days at any time following the date of issuance, American Aires Inc. may accelerate the term of the warrants.

On December 17, 2021, the Company acquired 1,000,000 units of American Aires Inc., in a non-brokered private placement for $100,000. Each unit comprised of one common share and common share purchase warrant exercisable at a price of $0.15 for a period of 24 months from the date of closing.

During the year ended August 31, 2022, the Company purchased 600,000 common shares of American Aires for $41,145.

On February 7, 2022 the Company entered into a loan agreement with American Aires, whereby the Company advanced $500,000, with a maturity date of three months from the date of issuance, unless further extended by for an additional three months. The rate of interest on the loan is 12% per annum. The loan will be secured by a general security interest over the assets of the Company. Under the general security agreement, the Company will agree, among other things, to not sell, lease or otherwise dispose of its assets, other than in the normal course, without prior written consent of the note holders. In connection with the loan agreement, American Aires issued 5,000,000 common share purchase warrants exercisable at a price of $0.10 per share for a period of three years from issuance date. Effective December 7, 2022, the parties signed an amendment extending the maturity date to May 7, 2024.

As at May 31, 2023, the Company had 4,100,000 common shares and 7,250,000 warrants of American Aires.

The investments in common shares are considered a Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the shares held in American Aires during the three and nine months ended May 31, 2023, the Company recognized an unrealized (gain) of $(153,640) and $nil, respectively compared to $184,500 and $153,640, respectively during the three and nine months ended May 31, 2022.

The investments in warrants are considered a Level 2 in the fair value hierarchy. As a result of changes in the fair market value of the warrants held in American Aires during the three and nine months ended May 31, 2023, the Company recognized an unrealized (gain) loss of $(43,985) and $123,042, respectively compared to $184,500 and $192,997, respectively during the three and nine months ended May 31, 2022.

During the three and nine months ended May 31, 2023, the Company recognized accretion of $nil compared to $183,449 and $225,990, respectively for the three and nine months ended May 31, 2022. During the three and nine months ended May 31, 2023, the Company recognized interest income of $15,123 and $44,876, respectively compared to $nil and $14,630, respectively during the three and nine months ended May 31, 2022.

Based on management's assessment the change in the share price during the period was strictly due to market volatility.

*Investment in Firstpayment Inc.*

During year ended August 31, 2022, the Company purchased 600,000 units of Firstpayment Inc. for $150,000. Each unit entitles the holder to acquire one common share of Firstpayment Inc., and one-half a common share purchase warrant. Each whole Underlying Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.35 per share for two years from the date of issuance.

As at May 31, 2023, the Company has 600,000 common shares and 300,000 warrants of Firstpayment.

As a result of changes in the fair market value in Firstpayment common shares during the three and nine months ended May 31, 2023, the Company recognzied an unrealized gain of $nil, compared to $nil and $33,337, respectively during the three and nine months ended May 31, 2022.

As a result of changes in the fair market value of the warrants held in Firstpayment during the three and nine months ended May 31, 2023, the Company recognized an unrealized loss of $5,325 and $13,405, respectively compared to $2,955 and $7,320, respectively during the three and nine months ended May 31, 2022.

Based on management's assessment the change in the share price during the period was strictly due to market volatility.

*Somerset Energy Partners*

During three and nine months ended May 31, 2022, the Company purchased 1,670,000 units of Somerset for $501,000. Each unit entitles the holder to acquire one common share, and one-half a common share purchase warrant. Each whole Underlying Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.45 per share for two years from the date of issuance.

As at May 31, 2023, the Company has 1,670,000 common shares and 835,000 warrants of Somerset.

The investments in these common shares and warrants are considered a Level 3 in the fair value hierarchy as Somerset is a private company.

As a result of changes in the fair market value in Somerset common shares during the three and nine months ended May 31, 2023, the Company recognized an unrealized (gain) loss of $360,865. There was no change in the fair market value in Somerset during the three and nine months ended May 31, 2022.

As a result of changes in the fair market value of the warrants held in Somerset during the three and nine months ended May 31, 2023, the Company recognized an unrealized (gain) loss of $(18,690) and $31,060, respectively compared to $14,685 and $15,275, respectively during the three and nine months ended May 31, 2022.

Based on management's assessment the change in the share price during the period was strictly due to market volatility.

## TRENDS AND ECONOMIC CONDITIONS

The Company’s future performance is largely tied to the performance of investments, which is dependent on the investment sector, and overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy.

Management regularly monitors economic conditions and estimates their impact on the Company’s operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management’s going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian government has not introduced measures which would significantly impede the activities of the Company. Management believes the business will continue and accordingly the current situation bears no impact on management’s going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these and the risk factors noted under the heading “Risk Factors” and “Cautionary Note Regarding Forward-Looking Information”, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations.

## RESULTS OF OPERATIONS

Three months ended May 31, 2023, compared with three months ended May 31, 2022

The Company's net income and comprehensive income totaled $41,685 for the three months ended May 31, 2023, with basic and diluted income per share of $0.00. This compares with a net loss and comprehensive loss of $368,041 with basic and diluted loss per share of $0.00 for the three months ended May 31, 2022. The significant changes are as follows:

- During the three months ended May 31, 2023, the Company recorded an unrealized gain on marketable securities of $125,509 compared to unrealized loss of $568,454 for the three months ended May 31, 2022 due to an increase in the underlying price of the securities. See investment section for more details.
- During the three months ended May 31, 2023, the Company recorded professional fees of $92,758 compared to $11,670 for the three months ended May 31, 2022. The increase is due to legal, audit and management fees related to the listing.
- During the three and nine months ended May 31, 2023, the Company recorded accretion of $nil compared with $183,449 for the prior period ended May 31, 2022 .The accretion was related to the American Aires loan which initial repayment date was on December 7, 2022.

All other expenses related to general working capital purposes.

Nine months ended May 31, 2023, compared with three and nine months ended May 31, 2022

The Company's net loss and comprehensive loss totaled $355,025 for the three and nine months ended May 31, 2023, with basic and diluted loss per share of $0.00. This compares with a net income and comprehensive income of $546,385 with basic and diluted income per share of $0.01 for the three months ended May 31, 2022. The significant changes are as follows:

- During the three and nine months ended May 31, 2023, the Company recorded a realized gain on marketable securities of $nil compared to $857,813 for the three and nine months ended May 31, 2022, as the Company did not sell any securities. See investment section for more details.
- During the three and nine months ended May 31, 2023, the Company recorded an unrealized loss on marketable securities of $149,711 compared to unrealized loss $463,893 for the three and nine months ended May 31, 2022. See investment section for more details.
- During the three and nine months ended May 31, 2023, the Company recorded share based compensation of $117,610 compared to $nil for the three and nine months ended May 31, 2022, as the Company granted 1,550,000 stock options during the current period and nil in the comparative period.
- During the three and nine months ended May 31, 2023, the Company recorded accretion of $nil compared with $225,990 for the prior period ended May 31, 2022. The accretion was related to the American Aires loan which initial repayment date was on December 7, 2022.

All other expenses related to general working capital purposes.

## OFF-BALANCE-SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## LIQUIDITY AND CAPITAL RESOURCES

The Company is an investment company with the long-term goal of divesting its investment assets at a profit with a focus on (i) early stages of a target company's development, (ii) technologies that are developed and validated but may be in the early stage of commercialization, or (iii) target companies that require strategic guidance and thus are undervalued.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary operating activities and research and development costs. The Company relies on external financings to generate capital. On May 31, 2023, the Company had 0 warrants outstanding that would raise $49,925, and 1,550,000 stock options outstanding that would raise $155,000, if exercised in full. See "Trends and Economic Conditions" above. The Company has no debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing.

At May 31, 2023, the Company had a cash balance of $132,341 as a result of cash outflows in operating activities of $156,798.

Operating activities were affected by net loss of $355,025, items not affecting cash of $132,580, and net non-cash working capital balances of $24,218. Items not affecting cash consisted of unrealized loss on investments of $149,711, share based compensation of $117,610, and offset by accrued interest income of $44,876. Net change in the non-cash working capital balance consisted of accounts payables and accrued liabilities of $24,218.

Currently and in future, the Company's use of cash has and will principally occur in two areas: funding of its general and administrative expenditures and funding of its investment activities. Funding investing activities includes the cash components of the cost of acquiring and developing its intangible asset.

The following table sets forth a comparison of the disclosure regarding the Company's intended use of proceeds set out in the Company's long form prospectus dated February 13, 2023 and the estimated use of proceeds as of January 31, 2023.

| Principal Purposes | Funds ($) | Spent ($) | Remaining ($) |
|---|---|---|---|
| Costs related to the investigation of potential investments | **122,250** | **-** | **122,250** |
| Prospectus and Exchange listing costs | **140,000** | **109,865** | **30,135** |
| Funds available for additional investment | **969,904** | **-** | **969,904** |
| General and administrative expenses for next 12 months | **119,000** | **18,971** | **100,029** |
| **Total use of available funds** | **1,351,154** | **128,836** | **1,222,318** |
| **Unallocated funds (unaudited)** | **1,251,000** | **-** | **1,251,000** |
| **Total** | **2,602,154** | **128,836** | **2,473,318** |

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. To date, the COVID-19 pandemic has not had an impact on the Company's available funds or the anticipated use of such funds.

## CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, which comprises share capital, special warrants, warrants, contributed surplus and, accumulated deficit, which at May 31, 2023 totaled equity of $2,542,474.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Chief Financial Officer ("CFO") of the Company is the managing director of Marrelli Support Services Inc. ("MSSI"). During the three and nine months ended May 31, 2023, the Company incurred professional fees of $18,236 and $24,706, respectively (three and nine months ended May 31, 2022 - $6,466 and $10,188) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters, and CFO fees. As at May 31, 2023, MSSI was owed $nil (August 31, 2022 - $10,145), with respect to services provided, and this amount was included in accounts payable and accrued liabilities.

On February 16, 2023, the Company granted stock options to directors, and officers to purchase 1,550,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years following the date of grant which vest immediately. The options were valued at $117,610 using a Black-Scholes valuation model.

On April 28, 2023, the Company announced the appointed of Mr. Ivan Riabov and Mr. Vitali Savitski to the board of directors, and the appointment of Mr. Vitali Savitski as Chief Executive Officer effective immediately, replacing Mr. Solomon Elimimian, and Mr. Jay Vieira. Mr. Savitski also acts as the Chief Financial Officer of American Aires, one of the investee companies of the Company.

During the three and nine months ended May 31, 2023, the Company incurred professional fees of $8,000, (three and nine months ended May 31, 2022 - $nil) to a director of the Company. As at May 31, 2023, the Director was owed $8,000 (August 31, 2022 - $nil), with respect to services provided, and this amount was included in accounts payable and accrued liabilities.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

## ACCOUNTING PRONOUNCEMENTS

### Accounting Standards Issued and adopted

The Company adopted the following accounting policies during the period.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. On September 1, 2022, the Company adopted the amendment, there was no impact on the unaudited condensed interim financial statements upon adoption of this policy.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. On September 1, 2022, the Company adopted the amendment, there was no impact on the unaudited condensed interim financial statements upon adoption of this policy.

### Accounting Standards Issued but not yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2022 or later periods.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

## FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). There were no changes to the Company's risk factors during the year ended May 31, 2023.

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### Fair Values

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The following tables present the Company's financial instruments that have been measured at fair value as at May 31, 2023:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash | $ 132,341 | $ - | $ - | $ 132,341 |
| Investments - Common shares | $ 240,424 | $ - | $ 1,401,500 | $ 1,641,924 |
| Investments - Subscription receipts | $ - | $ 234,010 | $ 122,220 | $ 356,230 |

### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at May 31, 2023, management believes that the credit risk with respect to cash and cash equivalents, subscription receivables, and loan receivable is minimal. Cash is held with reputable Canadian financial institutions, and receivables are from trusted institutions or individuals from which management believes the risk of loss to be minimal.

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market risk factors. The Company is not exposed to significant market risk.

*Price risk*

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies.

Price risk typically arises from exposure to equity and commodity securities. If the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant the investment value could have increased or decreased by approximately $199,815.

## Share Capital

As of the date of this MD&A, the Company had 77,515,500 issued and outstanding common shares.

The Company had no outstanding warrants at the date of this MD&A.

Stock options outstanding for the Company at the date of this MD&A were as follows:

| Options | Expiry Date | Exercise Price ($) |
|---|---|---|
| 1,550,000 | February 16, 2028 | 0.10 |

## Risks and Uncertainties

An investment in the securities of the Company is highly speculative, involving numerous and significant risks, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended August 31, 2022, available on SEDAR at **www.sedar.com**.